

# Communication on Progress 2016

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## General Introduction & President's Statement

### Serac's continued support towards the Global Compact initiative

It is with great pleasure that I wish to renew for the second time our support towards the Global Compact initiative, by addressing our 2016 Communication On Progress to the United Nations.

This year has been for the Serac Group a year of audacity and achievement: with 3 new buildings in 3 different countries, we have basically doubled our factories sizes as well as our industrial capacities. By investing in these structures, we are addressing a strong message to our stakeholders: we foresee our business on the long term, and the future is bright.

This sustainable development is what makes us able to achieve the 10 Principles in a very serene way: our way of doing business is based on the trust our customers allow us, as well as on our staff's and by extension, all of our stakeholders. From a CSR standpoint, 2016 has been a constructive year as well: improvement of our CDP score, Silver Medal from our EcoVadis audit, numerous actions and initiatives that make us all proud and that I invite you to discover here or in our Annual CSR Report.

It is again my pleasure to provide this year the information on our contributions to all the commitments of the Global Compact and the actions implemented. I take this opportunity to reiterate the support of Serac Group to the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and the fight against corruption.

With my best regards,



Guy Dumargue

Serac Group President

## Human Rights

Extract from our Ethical Code regarding Human Rights:

*“By adhering to the United Nations Global Compact, Serac is committed to respect and promote fundamental rights from the Universal Declaration of Human Rights, the dignity and value of a human being.*

*Serac is also committed to respect legislations which come from local Labour Codes where the group operates, as well as those from the International Labour Organization (freedom of association and the effective recognition of the right to collective bargaining, effective abolition of child labour, elimination of all forms of forced or compulsory labour).”*

### Description

With our international deployment (our factories are located in France, Malaysia, Brazil and the USA), Serac is directly concerned about the definition of Human Rights, since it covers several legal frames. Our main objective is to influence all of our stakeholders to respect the Universal Declaration of Human Rights and environmental protection. Our Ethical Code complies with the principles in The Universal Declaration of Human Rights of 1948; the Principles from the International Labour Organization; the Guiding Principles of the Organisation for Economic Co-operation and Development (OECD) intended to international companies; the Principles of the United Nations Global Compact, and any legislative frame specific to countries in which the group operates.

### Implementation

Based on our commitment towards Human Rights, we have set up an Ethical Code, which has been handed out to all employees, to make our position clear for all our stakeholders. We have published and actively informed all our suppliers, partners and employees of our commitment and encouraged them to commit as well. An internal system is in place where the employees are trained in regards to our commitment.

## Human Rights

### Principle 1:

*Businesses should support and respect the protection of internationally proclaimed human rights;*

Compliant!

### Principle 2:

*Make sure that they are not complicit in Human Rights abuses  
Assessment, Policy and Goals.*

Compliant!

### Principle 3:

*Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

Compliant!

### Measurement

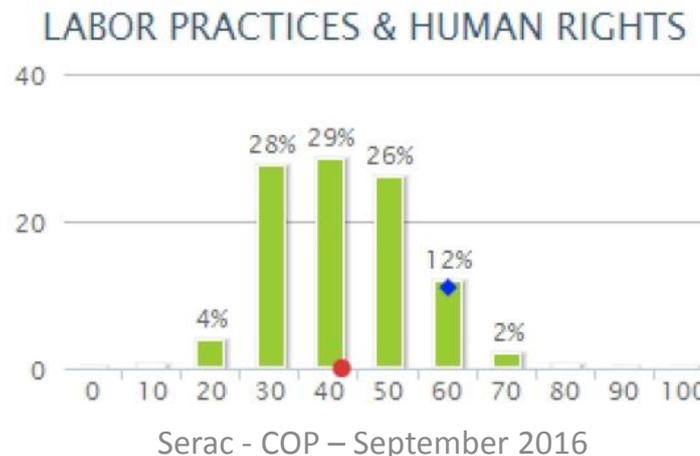
- We launched a whistleblower system in order to allow all of our employees, clients and partners to report back if they suspect any wrongful doing in regards to our CSR guidelines and Ethical Code. No reports have been filed since the system has been implemented.

- In May 2015, the independent organism EcoVadis audited Serac Group; EcoVadis combines technology and Corporate Social Responsibility (CSR) expertise to deliver simple and reliable supplier scorecards, covering 150 purchasing categories and 21 CSR criteria. The EcoVadis methodology framework assesses the policies and measures put in place as well as the reporting published by companies with regards to environmental, labor practices & human rights, fair business practices and sustainable procurement issues.

The labor theme takes into account **both Labor Practice** issues (e.g. health and safety, working conditions, etc.) and **Human Rights** issues (e.g. discrimination, child labor, etc.).

