



## SUSTAINABILITY REPORT 2015



**Emak<sup>®</sup>**

our **power**, your **passion**





# Sustainability report 2015

Despite the continuation of the economic crisis that has characterised the recent years, Emak continues its commitment of social responsibility, in the firm belief that a company can grow and develop only by creating value that benefits all involved. This means combining:

- **economic sustainability**, in other words the commitment to invest in the growth of the Company and the Group, guaranteeing their continuation over time. This is achieved by a strategic plan which articulated into specific critical factors of success;
- **social sustainability**, referring to the desire to adopt the legitimate expectations of the stakeholders (whether they are customers, employees, shareholders or suppliers), and to redistribute the value created with respect for common interests;
- **environmental sustainability**, through the identification, regulation, control and progressive reduction of the environmental impacts due directly and indirectly to the production activities.

Our corporate philosophy and an effective Integrated Management System allow Emak to maintain and renew its three Certifications, for Quality, Ethics and the Environment. For this purpose it has involved its suppliers and subsidiaries in improvement projects.

The Sustainability report for 2015 is aimed at the Company's major Stakeholders with view to continuing to share the results achieved and the objectives of improvement set for the future.

<b>01</b>	<b>The Company and the Group .....</b>	<b>6</b>
	Our mission .....	6
	Our values .....	6
	The structure of the Group .....	7
<b>02</b>	<b>The Certifications and the Management System .....</b>	<b>9</b>
	• The Quality Certification ISO 9001:2008 .....	9
	• The Certification SA8000:2008 .....	9
	• The Environmental Certification ISO 14001:2004 .....	9
	The Integrated Policies .....	10
	• The Quality Policy .....	10
	• The ethics Policy .....	12
	• The environmental Policy .....	12
	• The Safety Policy 2015 .....	15
	The results of the Management System .....	16
<b>03</b>	<b>The SA8000 System .....</b>	<b>17</b>
	Child labour .....	17
	Forced and compulsory labour .....	18
	Health and safety .....	19
	Freedom of association and right to collective bargaining .....	22
	Discrimination .....	23
	Disciplinary practices .....	24
	Working hours .....	25
	Remuneration .....	26
	Supplier management .....	27
	Audit and corrective actions .....	27
	Objectives of improvement .....	28
	Programme of safety improvement for 2015 .....	30

04

<b>The environmental system .....</b>	<b>31</b>
Environmental aspects and impacts .....	31
Environmental performances .....	31
• Waste production.....	32
• Energy consumption .....	33
• Raw materials consumption .....	35
Programme of environmental improvement for 2015.....	36
 <b>Conclusions .....</b>	 <b>37</b>

# 01 The Company and the Group

## Our mission

**“Innovative solutions with the best value for our customers”**

*In the production and distribution of machinery, components and accessories for gardening, agriculture, forestry and industry, our aim is to be a global benchmark for cutting-edge technological solutions and services that make light work for both our professional customers and consumers, ensuring the best possible value*

## Our values

We are convinced that a company can only reach great results if it is based on solid, positive values, such as those set by our founders and which we have maintained throughout the years until this day:

### **probity**

compliance with regulations, transparency, the protection of human rights and the environment

### **competence**

investments in constant training and education, exploiting professional skills

### **team spirit**

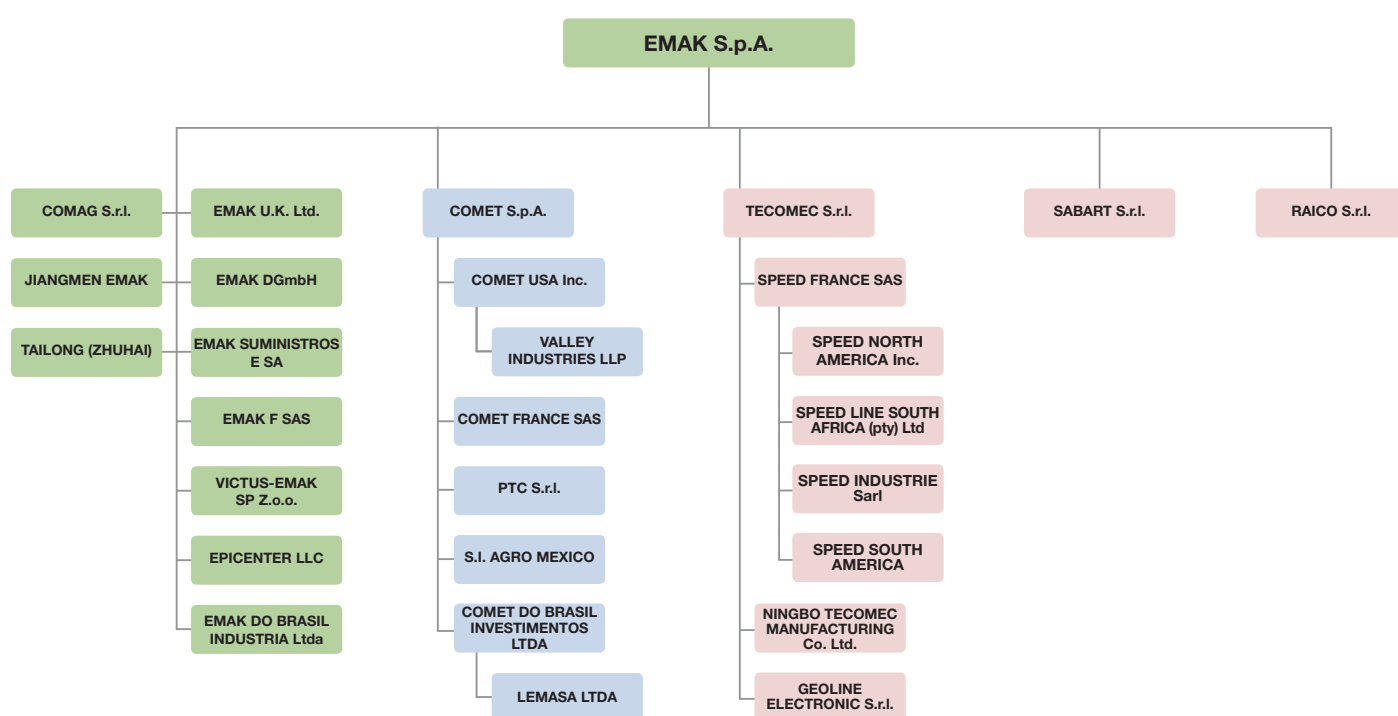
team work to reach common goals, regard for roles, trust in other people

### **spirit of innovation**

new, challenging goals, innovative solutions, new ideas, aptitude for change

# The structure of the Group

Emak S.p.A. directly controls 28 companies, which are subdivided into five Business Units, and make our Group a global benchmark in the production and distribution of machinery, components and accessories for gardening, agriculture, forestry and industry.



