

Communication on progress 2016

Implementing UN Global Compact in
Cooperativa Muratori e Cementisti
CMC di Ravenna

Period: from May 2015 to May 2016



1. Statement by the Chairman

I am pleased to confirm that CMC reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

The Communication on progress is for us the chance to describe our philosophy of operating to create labour and to demonstrate a 360° responsibility, not only towards our people, but even towards other fundamental stakeholders such as clients, financial and social community, institutions, health and environment where CMC operates.

In this annual Communication on progress, we describe how we have tried to integrate the Global Compact and its principles into our business strategy.

Your sincerely,

Massimo Matteucci

Chairman



2. Human rights

Policy, actions and outcomes:

As a cooperative Company, CMC is based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity, working for the sustainable development of the communities through policies approved by its members.

CMC cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others, they are all entitled to acquire the responsibilities of membership, without gender, social, racial, political or religious discrimination.

The Company established a Quality, Health, Safety and Environment Department (QHSE Dept.), through which CMC ensures, among the others, the diffusion and consolidation of a culture of occupational safety and health at worksites by developing risk awareness and promoting responsible behavior from all personnel. For this purpose, CMC implemented an Occupational Health and Safety management system, certified in compliance with the OHSAS 18001 standard. Annual Audit and Inspection Plans are carried out by external and internal qualified Auditors and Inspectors; the results are submitted to the Executive Management for relevant evaluations and actions. Injury Indexes are periodically calculated according with Italian and OHSA Standards and the trend is evaluated in order to define possible preventive or corrective actions.

In 2015, the overall number of injuries (in Italy and abroad) had a little growth, while the gravity index of injury decreased. By analyzing statistics of those indexes, the Company decided to improve a Behavior Based Safety Protocol, that is a method to reduce injuries on worksites through the reduction or the resetting of unsafe behaviors.

To improve the culture of safety and health, during 2015, CMC provided n. 3,638 hours of health and safety training and, in February 2016, CMC assigned the prize for the annual competition "Be safe!", that awards the Italian and the foreign CMC worksites that showed the best health and safety performances.

As for the Corporate Social Responsibility, in November 2015, CMC published its Annual Social Report and it is going to publish the updated version in July 2016. Strengthened by its social vision, CMC contributes to citizens' individual and collective lives in four specific areas: initiatives that benefit its employees and shareholders, cultural, sport and social initiatives. In the last year, the Company allocated more than € 600,000 to support cultural activities (such as the International Ravenna Festival), sport and social initiatives (i.e. in favor of hospitals, etc) and humanitarian aids for developing countries.

In addition, CMC has been rated, even for this year, in terms of Section 9 of the B-BBEE Act No 53 of 2003 in South Africa as a level six contributor, thanks to CMC dedication in promoting black people and local enterprises empowerment.

3. Labour

Policy, actions and outcomes:

CMC rejects any form of labour exploitation and child labour.

CMC has a separate Health and Safety Policy directly stated by the CEO of the Company.

CMC employs national expatriate personnel, third country nation personnel, local personnel without any gender, social, racial, political or religious discrimination, as stated in Company Code of Ethics.

All employees have at their disposal integrative health assistance, tax consulting, professional and extraprofessional insurance, scholarships for their children and lot of social activities.

Personnel is selected and managed in accordance with Company Procedures approved by the Executive Management or Human Resources Manager on employee's designation basis, so to avoid the adoption of self-made and arbitrary criteria.

The personnel, without exception, is employed by legal collective or individual agreements defining compensation and work's conditions; wage levels are established on "comparable pay for comparable work" principle basis.

CMC promotes the growth of employee's skills in order to a safer and best practiced approach to the work by educational plan and on-the-job training. Moreover, CMC takes care of the professional growth of its personnel. Specifically, with the ambitious project of CMC University, the company is pursuing the goal of making the transmission of technical and managerial competencies into a structural and organic part of the company. In 2015, CMC provided the total amount of 3,845 training hours for its employees all over the world.