Below is our detailed Labor Practices and Human Rights score from EcoVadis:

#### DETAILED SCORE BENCHMARK



● Average scoring

◆ Serac score

#### Labor Practices and Human Rights:

Serac is in the **TOP 14 %** of suppliers assessed by EcoVadis in the category Manufacture of general-purpose machinery.

## Labor Practices

Extract from our Ethical Code regarding Labour Practises:

*“Serac ensures its associates’ rights. By adhering to the United Nations Global Compact, Serac commits to create an initiative to promote diversity, in conformance with the Millennium Development Goals.*

*Serac also commits to fight against all forms of discrimination, regardless its nature, whether linked to sex, ethnic origin, nationality, religion, health, handicap, marital status, sexual orientation, political opinion or philosophical opinion of its associates, whether during the hiring process or in working relationships.”*

### Description

Serac complies to legislations and regulations related to child labour and other forced or compulsory labour. In compliance with international standards, Serac commits to systematically compensate or remunerate its associates through the following means (non-exhaustive list): salaries, paid leave and overtime. Serac is also committed that these compensations be at least equal if not above the minimum required by the law in the country in which Serac is established.

### Implementation

Same implementation than for Human Rights (please refer to our Ethical Code). Serac prohibits all illicit conduct constituted of sexual or moral harassment, including in the absence of hierarchy or subordination. Serac commits to guarantee its employees an adapted working environment in adequacy with its health and security awareness policy. Moreover, Serac thoroughly makes sure that each associate is in legal age to work as well as legal in the scope of their work and projects (visas, work permits, etc.).

# Labor Practices

## Measurement

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### DETAILED SCORE BENCHMARK



- Average scoring
- ◆ Serac score

#### Labor Practices and Human Rights:

Serac is in the **TOP 14 %** of suppliers assessed by EcoVadis in the category Manufacture of general-purpose machinery.

#### Principle 4:

*The elimination of all forms of forced and compulsory labour;*

Compliant!

#### Principle 5:

*The effective abolition of child labour;*

Compliant!

#### Principle 6:

*The elimination of discrimination in respect of employment and occupation Assessment, Policy and Goals.*

Compliant!

## Environmental Principles

### Extract from our Ethical Code regarding Environmental Principles:

*“Serac commits to decrease nuisances linked to the manufacturing (exhaustion of non-renewable resources), use (energy consumption) and end of life (pollution) of its IT equipment.*

*Serac also commits to take the initiative to analyse the energy efficiency of its machines: electrical consumption, water consumption, polluting products...”*

#### **Description**

Serac is aware of environmental impacts linked to its activities and therefore encourages all its stakeholders to prefer policies which respect the environment. In this context, Serac commits to respect the Principles established by the Rio Convention.

#### **Implementation**

Serac’s environmental objectives are numerous: local and international legislation conformity, continuous improvement of existing systems, communication on progress to organisations such as the United Nations, setting-up extra-financial indicators, environmental issues awareness towards associates, analysis of CO2 rejection and energy consumption... To materialise these objectives, Serac commits to multiplying these initiatives: waste repurposing, energy saving programs, responsible resource management, less travelling...

## Environmental Principles

### Principle 7:

*Businesses should support a precautionary approach to environmental challenges*

Compliant!

### Measurement

During the first year of our adherence to the Global Compact initiative, we launched multiple reporting tools inspired from the Global Reporting Initiative (GRI). During second year, we analysed our first figures and the results are here: we've been improving our Carbon Disclosure Project (CDP) score, as well as our score in EcoVadis' evaluation. These two independent and recognized auditing companies reward our efforts so far.

The environment theme takes into account both **operational factors** (e.g. energy consumption, waste management, etc.) and **product stewardship** (e.g. product end of life, customer health and safety issues).

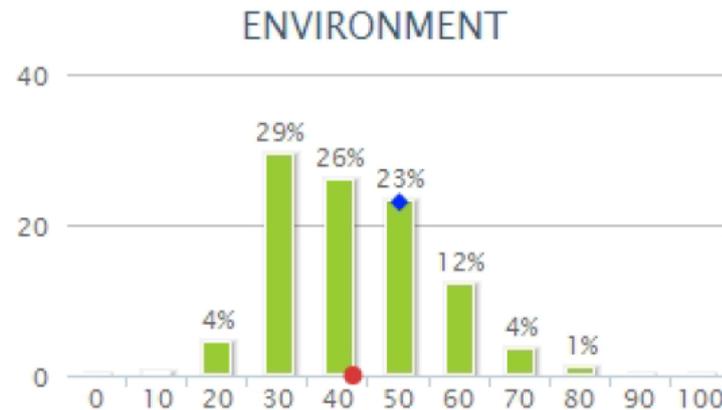
Below is our detailed Environmental score from EcoVadis:

### Principle 8:

*Undertake initiatives to promote greater environmental responsibility;*

Compliant!