The Emak Group develops, produces and distributes a wide range of products in three related business areas: **Outdoor Power Equipment (OPE)**, **Pumps and High Pressure Water Jetting (PWJ)** and **Components and Accessories (C&A)**.

## Outdoor Power Equipment:

- deals with the development, manufacture and marketing of products for gardening and forestry, and small machines for agriculture, such as hedge-trimmers, lawnmowers, small tractors, chainsaws, rotary tillers and rotary ploughs;
- the Group distributes the brands **Oleo-Mac**, **Efco**, **Bertolini**, **Nibbi** and **Staub**; these are aimed at both professionals and more demanding private users;
- the Group distributes mainly to specialised retailers through its branch offices and, where they are not directly present, through a network of 135 distributors.

**Pumps and High Pressure Water Jetting:**

- deals with all the development, manufacturing and marketing activities of membrane pumps for the agricultural sector (irrigation and pesticide spray), pumps and pistons for industry, professional high pressure water jet cleaners and hydro-dynamic units and machines for urban cleaning;
- the Group distributes its own products alongside the brands Comet, HPP, PTC and Master Fluid; its customers for agricultural pumps are the manufactures of irrigation and pesticide spray equipment and respectively specialised dealers and contractors for high-pressure water jet cleaners and hydrodynamic units.

**Components and Accessories:**

- includes wires and caps for hedge-trimmers, accessories for chainsaws (such as sharpeners), spray head sprinklers, valves and nozzles for high pressure water jets, precision farming (sensors and computers), chairs and technical spare parts for tractors;
- in this sector, the Group operates partly through its own brands, Tecomec, Geoline, Geoline Electronic, Mecline, Sabart and Raico, and partly with the distribution of third-party brands.
- its main customers are the manufacturers of outdoor power equipment, machines for irrigation and pesticide spray, high pressure water jets systems and hydro-dynamic units (high pressure cleaning systems) and specialised distributors



# 02 The Certifications and the Management System

02

In accordance with our values and mission we have embarked on a path of Social Responsibility by formalising our Integrated Policies for Quality, Ethics, the Environment and Safety, and by certifying our Management System according to the three chief international standards: **ISO 9001:2008, SA8000:2008, ISO 14000:2004**. The Integrated Management System – which steadily combines and activates the three standards, by optimising any natural overlapping and interaction – allows Emak to put into practice its commitment towards sustainable development on a global, systematic and coherent manner.

## Quality Certification ISO 9001:2008

This standard specifies the requirements of a quality management system in order to demonstrate the capacity of an organization to supply products that meet customers' needs as well as any applicable regulatory provisions. It is aimed at increasing customer satisfaction. It is the benchmark for the assessment and certification of compliance of a company's quality management system, and thus has a "contractual" nature.

This standard takes into account all those processes related to quality management: from the review of any purchase orders received from the customers to the delivery of the finished product. The objective is to provide a universal basis for the management of quality systems, irrespective of the type of company or economic sector in which it is applied.

## Certification SA8000:2008

This is the most widespread and recognised standard worldwide with which organizations certify the ethics of their production processes and, indirectly, their supply chain.

It is based on the universal declaration of Human Rights, the Agreements of the ILO (International Labour Organisation) and the ONU Agreement for the Rights of the Child. It requires compliance with a series of conditions related to topics such as child labour, forced labour, safety, discrimination and working conditions in general (remuneration, working hours, freedom of association and disciplinary measures).

## Environmental Certification ISO 14001:2004

This is the instrument with which companies work towards prevention of pollution and the safeguard of natural resources, through the identification, control and the progressive reduction of the environmental and energetic impacts connected with their activities.

The acquisition of these certifications requires a specific commitment on the part of a company towards its stakeholders, as well as the active involvement of suppliers and customers in a virtuous circle aimed at the safeguard of human rights and the environment, and at the guarantee for consumers that our products are manufactured in compliance with these principles.

The certifications 9001 and 14001 obtained by Emak are also extended to **Comag S.r.l.**, as the production site of Emak's Business Unit.

# The Integrated Policies

**Emak Management places critical emphasis on defining and implementing a policy for Quality, Ethics, the Environment and Safety that is commensurate with the overall aims of the organisation and consistent with its values.**

**This document collects and outlines all the policies introduced through the Emak Integrated Management System as drawn up by the General Manager and approved by the Steering Committee.**

**Through the Integrated Management System – which combines in a permanent and active fashion the three standards Quality Management System ISO 9001:2008; Ethical Management System SA8000:2008 and Environmental Management System ISO 14000:2004, optimizing the existing natural overlaps and interaction – Emak concentrates and maintains its efforts towards sustainable development in a far-reaching and coherent way.**

**The integrated policies are the basis to set new targets and essentially represent the point of reference for monitoring and ongoing improvement of the company's performance.**

## **Emak management undertakes to:**

- Empower and train our employees and make them aware of their environmental responsibilities, especially those involved in activities that have a significant impact on the Quality, Ethical and Environmental System. The aim is to get our own people involved in the Management System and to raise the awareness and participation of employees of other companies working for **Emak**;
- Ensure that all procedures, activities and production processes, the environmental aspects and the performance of the systems introduced are monitored closely through; regular planned audits, with an eye to guaranteeing continuous improvement and with the purpose of identifying any critical sectors;
- verify on an annual basis, the adequacy of the policy and the effectiveness of the Management systems, to be carried out during the review stage: and more specifically, through the evaluation of specific indicators; one can assess the results obtained, analyze the opportunities for continued improvement and define the objectives and goals that the Company intends to pursue in order to ensure the Policy is successful, thus outlining specific programs and setting aside the necessary resources to this end;
- distribute the Integrated Policies document to all stakeholders within and outside the organisation clients, suppliers, visitors, as well as all employees and all affiliated companies – through company information and training tools
- In course of the re-examination, the Management annually reviews the present integrated policy and the various implemented system by analyzing the state of the performances through specific indicators; objectives and goals that Emak aims to achieve, are also defined.