As for occupational data, in 2015 CMC shows a 18% decrease of labour force, due to the conclusion of some big orders.

As for the education level, in 2015, about 30% of CMC employees has a degree.

4. Environment

Policy, actions and outcomes:

In the last decades, CMC has always tried to achieve a balance between business initiatives and essential environmental requirements. For this aim, CMC has implemented an Environmental Management System certified in compliance with the UNI EN ISO 14001 standard, that permits to mitigate/minimize all environmental impacts identified for the construction phase of the Projects. Annual Audit and Inspection Plans are carried out by external and internal qualified Auditors and Inspectors; the results are submitted to the Executive Management for relevant evaluations and actions.

CMC has a separate Environment Policy directly stated by the CEO of the Company. An environment risk assessment is arranged on start stage of each Project construction. Environment control measures and responsibilities are pre-established to prevent the environment incident or minimize the effects. Specific procedures are issued to manage the possible environment emergency and the assigned personnel is appropriately qualified.

CMC promotes the growth of employees' skills concerning the environment issues by educational plan and on-the-job training. In 2015, the Company provided about 200 hours of environmental specific training.

On February 19th 2016, CMC participated to the initiative "M'illumino di meno", the national day dedicated to energy saving. In this contest, the Company decided to change all old luminous bodies with new LED technology devices. This operation will determines not only a relevant energy cost saving of estimable € 25,000/year (that means a 50% annual energy cost reduction), but also a tribute to the environmental sustainability plan that CMC has set, since it will determine a reduction of 38 tons equivalent of petroleum (TEP) per year and more than 100 tons equivalent of CO2 emissions per year.

In addition, the use of LED improves the real enlightenment of the working areas.

5. Anti-corruption

Policy, actions and outcomes:

The Company complies with the Italian Law Decree no. 231/01, that aims to prevent the commission of crimes such as corruption, bribery, fraud, reckless homicide, etc.

According to this Law Decree, since 2003, CMC adopted an Organizational, management and control Model and a Code of Ethics. The Model is part of a wide and complex compliance system that consists of procedures, rules, guidelines, etc. To verify the efficient application of procedures and controls, the Company designated an independent body (Supervisory Board) that does quarterly checks on the processes considered at risk for the commission of crimes. The results of these checks are described in a quarter report that the SB discusses with the Board of Directors.

In October 2015, Anti-bribery Internal Auditing Office was created within the Human Resources Department. It supports the Supervisory Board to verify the respect of procedures and rules stated by Organizational Model.

In December 2015, a project for the general upgrade of the L.D. no. 231/01 System documents was completed. It has been necessary to comply with some new regulatory upgrades. In the contest, CMC adopted a specific disciplinary system in order to sanction who doesn't respect principles and rules stated by internal, National and relevant international law.

Almost every year, the Company organizes special events of training addressed, in particular, to managers of processes considered "at risk", such as procurement, financial management, relationship with Public Institutions, etc.

Moreover, CMC Training and development Service selects and proposes courses on Legality and similar topics to all the resources that may be interested in them. For this reason, in January 2016, a seminar dealing with Law Decree no. 231/01 addressed to about 100 CMC Managers, held by three eminent Professors from Palermo University was organized.

Even for this year, CMC continues to be included, as Company free of infiltration from the Mafia, in the so called "White List" issued by several Government Territorial Offices according to the Italian Laws directives. CMC is committed to select suppliers and subcontractors having the same requirement as well.

5. Goals

Human rights:

Through its Health and Safety Service, CMC aspires to get the so-called "Zero Month", that is a period of 30 days without injuries in all domestic worksites.

In addition, the Company starts a project that aims to optimize the inspections on worksites and to improve documental management system by using a specific software.

Labour:

In spite of a contest of world recession, CMC wants to increase its employment level and focus on expanding its foreign orders portfolio, even to contribute to the development of emerging countries.

Enviroment:

Improvement of documental management system dealing with Environment by using a specific software.

Anti-corruption :

The Company aims to improve its L.D. 231 System in its Branches abroad, as a way to contrast corruption.