

Communication on Progress (COP)

REPORT 2016



General

We are pleased to present FAR's 2016 COP Report to you. In publishing this report we aim to demonstrate to our stakeholders our commitment to sustainability. This report has a role of strategic importance to understand our improvements and to share it with our partners.



We want to contribute, within the scope of our possibilities, to a sustainable society. This means we must focus continually on our use of materials, our projects that we develop for our customers, for instance in terms of emissions and energy savings, and the way in which we treat our employees. Global trends such as climate change, scarcity of resources, renewable energy and population growth also present FAR with opportunities and can particularly in the longer term, create value for our stakeholders.

We are keenly aware of the fact that further greening of our internal processes and of the chain will take time and effort. Wherever possible, FAR wants to work with its stakeholders and partners in the chain to achieve this.

We hope that you will enjoy reading this report and appreciate our efforts.

Sincerely yours,

Gianfranco Lenzi

CEO

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Mission

Our current and long-term goal is to be an always more reliable and proactive “high-tech” partner for our clients.

Our primary mission is to satisfy our clients in terms of products and service, offering our expertise in the die-casting process and ensuring a close cooperation aimed at better planning and problem-solving.

In order to achieve our goals, our concept of business has changed over the years becoming the key element of our company, entailing moral and ethical obligations towards our stakeholders (employees, clients, suppliers...), towards the environment and, not least, the State.

Every time we take a step forward, we are already focused on the next two.

The future of the company will reside in the enhancement of human resources as a primary good, the improvement of the working place, the streamline of resource management and the reduction in energy consumption. The use of IT technology will enable us to control business costs and improve processing, thus reducing production costs and becoming even more .



Numbers

- 90 Employees
- 3 Production plan
- 19 M € Turnover

Integrated safety, environment and quality policy

FAR commits to achieve the improvement of its workers' health and safety. For this purpose it offers its instruments, its human and economic resources, considering this point an integral part of its activity and a strategic commitment, within the context of the more general objectives of the company.

FAR also undertakes to achieve ever-greater customer satisfaction, over time, as a prerequisite to develop and guarantee company success, together with environment protection and a reasonable use of natural resources.

To this purpose the company has drawn up this document and now circulates it among all its members. The company also ensures:



- health and safety, environment and quality will be considered as essential points of its policy during the planning of new activities, as well as on occasion of the review of existing projects;
- compliance with applicable laws as well as any other regulation on work health and safety, environment and quality undersigned by FAR, will be considered as a priority.
- All workers will be fully informed, trained and made aware of safety matters, in order to carry out their duty suitably. All workers will be involved in any discussion regarding work health and safety, by means of the workers' representative for health and safety matters. Also information on business risks will be circulated among all workers;
- all machinery, systems, equipment and tools, the working premises, the operative methods and all the organizational aspects will be conceived as to protect workers' health and safety, as well as the safety of any third party involved and the community where the company operates;
- any emergency resulting from the working activity will be dealt with promptly and effectively;
- the cooperation among the resources of the company and collaboration with other entrepreneurial organizations and external bodies;
- preventive actions and internal investigations will have priority in order to protect workers' health and safety, thus significantly reducing the occurrence of incidents, personal injuries, working illnesses or other non-conformities;
- this policy, its goals and the implementation of SGSL will be periodically reviewed in order to achieve continuous improvement in the levels of work health and safety.

It also undertakes to:

- implement a OSHAS 18001-certified company management system, compliant with the ISO / TS 16949 technical specification, ensuring continuous commitment to support and test its progress, in view of ever-greater customer satisfaction;
- ensure the system compliance with all applicable laws and regulations, as well as any other requirement undersigned by FAR, taking all the necessary corrective actions to deal with possible non-conformities;
- implement training programs at all levels, circulate a "Quality"
- culture and provide all the competencies and skills necessary for the success of the Company;

- prevent non-conformities;
- involve Suppliers in the process of continuous improvement of products and services;
- define specific projects aimed at implementing the continuous improvement policy, involving all company departments;
- periodically review the goals and outcomes of the projects, assessing their effectiveness and suitability.