### DETAILED SCORE BENCHMARK



**Environment:** Serac is in the **TOP 20%** of suppliers assessed by EcoVadis in the category Manufacture of general-purpose machinery.

## Environmental Principles

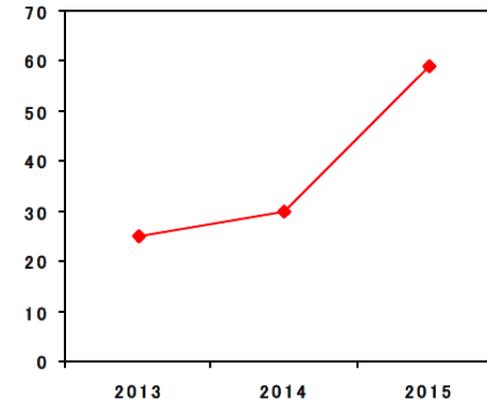
### Measurement

The 2015 results from the Carbon Disclosure Project are materializing our efforts in environmental reporting:

#### Principle 9:

*Encourage the development and diffusion of environmentally friendly technologies Assessment, Policy and Goals.*

| Year | CDP Score |
|------|-----------|
| 2015 | 59        |
| 2014 | 30        |
| 2013 | 25        |



#### Compliant!

This year for the first time, Serac Group ranked at the same level as the average calculated by the CDP in its category of activities (general purpose machinery). We recorded an improvement of nearly 100% over the past two years and our disclosure score is composed of the categories below:

| Category name                           | Disclosure category score | Supply chain average category score |
|---|---------------------------|-------------------------------------|
| <i>Governance and strategy</i>          | 97                        | 76                                  |
| <i>Risk and opportunity management</i>  | 30                        | 57                                  |
| <i>Emissions management</i>             | 81                        | 62                                  |
| <i>Verification &amp; certification</i> | 23                        | 35                                  |

Extract from our Ethical Code regarding Anti-Corruption Principles:

*“Serac’s associates will act according to the OECD Convention from 17 December 1997 on the fight against corruption. On a general note, Serac encourages all its associates to contribute to these efforts of transparency in business while having constant vigilance, lucidity and ethics.*

*Operations and transactions which are performed by Serac Group are saved accurately in the accounts of each subsidiary, in compliance with the effective norms and regulations. No parallel un-saved activity, or other secret account will be tolerated within Serac Group.”*

Serac commits to communicate fully and accurately on such information to concerned parties when necessary.

## Anti-Corruption Principles

### Description

Serac is convinced that trust is the base of a healthy economy and society – **corruption destroys that trust**. Through the risks and difference it causes, corruption slows economics growth and social progress: the sums which are embezzled are often at the cost of collective interest, increasing poverty, and environmental and health concerns. Corruption practices, pursuits and scandals which are triggered are serious concerns to the reputation of companies and those of implicated individuals.

### Implementation

Serac is hence committed to respect the Principles of the United Nations Convention against corruption: **through this, Serac refuses to give, receive or supply, directly or indirectly, any form of benefit (whether it be monetary or in nature) to a State representative or on his/her behalf, to a political party or on their behalf**, to an employee or a client’s public or private agent or on their behalf, to a loan organization or a bank or on their behalf, in the sole objective to obtain or maintain a commercial transaction or even receive any ease or favour implying the transgression of a regulation.

# Anti-Corruption Principles

## Measurement

•We launched a whistleblower system in order to allow all of our employees, clients and partners to report back if they suspect any wrongful doing in regards to our CSR guidelines and Ethical Code. No reports have been filed since the system has been implemented. Serac has also never faced any legal charges regarding any bribery, corruption or anti-trust cases.

•In May 2015, the independent organism EcoVadis audited Serac Group; EcoVadis combines technology and Corporate Social Responsibility (CSR) expertise to deliver simple and reliable supplier scorecards, covering 150 purchasing categories and 21 CSR criteria. The EcoVadis methodology framework assesses the policies and measures put in place as well as the reporting published by companies with regards to environmental, labor practices & human rights, fair business practices and sustainable procurement issues.

The fair business practice theme focuses primarily **on corruption and bribery issues**, but also takes into account anti-competition and responsible marketing depending on the industry of operation.

Below is our detailed Fair Business Practices score from EcoVadis:

### Principle 10:

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

Compliant!

### DETAILED SCORE BENCHMARK



- Average scoring
- ◆ Serac score

**Fair Business Practices:** Serac is in the **TOP 11%** of suppliers assessed by EcoVadis in the category Manufacture of general-purpose machinery.





This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

For any enquiries, do feel free to contact Serac's CSR manager,  
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