



United Nations Global Compact
Communication on Progress

February 2019

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Letter from Our Leaders

PASELL is working in respect of future generations through new forms of development that go beyond political, cultural and religious conditions: the future depends on a new type of economic development, a conscious development.

Our commitment to the 10 principles of the UNGC, which we signed in 2005, and the organization's efforts to advance corporate citizenship and sustainability is well-aligned with our core values and our corporate vision. It is simply part of how we act and operate each day, and it matters deeply to our people and to our business partners.

PASELL have joined the Global Compact and intend to continue to support it because we firmly believe that our business strategies must always be based on respect for the ten principles promoted by UN initiative. As we continue to make significant strides, we also recognize that we must address challenges to ensure that we remain on track to meet our robust environmental objectives.

With this in mind, we are working closely with our global network of employees, customers and suppliers to continue our journey toward more sustainable operations and a smaller environmental footprint. **PASELL** also remains steadfastly committed to the UNGC principles that address human rights, labor and anticorruption issues.

On the following pages you can read more about **PASELL** activities and achievements in all areas related to the 10 principles of the UNGC. Although we are encouraged by our progress from the past year, we recognize there is more to do. And, we are committed to expanding and extending our corporate citizenship efforts, moving forward to ensure that we continue to bring positive change to communities around the world.

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Summary

PASELL believes that strong policies for these principles are vital: in 2017 we revised and enhanced our *Code of Business Ethics* to, among other things, further illustrate how we can fully embrace our core values in our daily activities. Through our continued focus on diversity and in other numerous ways, we demonstrate our commitment to the UNGC's labor standards principles. Our workforce of more than 220 comprises people from a variety of countries, cultures, religions, generations and backgrounds.

We also expanded our customized training, which now includes programs to support development programs for ethnic minorities (ROM in Slovak Republic).

PASELL received important recognition from the Ministry of Labor and Social Policies, on the occasion of the National Conference on Corporate Social Responsibility "CSR IN POLE POSITION" (Maranello, 14 July 2005), has been included among the virtuous Italian companies.

During 2010, we realized in NIGER a laboratory for the transformation of waste plastics, "LABODEC", with a project of international cooperation took place with the collaboration of public and private bodies.

<http://www.comunisolidali.org/bacheca/LABODEC%20Laboratorio%20di%20Trasformazione.pdf>

PASELL wins the National Award of the SR for Corporate Social Responsibility 2018 for the Category small and medium-sized organizations producing products and services. the ceremonial handover of the National Prize of the SR for Social Responsibility took place on 20th November 2018 in Bratislava (Slovak Republic).

In March 2011, the production of electricity from photovoltaic solar energy began, in 2018 **PASELL** produced 445 MWh of which 363 MWh were consumed and 82 MWh were put into the network. In 2018, 236 tons of CO2 were saved with this energy production.

United Nations Global Compact Human Rights Principles

“At **PASELL** we believe that being able to provide for and sustain one's family is a basic human right. We help address this gap, by educating people around the company, building skills that enable them to participate in and contribute to the economy and society.”

United Nations Global Compact Human Rights Principles

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.

Health and Safety

PASELL guarantees and continually improve a safe and healthy workplace, taking all the necessary measures to evaluate the risks and prevent accidents and damage to workers' health. Year by year training plan was set up with hours dedicated to safety training: training for workers on electrical systems was also introduced. All the planned courses were performed and the evaluation have been 92%. Every new employee and the employees of external companies operating on the company site is trained on company risks. From 2018 the security management system is fully operating into the integrated management system, in particular the process cards with the indications relating to the risk management from both systems were unified.

GRI indicators relevant to G.C. - HR1

Working time

PASELL applies a working schedule that fully respects the rules established by the National Collective Contract. The overtime work required is carried out voluntarily and reimbursed as provided for in the contract applied. The work week (controlled through a badge) takes place from Monday to Friday (included Saturday in Turkey).

GRI indicators relevant to the G.C. - HR1

Remuneration

PASELL pays its employees a salary in line with the collective bargaining applied. The remuneration is always paid on set dates. A second level contract has been renewed and the incentives related to the task of each operator have been defined and allocated. The parameters set in the second level bargaining are linked to productivity, quality and presence.

GRI indicators relevant to G.C. - HR1

Suppliers control

PASELL has a procedure for selecting and evaluating suppliers that, with the implementation of the Social Responsibility management system, has been adapted to the requirements of the SA 8000 standard.

During 2018, in order to verify the compliance with SA8000 requirement, the suppliers were analyzed through a valuation questionnaire.

GRI indicators relevant for the G.C. - HR2, HR3

Disciplinary procedures

PASELL does not implement and does not support the use of corporal punishment, mental coercion, or physical, or verbal abuse. The management of disciplinary measures is in compliance with the provisions set by the CCNL during 2018, the disciplinary measures are equal to 0 (zero). To avoid coercive behavior or verbal abuse, a box of suggestions and complaints has been prepared in which each employee can also send an anonymous report.