## The Quality policy

In **Emak** we are convinced that Quality: is not just an abstract concept, but is rather a way of guiding every action in the pursuit of our mission

The objectives of this mission are:

- **Satisfying end customers** by anticipating and exceeding their expectations
- **Creating value** for the benefit of shareholders and stakeholders (employees, suppliers, distributors and the community)

With these objectives in mind a series of Key Success Factor (KSF) have been established which represent the cornerstones of our Company strategy;

- product quality and innovation;
- level of service;
- competitiveness;
- strengthening of the distribution network;
- human resources and customers relationship development.

We have gained a competitive advantage, which we intend to maintain and improve on, because we have always seen Quality as an ongoing contributor towards the full satisfaction of the client. This can be achieved by anticipating his need for products that are both innovative, safe and reliable, but also useful for the purpose for which they have been bought – and therefore easy and enjoyable to use – while also provided with an excellent pre and after sales service that guarantees the client's loyalty and accompanies him throughout the life cycle of the relationship that it has set up with us ("Customer Lifecycle").

From an **Emak** product clients expect this to happen every time and that every time the best value is granted (expected Quality and price correctly placed compared to the competition): to achieve this goal **Emak** intends to take action both on a project and on a process level, contributing, at the same time, to sustainable development. At **Emak** we believe Quality is the result of a joint effort: for this reason the principles and policies of **Emak** permeate all the Company Services and Functions of the mother company, the Group's companies (both production and commercial), the clients and the suppliers.

For this purpose:

- To this end: **Emak** Management and all company services/functions consider the correct application of this Quality Policy in compliance with the **ISO 9001:2008 Quality System** to be a priority;
- this Policy is in line and coherent with what is laid out each year in the Business Plan issued by the Company Management;
- the Management, in line with the previously outlined mission objectives, intends to handle the process that leads from the Business Plan to operational action: starting from Key Success Factors and then moving on to define the corporate and management objectives - quantifiable through Key Performance Indicators (KPI) and expected performance levels - it defines the activities for each individual resource (Working Plan);
- the Management further undertakes to identify specific Quality objectives during the regular review of the Quality System and the relative numeric indicators that can help to improve performance;
- the Management is aware of the importance of the contribution that all employees can provide in ensuring

that the company objectives are pursued on a permanent basis, and provides Management and all the staff with the necessary input so that they may each constantly strive to maintain the focus of their activities on the previously established priorities;

- every Service/Function in Emak IT and Comag is directly responsible for the implementation of the various procedures or instructions that it is concerned with;
- the Quality System Manager has the authority and full responsibility to handle the Quality System and ensure it is abide by the entire organization and to verify on an annual basis, together with the Management, the suitability of the policies.

## The ethical policy

In **Emak** we are convinced that a company can only achieve great results if it is supported by strong and positive values, such as those that spurred our founding members and that we have continued to cherish and foster over time:

In Emak the decision to voluntarily adopt a **Management System** compliant with the **SA8000:2008** standard was born out of the will to

establish, disseminate, certify and promote

the ethical thrust with which **Emak** develops its business both within the organization and beyond it (even in the presence of production process relocation).

Fully aware of **Emak's** role within the social and economic context (both local and global), we effectively believe that undertaking to act as promoters of a responsible company culture is a way of contributing to the creation of value for the benefit of all interested parties.

The principles on which **Emak's** efforts in terms of Social Responsibility are based are:

- the appreciation of the value of human resources: Emak views its own employees as a strategic resource, guarantees full respect for their rights, supports their wellbeing and promotes their professional and personal development;
- the transparency of its relations with its suppliers, clients, the community and all interested parties: Emak promotes an open dialogue with its counterparts, holding their expectations in high regard and communicating in a clear way all choices and commitments the Company undertakes and its achievements in terms of social performance;
- consistency between values, strategies and practices: Emak undertakes to ensure that its Social Responsibility policy is understood and implemented by all personnel and undertakes to review it periodically with the aim of continuous improvement and based on changes to the System; Emak further undertakes to verify that this policy is complied with by all suppliers and is distributed to and shared with all levels of the "supply chain".

In order to ensure the compliance with the values and commitments the company has taken upon itself, as well as the correct implementation of its policy, **Emak** has introduced the following initiatives, designed to be effective both within and outside the organization:

- implementation of a Social Responsibility Management System, compliant with SA8000 regulations;
- dissemination of the relative policy, commitments and results using all company communication channels (notice boards, Internet, Intranet, newsletters, etc.);
- specific training of personnel and suppliers;

- ongoing monitoring of the System and of the personal conduct by means of regular and special audits;
- drawing up of a report collection procedure (that may ensure employee anonymity) and verification of any violations to the regulation requirements, or to the company values and policies;
- assessments and visits to the supplier's premises, in order to ensure that the entire supply chain undertakes to observe the regulation requirements and to implement actions over time to ensure continuous improvement.

The Policy and the Management System developed and implemented by **Emak** guarantee – within the company and throughout the entire “supply chain” – the compliance with all the requirements envisaged by the SA8000 regulations, as well as national and international labor laws.

**Emak** favors those suppliers who commit to complying with this policy and to gradually adapt the management of their own collaborators according to the provisions of the SA 8000 regulations.