The General Management, based on both customers' and market needs, and involving all the stakeholders, annually define a Goal Plan for Safety/Quality/Environment and pledges to achieve the continuous improvement goals established. For each of them, the Managing Board defines the resources and the monitoring tools available.

With reference to the Environmental Management System, according to the principles set forth under UNI EN ISO 14001 standard, FAR pledges to:

- implement and keep a UNI EN ISO 14001-certified environmental management system;
- scrupulously respect all law requirements, or any other applicable regulation;
- carefully control excessive material and energetic consumption during the production process and take any measure available for use optimization;
- carefully manage all industrial waste resulting from production, taking any action to allow recycling, when possible, or their reduction at any rate;
- carefully monitor uncontrolled atmospheric emissions and dispersion of materials in the environment;
- reduce environmental risk related to pollutants;
- seek the continuous improvement of the environmental policy, always aiming at preventing possible causes of pollution and accidents;
- guarantee production cycles' compliance with the applicable environmental regulations; through specific training, promote awareness of the environmental policy, involving all FAR staff members.

To achieve such goals the General Management commits to:

- appoint on or more representatives of the Managing Board, with the authority to establish the requirements of the Environmental Management system, also ensuring these will be applied and met;
- activate - as specialized support - the "Environmental Manager" position and define duties and responsibilities of each internal function dealing with environmental impact, according to what set forth under the procedures established;
- provide all the resources (human, technological and financial resources) necessary to implement and keep the Environmental Management System;
- correctly apply the environmental management procedures, in order to reduce/minimize environmental hazard;
- apply PAQ13 "Human Resources Training", carefully planning training needs and supervising the outcomes of the implementation of the environmental activities scheduled;
- carefully monitor and supervise business activity, in order to elaborate - where needed - statistical analyses which will allow to establish verifiable objectives and take suitable actions to eliminate detected non-conformities;

- whenever possible, select suppliers who guarantee the supply of services and material compliant with the environmental protection goals;
- transfer the skills developed in the areas of Quality management to environmental matters to define and implement corrective and preventive actions, thus better managing the indicators defined to assess improvement in the environmental management;
- under the responsibility of the Managing Board, periodically review the Environmental Management System, in order to ensure efficacy and effectiveness;
- disclose this document to the public if requested.

FAR undertakes specially to:

- international human rights norms and national labour laws;
- abstain from using and supporting child labour;
- abstain from using and supporting forced or compulsory labour as defined in ILO (International Labour Organization) Convention
- ensure a safe and healthy workplace environment and shall take effective steps to prevent potential accidents and injury to workers' health;
- ensure freedom of association and right to collective bargaining;
- abstain from adopting or supporting any form of discrimination;
- treat all employees with dignity and respect, through a proper management of disciplinary practices;
- comply with applicable laws and industry standards on working hours and public holidays.
- respect the right of personnel to a living wage and ensure that wages paid for a normal work week always meet at least legal or industry minimum standards

FAR also pledges to guarantee the continuous improvement of its production as to work health and safety, quality and environmental performance, defining improvements goals within specific action plans which must set time and duration, modes, responsibilities and financing.

Health, Safety, Environment and Quality Policy was established by the General Board. It is updated, well known to all staff members and to the third parties concerned. It is regularly reviewed by the Managing Board in order to adapt it to the data collected by the integrated Management System.

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Assessment, Policy and Goals

FAR is committed to ensuring the protection of human rights and maintaining a harassment-free workplace. FAR has several policies in place to ensure the protection of human rights. These policies include the Harassment-Free Workplace Policy, Sustainability Policy and the Social Responsibility Policy. As per our Social Responsibility Policy, FAR is committed to respecting human rights and will follow the framework laid down in the UN Guiding Principles on Business and Human Rights (UNGPR) as far as possible. FAR also has a Harassment-Free Workplace Policy to prevent against any form of discrimination based on age, race, color, national origin, religion, sex or gender, sexual orientation, disability, and other areas protected by law. Our stringent code of conduct practices ensure protection of human rights.