GRI indicators relevant to the G.C. - HR1

United Nations Global Compact Labor Standards Principles

“One of **PASELL** core values is Respect for the Individual. Thus, we have a clear commitment to taking the widest possible view of diversity. Our workforce spans countries, cultures, religions and generations and a broad mix of educational experiences and backgrounds.”

United Nations Global Compact Labor Standards 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 labor;

Principle 5

the effective abolition of child labor; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Freedom of association and bargaining

PASELL respects the right of all staff to join trade union organizations and to participate in collective bargaining. A union representative of the workers is present and a space for union communications is issued on the company bulletin board. In 2018 we revised the union agreement for second-level bargaining in which production bonuses were defined and paid out.

Discrimination

PASELL does not discriminate in recruitment, retribution, access to training, promotion, dismissal or retirement, based on race, class, national origin, religion, disability, sex, union membership, political affiliation, age. We do not interfere with the exercise of the right of personnel to follow or satisfy related needs. In 2018 the job description describing the requirements to be satisfied at the time of recruitment was revised, requirements that are relevant to the skills, experience and education of the individual. In the Slovak company, a project was launched to integrate the workers of the ROM ethnic group into the company, which today account for 50% of the workforce. The company received recognition from the President of the Slovak Republic and from the Italian Embassy in Slovakia as an example of good practice of integration.

In November 2018 we received a national award from the Slovak Republic for SCR management based on the integration of the ROM community into our workers.

GRI indicators relevant for the G.C. - HR5 - LA3 - LA4

Forced labor

PASELL has always set itself the goal of developing the territory in which it operates, of creating development opportunities, overcoming cultural and environmental difficulties. The company develops and supports vocational guidance and training activities, not only at local level, through the promotion of internships for students of the European community, facilitating and promoting the exchange of knowledge and skills. The work done in the company, ordinary and extraordinary, is absolutely voluntary and free from forms of coercion. An administrative secretariat is available with a personnel manager to provide information on the contract and salary. In 2018 four suggestions were implemented, which were taken from the questionnaires carried out in previous years.

Relevant GRI indicators for G.C.: HR7

Child labor

PASELL does not employ and does not allow personnel under the age of 18 to work unless they have completed compulsory schooling.

The company systematically promotes the fight against child labor in its supply chain and all the parties involved.

GRI indicators relevant to G.C. - HR6 (ILO Convention 138)

United Nations Global Compact Environment Principles

“**PASELL** is everywhere on a journey to enhance our environmental initiatives, striving to take the necessary steps to ensure conscious progress, create efficiencies, embed environmental stewardship throughout all our company processes, and develop and support innovations that help make our world more sustainable.”

United Nations Global Compact Environment Principles

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

Environmental responsibility

The respect for the environment represents a fundamental benchmark for **PASELL** in the development of new products, in the purchase of raw materials and in the management of production facilities. Innovation, technology and organization are the basis of the development all in **PASELL** are aware that their choices affect the transformations of the ecosystem and society. The R & D management continues its research activities to reduce the environmental impact of production processes, reviewing and improving the processing cycles with high energy use and limiting the use of non-recyclable material.

PASELL participates in **Circular Economy**, a project driven by Confindustria that promotes companies that contribute not only to respect for the environment, but also to an idea of an open and inclusive society. The Company has carried out a review of the plant facilities in particular the interventions have affected the roofing of the electrical system, the fire-fighting system and the water system with the aim of improving the conditions and safety of the workplace. The lighting has been revised and LED lamps have been installed with a view to achieving energy savings of around 25%.

The Environmental Management System is **UNI EN ISO 14001:2015** certified and fully integrated into our company **Integrated Management System** (Quality, Environmental, Health&Safety and Social Responsibility compliance) to cover all the main processes.

Every quarter the consumption of energy resources (electricity, methane and gas oil), water resources and hazardous substances is monitored; a system of separate waste collection is active within the company plants. Specific training is given to employees whose activities show a significant production of waste, relating to the collection, storage and transportation of waste.

Two projects are underway to improve the production process, one relating to the use of the secondary raw material in the production of Concrete and one for the elimination of the use of disarming oil.

GRI indicators relevant to G.C. - 3.13, EN, EN5

United Nations Global Compact Anticorruption Principle

“PASELL has a publicly stated formal policy of zero tolerance for corruption. This policy supports our commitment to work against corruption in all its forms, including bribery and extortion.”

United Nations Global Compact Anticorruption Principles

Principle 10

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

Business Principles

PASELL adopts principles of legitimacy, fairness, transparency, diligence and impartiality in the conduct of its activities, and requires its employees and collaborators to abide by these principles. We updated the code of ethics that summarizes the principles and values to which each employee and collaborator must comply by carrying out activities on behalf and in the name of the company, in particular it is required to those involved in purchases to sign an ethical commitment.

GRI indicators relevant to G.C. - SO2 (OECD anti-corruption convention).