## The environmental policy

In Emak we feel obliged to give our contribution towards a sustainable development that can guarantee conditions of wellbeing for us and the community in which we operate, both in the present and for future generations by undertaking to respect the environment and all natural resources.

It was this belief that led us to implement of our own accord an **Environmental Management System (EMS)**, compliant with the standard **UNI EN ISO 14001:2004**. Our aim was to ensure that our interaction with the environment is controlled and continuously improved in terms of environmental compatibility, beyond compliance with reference standards and legislation.

In **Emak** we have established and intend to apply and maintain an effective EMS, in order to

identify, regulate, supervise, reduce

the most significant environmental impacts that may be produced by our activity, as related to our design processes, our production processes, our after sales service and the Company's economic objectives.

Specifically, our efforts currently focus on:

- rationalizing and keeping under control the consumption of natural resources and energy;
- managing maintenance of equipment, machinery and systems;
- managing waste both on a documentary and operational level, with particular attention paid to a regular separate waste collection, the increase of waste recycling compared to disposal, the improvement of stocking criteria - identification - correct disposal - and the tendency to reduce the quantity of waste produced;
- carefully selecting the substances used, with particular emphasis on their relative environmental impact and the potential danger that the use of these substances may entail for our employees;
- controlling the atmospheric pollution connected with our production plants and the presence of substances that could be harmful to the ozone layer and responsible for the greenhouse effect in both air conditioning and cooling systems;
- controlling particulate air pollution resulting from cement-asbestos roofing;
- preventing pollution of soil and subsoil caused by potential leakages of chemical substances used in the production process, or possible contamination by waste products

in normal and exceptional circumstances (stoppages, start-up and maintenance), and in potential emergency situations.

**Emak** Management, in its ongoing search for technical solutions with reduced environmental impact (for both Emak IT and Comag sites), concentrates its efforts by providing all the necessary resources right from the early stages of product development. Right from the design stage, the Company is committed to the use of increasingly eco-compatible materials, constantly increasing the percentage of recyclable components, and the sourcing and selection of suppliers who comply with environmental requirements; this particular outlook then impacts directly on all processes, right up to after sales service in service centres.

For a continuous improvement, procedures, activities and productive processes. environmental aspects and performances of the adopted system are carefully monitored through specific audits planned annually in order to identify any critical point.

**Emak** favors those suppliers who show a particular awareness towards environmental issues and who are prepared to be involved in the ongoing improvement programs which **Emak** resolutely engages in on a daily basis.



## The safety policy

Emak Management aims to apply and put into practice the requirements specified by reference legislation concerning occupational health and safety, going beyond mere compliance with the law. To this end we strive for continuous improvement by involving and empowering all personnel, promoting every direct action so that processes and products do not pose risks to the health and safety of people and pursuing these objectives as an integral part of the strategic design within the scope of the general aims of the organization.

Formalizing this safety policy the Company therefore undertakes to guarantee its application and to:

- **operate** in conformity with laws, regulations and directives (national and European), the corporate policies including all agreements and commitments signed with stakeholders;
- **disclose** this document to all personnel by means of internal communication tools and externally via the Internet;
- **strengthen and improve** worker training and information activities, making all workers aware of the responsibilities and individual obligations of each person, as well as the importance of their actions in achieving the expected results;
- **promote** and implement interventions, methodologies and measures for the reduction of accidents, occupational diseases and the factors associated therewith;
- **develop** improvement programs and **define measurable targets** within the context of safety organization;
- **make** available APPROPRIATE human, material, professional and economic resources;
- **keep** up-to-date all procedures and operating instructions established to protect the health and safety of workers;
- **supervise** the work of contractors and non-employees, requiring compliance with safety laws in order to guarantee the occupational safety of internal, external and contractor personnel;
- **activate** appropriate channels for internal communication (e.g. with worker health and safety representatives) and external communication (e.g. AUSL, INAIL etc.);
- **conduct**, on a periodic basis, during the Integrated Management System Review, a Review of this policy in order to check its consistency and suitability with regard to the organization and in order to verify the effective performance and formulation of new improvement objectives;
- **analyze** situations of potential risk, criticality or nonconformity which have been encountered, enabling the causes to be identified and developing corrective and preventive actions;
- **review**, on a periodic basis, the Risk Evaluation, independently of changes which may have occurred;
- **verify** that occupational health and safety is being managed correctly in the company by means of periodic audits conducted by an external body nominated by ODV within the scope of Model 231.

For the application of the principles and actions indicated in this policy the Company avails itself of the Health & Safety Manager (RSPP), nominated by the Management, and the contribution of all personnel (employees and non-employees) involved in the management of occupational health and safety.

# Management System results

On an annual basis, the company Management carries out a Review of the Management Systems in order to check that the objectives for the current year have been reached, that these systems comply with the reference standards and that they are suitable for the company's needs.

Based on the data found and the analyses carried out, it then defines plans for improvement and performance objectives for the following year.

The overall results and the improvement plans, together with their relative objectives, are recorded in the Annual Review.

This document represents a summary of the **Annual Reviews** of the **Emak Business Unit** for the three-year period 2013-2015 (in which the data refers to the years 2012, 2013 and 2014) and is addressed to the reference Stakeholders of the Company.

The term "Stakeholders" refers to all those groups of individuals made up of people, organizations and communities who have a direct influence on the company activities, or who are affected by them either directly or indirectly:

- **collaborators:** are all those who are either employed by or have another working arrangement with one of the companies in the Emak Group; this category also includes agents and anyone who represents Emak Group outside the company;
- **shareholders:** are majority shareholders, Italian and foreign institutional investors, minor small shareholders;
- **customers:** are all those who have a commercial purchasing business or retail business of products manufactured or marketed by Emak;
- **suppliers:** are all suppliers of raw materials, components, machinery, equipment, services and goods;
- **financers:** are banks and other financial institutes which contribute to the financial support of the Company;
- **competitors:** are all the companies with which Emak competes on the market;
- **collectivity:** represents the local community the Company deals with; the end-users of Emak products and, more in general, the entire society with which the Company could potentially have commercial relations;
- **Public Authorities:** refers to the government and local bodies such as USL, INPS, INAIL etc.