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Implementation

FAR also pledges to guarantee the continuous improvement of its production as to work health and safety, quality and environmental performance, defining improvements goals within specific action plans which must set time and duration, modes, responsibilities and financing.

Employees are educated on all corporate policies such as the Harassment-Free Workplace Policy. We believe robust communication channels promote human rights expression and exchange. Thereby, we have institutionalized and internalized a formal communication framework. This promotes clear, real time communication through the internet, intranet, video messages, conference calls, team meetings, etc. Under the FAR Supplier Regulations, our suppliers are required to adhere to accepted standards in human rights practices.

Other actions:

- Awareness raising/ training of employees in Code of Conduct
- Training program new employees

- Compulsory Compliance-training of management, relevant employees and partners.
- Dilemma training program to be established on our training portal
- FAR's Code of Conduct guidelines was revised in 2014.

Measurement of outcomes

Periodic review of human rights adherence by senior management. There was no reported human rights violations during the current reporting period.

FAR has established an annual risk analysis, including human rights. This report is suitable on the IT system since beginning 2014, in compliance with the current regulations, including in particular the provisions of Legislative Decree no 231 of 2001.

Labour principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

Principle 6: the elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

FAR's respect for the dignity, rights and ambitions of all people is a cornerstone of business excellence. We treat all employees equitably regardless of local economic conditions, traditions and cultures. We do not tolerate harassment, discrimination, threats or acts of violence intimidation or coercion. We permit no exploitation of children, physical punishment or abuse. We do not use forced labour, including bonded, indentured or prison labour.

We all benefit from working in truly global teams with cultural diversity, where we are actively encouraged to maximize our individual potential; developing ourselves and our careers at FAR, free from prejudice and discrimination. We see the diversity of our global team as important to our success and to reinforce this. Our aspiration is to support:

- Diversity of the individual (e.g. gender, ethnicity, age, sexual orientation, disability)
- Diversity of working arrangements (e.g. part-time working, sabbaticals, maternity/paternity arrangements)
- Diversity of personal style and app.

FAR undertakes specially to:

- abstain from using and supporting child labour;
- abstain from using and supporting forced or compulsory labour as defined in ILO Convention;
- ensure a safe and healthy workplace environment and shall take effective steps to prevent potential accidents and injury to workers' health;
- ensure freedom of association and right to collective bargaining;
- abstain from adopting or supporting any form of discrimination;

Under the FAR Supplier Regulations, our suppliers are required to adhere to accepted standards in labour principles.

Implementation

FAR also pledges to guarantee the continuous improvement of its production as to work health and safety, quality and environmental performance, defining improvements goals within specific action plans which must set time and duration, modes, responsibilities and financing.



FAR supports our supplier to follow the GC principle, providing info and technical support.

We have a Work Environment Management, that monitors and operate to prevent accidents at work, stress, sickness and bullying among colleagues. We conduct an annual Risk report that measures the work environment, job satisfaction, motivation and stress among our employees.

The safety and health system applied in the organization has been set up according to BS OHSAS 18001, and FAR is going to be certified by KIWA CERMET on July 2016.

Measurement of outcomes

FAR has established a periodical risk analysis that include age difference, in compliance with the current regulations, including the provisions of Legislative Decree no 231 of 2001 and no 81 of 2008.

The new document stating the risk assessment was updated in May, 2016.