# 03 The SA8000 system

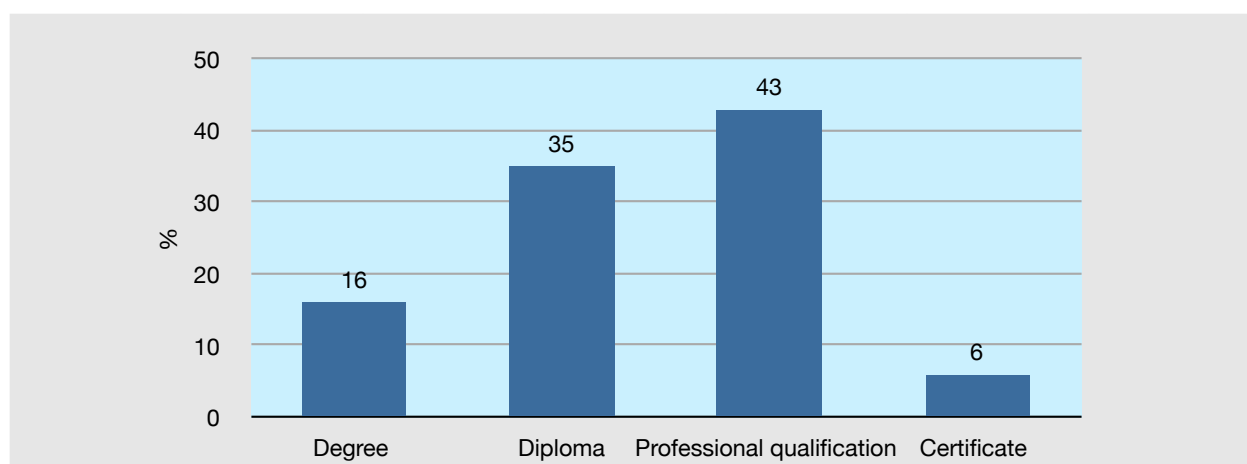
03

## Child labour

At Emak, we are convinced that any new recruits should have completed their school education and that the psychological and physical development of children and adolescents should take place in a suitable environment and favourable conditions.

For this reason, we undertake not to use or support in any way child labour (or the work of minors who have not completed their compulsory school education).

### Employees distribution by qualification at 31/12/2014



We also undertake not to expose young workers to situations that are - either outside or in the workplace - dangerous or harmful to the health, and to guarantee them tasks and working hours aligned with their level of psychological and physical age and compatible with their training requirements.

In order to promote school education, we have arranged certain types of collaboration with schools and local training centres that aim to offer on-the-job training opportunities to young people.

In particular:

- we welcome students on **work experience programmes and work placements** (78 young people in a three-year period);
- we provide **reports on work experience** to the University of Modena and Reggio Emilia

We do not have any employees aged between 16 and 18 (or lower).

Each year, Emak also makes financial resources available, to support children and/or adolescents who have been forced into child labour that our organization may come into contact with.

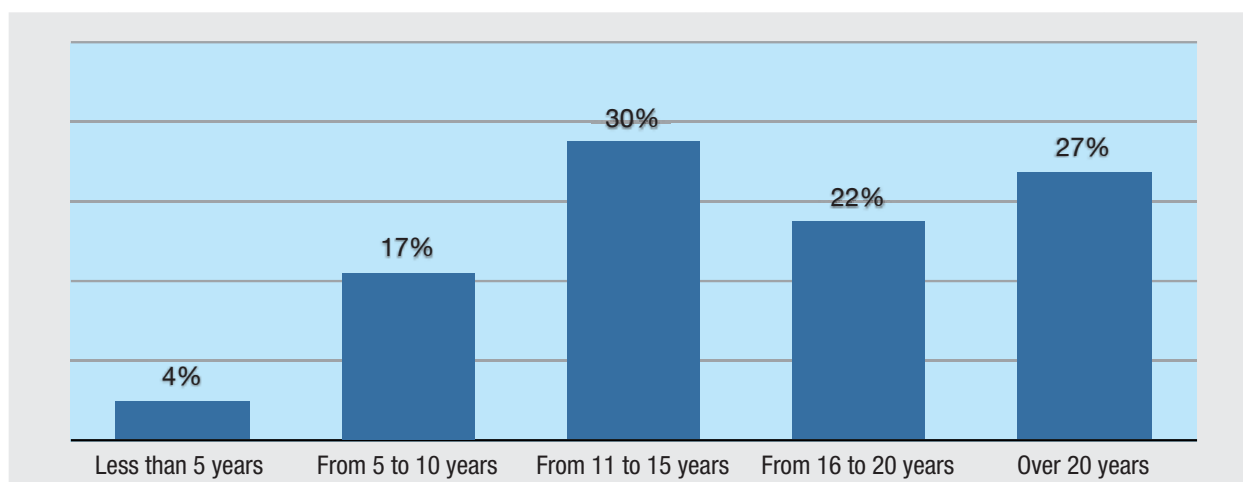
# Forced and compulsory labour

At Emak, we do not tolerate the traffic of human beings, or the use of forced labour of any kind: all the people employed by the Company apply freely and consciously sign an employment contract with us. They are also free to leave the workplace at the end of the working day, as stipulated by the contract, and to terminate their employment with the company at any time (subject to the statutory period of notice); no worker is the victim of threats, pressure or intimidation; no worker is asked to produce or leave with us their original ID documents, monetary deposits or parts of their salary.

EMPLOYEES LEAVING OVER THE LAST THREE YEARS	
Left the company	17
Retired	13
Expiry of temporary employment contract	1
Dismissals	2
Died	2
Voluntary early retirement (*)	25

(\*) In 2014, a voluntary mobility incentive programme was set up

## Employees distribution by years of service at 31/12/2014



Employment management - and in general the relationship between the company and its employees - is marked by high levels of transparency and fair play, with absolute respect for the individual and the law.

When organizing its work and assigning tasks, Emak undertakes to take into account also its employees' personal needs, in order to guarantee the competitiveness of the company while safeguarding the well-being of its workers.

Emak uses all the instruments at its disposal to inform its employees about the rights and duties of each party, thus guaranteeing them the chance to access sources of law and internal regulations, and to receive clarifications on various aspects of their employment.

There are no security guards or other security staff in the company, but there is a CCTV system outside the entrances. The Privacy of the employees is guaranteed by compliance with the national laws in force at any given time.

Emak applies all the instruments permitted by the laws in force to combat undeclared work on the part of its suppliers, contractors and sub-contractors.

There is a Job Posting system at Emak, which aims to favour internal job mobility, thus allowing its employees to seize the opportunity for professional growth within the company and the Group; employees can see the ongoing job selections and apply directly.

## Health and safety

Emak believes that safeguarding health and safety in the workplace is a fundamental and inalienable right of all workers, and is at the same time an important investment on the part of the company for maintaining the future production capacity. For this reason - through its constant analysis and research activity - Emak undertakes to guarantee a workplace that is safe and healthy, and to adopt any measures appropriate to prevent accidents and harm to the health, by minimising any hazards and potentially harmful elements in the work environment in compliance with, or even anticipating, the applicable laws.

Emak pays the same attention to health and safety to all areas of the company (production areas and other areas) and all its personnel, who from time to time take part in training and refresher courses on health and safety.

All areas of the company also undergo periodical audits by the Prevention and Protection Service Manager, to monitor compliance with the applicable laws.

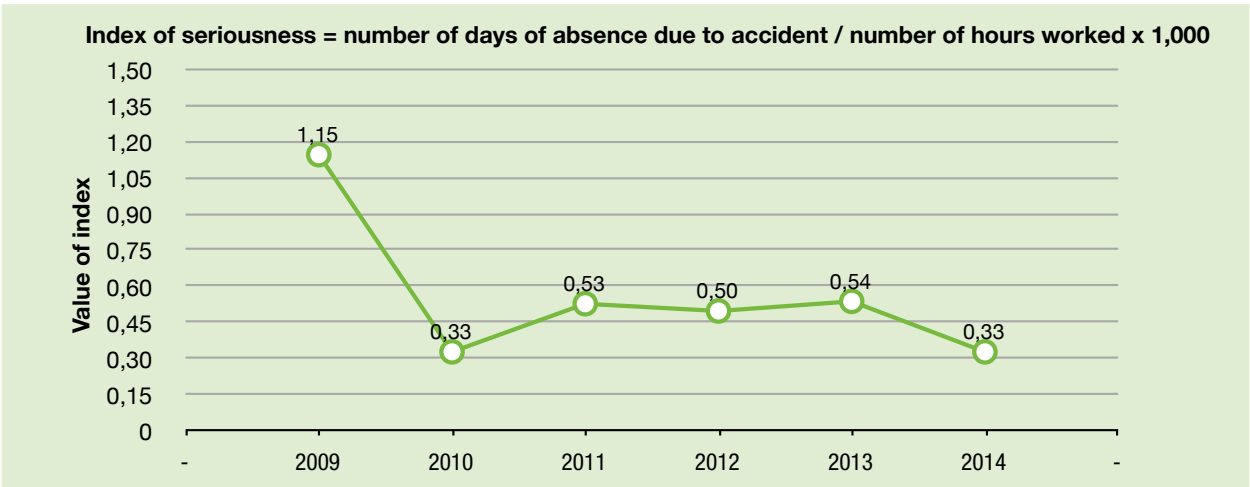
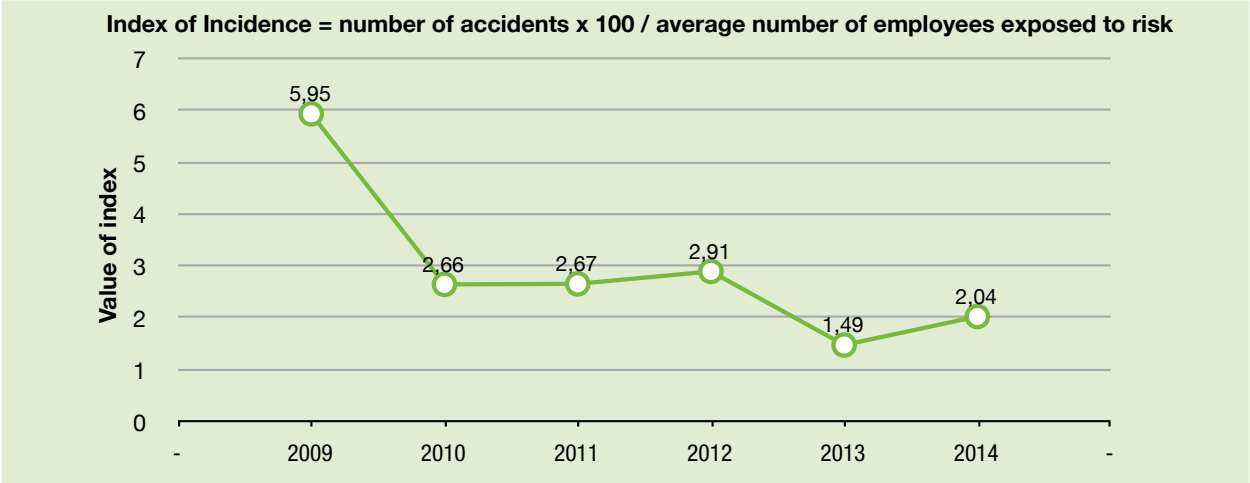
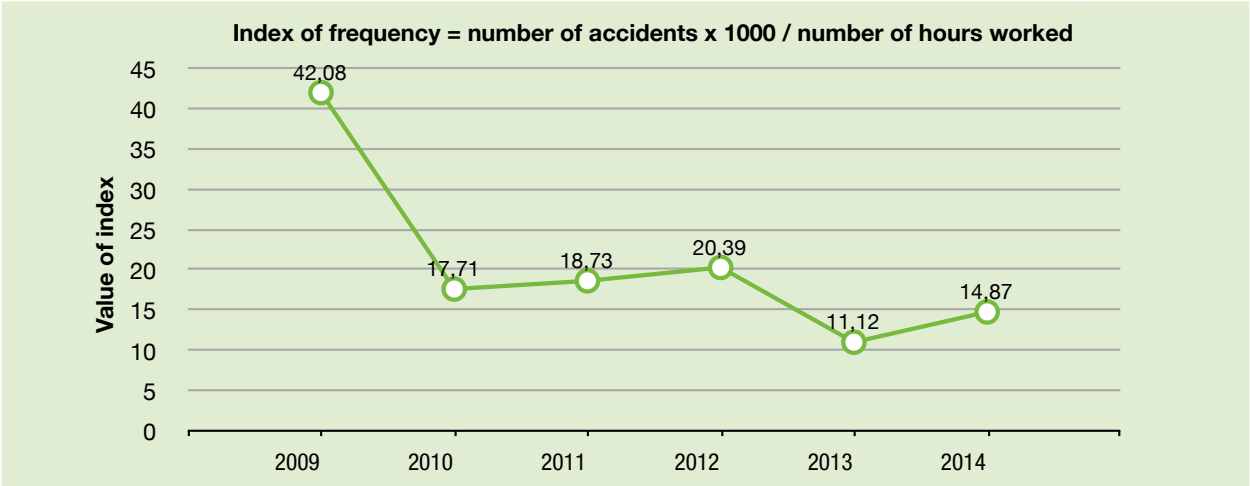
Emak guarantees the cleaning of the company premises and performs periodic checks to ensure that the hygienic conditions are appropriate.