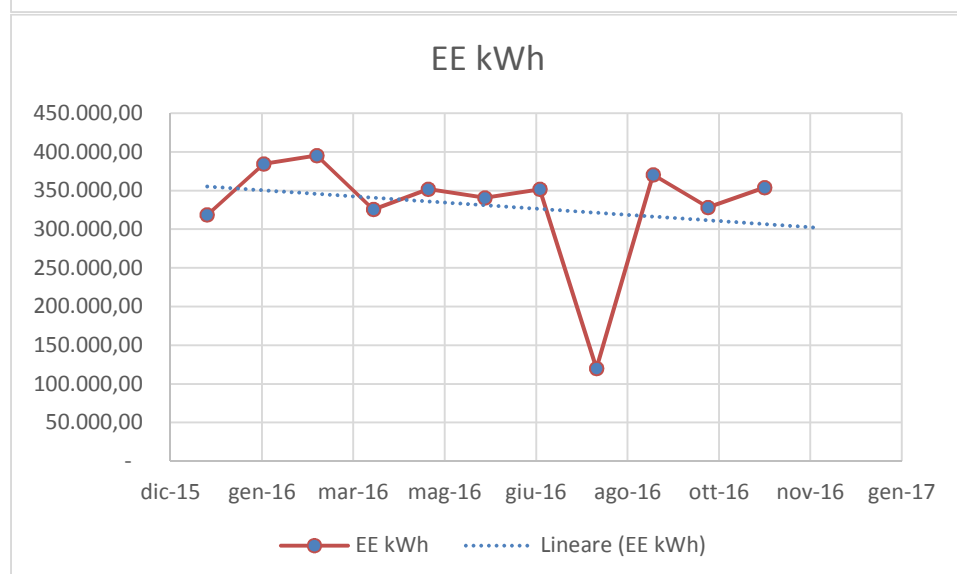
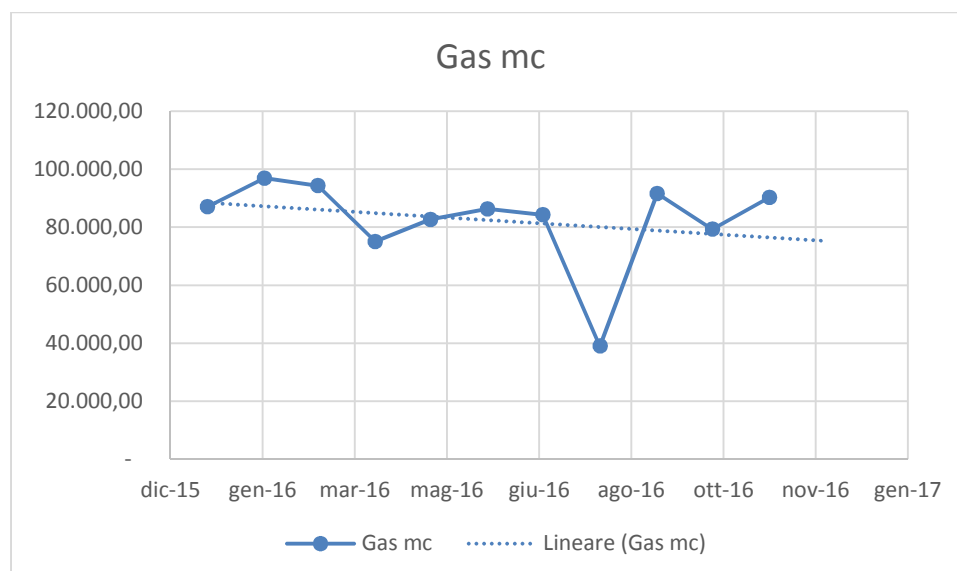
Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Especially in the field of energy saving FAR improved technical data analysis so as to obtain the best results to cut CO2 emission and gases, and to reduce energy consumption. Accordingly, the illuminating system of the factory changed to LED.



Assessment, Policy and Goals

FAR has an environmental policy and it is certified in accordance with ISO 14001.