All personnel are provided with rest rooms (separate for men and women) in addition to spaces with automatic vending machines of water, beverages and various snacks.

In order to identify and remove the possible causes, Emak monitors episodes of accidents and professional illness and compares the pattern from one year to the next within the specific reference sector.

The accident data recorded over recent years shows a drop in the number of accidents and the relative indicators. This result is certainly due to the greater attention paid to safety in the company, and the work of the Safety Task Force, which meets once a month to analyse measures taken to lower the risks identified in all sectors of the company.

Accident trend from 2009 to 2014





#### Parts of the body injured in accident

	2012	2013	2014	TOT.
HEAD	1	-	-	1
EYE	-	-	-	-
HAND	2	3	3	8
ARM/FOREARM	3	-	-	3
THIGH/LEG	3	2	2	7
FOOT	1	1	1	3
BACK	-	1	1	2
ENTIRE BODY	1	-	-	1
OTHER	1	-	-	1
<b>Total accidents</b>	<b>12</b>	<b>7</b>	<b>7</b>	

With regard to the health supervision prescribed by the assessment of risks pursuant to Legislative Decree 81/08, in the three-year period, the Company Doctor asked for **27 specialised medical exams** (scans, resonances etc.) to give the workers greater protection, and **14 orthotics were fitted** at the company's expense.

Over the three-year period, due to the deep transformation of the production area following the introduction of the kaizen model and the re-organization of the production lines, monitoring continued with regard to the levels of concentration of benzene, which is still 10 times greater than the threshold level.

Over the three-year period, the assessment of risks linked with the **manual handling of the loads** (MMC) by all workers in the 3 production plants was updated; finally, the assessments of the **bio-mechanical overload of the upper limbs** (SBAS) was also updated using the OCRA check list on the assembly lines.

The **flu vaccine** campaign continued throughout the three-year period, with the collaboration of the Company Doctor (around 40 people were vaccinated each year, at the full expense of the company).

In order to improve the **company's microclimate** (with particular reference to the heat and humidity felt inside the production plant during the summer months), in addition to the forced ventilation system already used in the previous years, 10 ceiling fans were installed in the production departments.

Emak also pays attention to the **ergonomic and postural aspects** to prevent symptoms in the musculoskeletal system and to recover personnel with limited productive capacities. In 2014, the **"Progetto Ergonomia in Linea"** (Ergonomics Project in Shape) was introduced: this involved the training of a team of 12 people-in-charge on the methods for assessing manual handling of loads (MMC), repetition of movement (SBAS) and ergonomic planning in the workplace. The same team - with the support of an external ergonomic advisor - also started a phase in which they applied the techniques learned to the actual workplace, and also defined guidelines for the development and re-planning of the new assembly lines (scheduled for 2015); this activity is still ongoing and has the objective of improving ergonomics at work, and creating assembly lines with techniques that can favour the recovery of personnel with special needs.

Emak supports the **Lega Italiana per la Lotta contro i Tumori** (Italian cancer-fighting association) with an annual contribution of 5,000 Euro at Christmas.

# Freedom of association and right to collective bargaining

Emak guarantees all its employees the right to form, participate in, organize and join the trade union of their choice, to appoint their own representatives within the company and to gather at trade union meetings (for which it provides the workers with suitable spaces and instruments).

A total **46%** of the employees are currently members of a trade union of their choice; the **rate of workers adhering to a trade union** is increasing slightly.

In addition to guaranteeing any legally permitted permits and leave necessary to carry out union activities, Emak neither implements nor favours any form of discrimination, harassment, intimidation or retaliation towards either the workers' representatives or the employees involved in the organization of the workers who take part in such activities. It also guarantees that the trade union representatives can have contact with the union members in the workplace.

Emak applies the **National Collective Labor Contract** for employees in the private metalworking industry and acknowledges the trade union representatives of the workers the role of representatives for the purposes of the company's collective bargaining agreement. In Emak, there is also a **Supplementary Company Agreement** in place, renewed on 25 June 2014, which deals chiefly with the following matters: Results Bonus, supplementary pension fund, working hours and remuneration.

During the three-year period, around **one hundred meetings have place between the Company and the trade union; the major issues dealt with were:**

- Renewal of Supplemental Company Agreement and Company Performance Bonus;
- Supplementary Health Care;
- Annual Calendar and Working Hours;
- Solidarity Contract and Mobility Procedures;
- situation of the company and sales forecast;
- promotion of factory workers;
- organizational changes;
- absenteeism.