With reference to the Environmental Management System, according to the principles set forth under UNI EN ISO 14001 standard, FAR pledges to:

- implement and keep a UNI EN ISO 14001 certified environmental management system;
- scrupulously respect all law requirements, or any other applicable regulation;
- carefully control excessive material and energetic consumption during the production process and take any measure available for use optimization;
- carefully manage all industrial waste resulting from production, taking any action to allow recycling, when possible, or their reduction at any rate;
- carefully monitor uncontrolled atmospheric emissions and dispersion of materials in the environment;
- reduce environmental risk related to pollutants;
- seek the continuous improvement of the environmental policy, always aiming at preventing possible causes of pollution and accidents;
- guarantee production cycles' compliance with the applicable environmental regulations; through specific training, promote awareness of the environmental policy, involving all FAR staff members.

Implementation

FAR is committed to continual improvement in environmental performances as prescribed in ISO 14001. Our corporate environmental policy also includes provisions that set worldwide standards for operations at all FAR's facilities and suppliers. Further details on FAR's environmental standards for operations and suppliers are available on our environmental policy document.

FAR is always looking for ways to reduce the environmental footprint of our products. By reducing waste and products that require less energy, we help cut carbon emissions while improving the sustainability track record of our customers' supply chains.

Measurement of outcomes

FAR's environmental policy mandates that we:

- ensure our activities, products and operations are in compliance with all applicable international and local environmental laws, and other requirements to which we subscribe;
- conduct our operations in a manner that is committed to prevention of pollution, conservation of resources, careful handling of hazardous substances and promotion of environmental responsibility;
- review our environmental procedures periodically and set objectives and targets that minimize negative environmental impact and lead to continuous improvement; and
- communicate our environmental commitments to all persons working for or on behalf of FAR and to our customers.

Through FAR's annual risk inventory and assessment, environmental risks and opportunities are identified, and risk control measures are implemented (e.g., monitoring of key performance indicators). Additional information on FAR's environmental policy and risk management are available on the IT system.

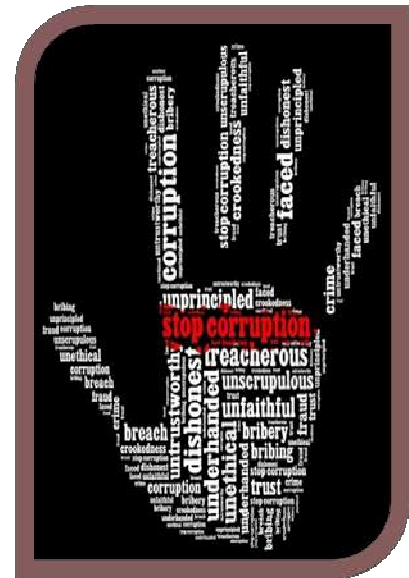
Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

FAR has a non-tolerance policy for corruption. We do not accept that our employees offer, demand or receive money, presents or other services in order to achieve personal or commercial preferential treatment.

We operate within the 10 principles of the Global Compact and expect our business partners to do the same.



Implementation

Our Employee handbook clearly states that we do not tolerate that our employees engage in undeclared work and lists our policy on giving and receiving gifts.

We educate all employees to make sure that they understand our policies. At the first staff meeting in 2014, all employees were informed of our CSR policy and the objectives of the UN Global Compact. In addition, our policies are described in the company's employee handbook. All employees have gained a basic understanding of the principles in our CSR policy. We will continue the education in 2016. Nowadays FAR is implementing a new series of documents to add at the codes of conduct for employees: codes of business ethics and codes of professional practice. All these three level of document will establish the ethical codes, which are adopted by organizations to assist members in understanding the difference between 'right' and 'wrong' and in applying that understanding to their decisions.

Measurement of outcomes

FAR has established an updated annual risk analysis within human rights. This report is suitable on the IT system since beginning 2014, in compliance with the current regulations (L. Decree 81/2008, including in particular the provisions of Legislative Decree no 231 of 2001).