All staff members meet periodically at **paid assemblies** so they can stay up-to-date on the issues discussed between the trade union representatives and the Company, and to vote on any matters in which the workers are called to decide on contractual propositions or matters of general interest.

Emak also favours the nomination of **Workers' Representatives** for the standard SA8000, recognising that they play a crucial role in ensuring the correct application of ethical principles, monitoring of the system and the accomplishment of the organization's objectives of constant improvement.

# Discrimination

Emak refuses every form of discrimination and guarantees equal opportunities and equal treatment to all people who work at the company, regardless of their race, social class or national origin, caste, birth, religion, sex, sexual orientation, family responsibilities, civil status, trade union membership, political opinions, age or any other condition that might give rise to discrimination.

Emak undertakes to neither allow nor favour acts of conduct - including gestures, language or physical contact - that is threatening, offensive, aimed at the sexual exploitation or sexual coercion, towards an individual or a group, either in the workplace or in the other premises placed at the disposal of the personnel.

Emak does not oblige female staff to take a pregnancy or virginity test under any circumstances.

Outside the working environment and working hours, Emak does not interfere with the right of its staff members to follow religious or cultural principles or practices, or to meet needs connected with their race, social class or national origin, religion, sex, sexual orientation, family responsibilities, trade union membership, political opinions or any other condition which might give rise to discrimination.

Consistent with the organizational needs and the need to protect all aspects relating to the safety of people and machinery, Emak respects the right of the workers to express their own moral personality, according to their political, trade union, religious beliefs etc., the only obligation being to abide by the law and the company's own values and code of ethics.

Emak favours the recruitment of personnel from the so-called 'protected categories', in compliance with the laws in force and the limitations of the individual workers. It also undertakes to put all people in the position to contribute towards the company's success according to their own possibilities.

The staff force of Emak is comprised of men and women, both Italian and of foreign origin, with or without disabilities; all employees receive the same contractual treatment.

STAFF FORCE as of 31/12/2014	OFFICE STAFF			TOTAL
	MANAGERS	/ MIDDLE MANAGERS	WORKERS	
	15	175	177	367
women	0	63	77	140
non-EU citizens	0	0	6	6
disabled	0	2	22	24

Through the “**Dashboard of diversity**” - which is updated annually and published on the internal Review documents - the remuneration data (subdivided according to sex, qualification, level and professional family) is monitored, alongside a summary of the data relating regarding training (hours of training per sex and the number of staff members in training, subdivided by sex).

# Disciplinary procedures

Emak treats all its staff with dignity and respect, it condemns any conduct which harms human dignity and undertakes to ensure that all its Collaborators show respect for the mental, emotional and physical integrity of the people they work with.

Emak does not admit or support in any way the use of corporal punishment, mental or physical coercion, or verbal abuse. Emak does not tolerate, either in the company or on third-party premises, the use of disciplinary practices that do not respect the dignity of the workers.

Emak believes in consultation as a fundamental instrument to resolve any disputes in the workplace.

Through the circulation of the National Collective Bargaining Agreement, Supplementary Company Agreements and its Internal Rules, Emak clearly informs its collaborators which rules they should comply with and the types of conduct to avoid; the disciplinary sanctions prescribed are used and applied, as necessary, according to the methods and procedures defined by the laws in force, in full compliance with human rights and without causing any harm to the physical and moral integrity of the workers.

Disciplinary measures are ordered **only in cases provided for by the national collection labor contract**.

## Disciplinary measures according to type and violation in the three-year period

NUMBER AND TYPE OF MEASURE	VIOLATION
n. 2 verbal warnings	<ul style="list-style-type: none"><li>• Insults addressed to another employee</li></ul>
n. 10 written warnings	<ul style="list-style-type: none"><li>• Insults addressed to another employee (repeated)</li><li>• Absence during medical visit at home</li><li>• Failure to use PPE</li><li>• Failure to apply procedures</li><li>• Altercation with colleague</li><li>• Violation of internal parking regulation</li></ul>
n. 11 fines	<ul style="list-style-type: none"><li>• Abandoning work place</li><li>• Absence during medical visit at home</li><li>• Damage to company property due to negligence</li><li>• Leaving the company without authorisation after clocking in</li><li>• Failure to clock out</li></ul>
n. 2 dismissals	<ul style="list-style-type: none"><li>• Unjustified absence of over 4 days</li><li>• Exceeding grace period</li></ul>

# Working hours

Emak complies with the laws and standards in relation to the working hours, bank holidays and weekly periods of rest, in all Departments and Services of its organization.

Emak resorts to **overtime** occasionally in order to meet temporary peaks in its workload; overtime is voluntary and agreed on a collective basis by negotiation with the category's union representatives (RSU) and in any case in compliance with the respective laws in force. The company pays any overtime in line with the increases laid down by the national collection bargaining agreement, or higher, monitoring constantly the trend and impact.

In the event of individual or collective requests, Emak undertakes to assess the possibility of granting **variations in working hours** (and the total time) of work that help people to optimise their work-life balance, while safeguarding the productivity and efficiency of the organization.

In addition to the contractual obligations, a procedure has been defined and implemented for production staff to work on a part-time basis, with particular reference to the necessity for workers to attend parents and care for children aged below eight.

Over the three-year period, a total **10 jobs have been transformed from full to part-time** and **4 jobs have been reconverted to full time**.

Emak assesses the performance of each of its Collaborators in relation to the results obtained and the competences shown, not to the number of times or the length of time they have exceeded their working hours. However, should it be necessary for supplementary work to be carried out to guarantee proper fulfilment of their duties linked to their role in the company, Emak pays its Collaborators a supplementary amount as compensation.

The annual Calendar relating to the closing dates of the company and summer closing period is agreed on and signed annually together with the trade union representatives.

All leave and permits taken by the employees are monitored constantly, in order to assure that they are able to recover properly physically and mentally and favour their well-being.

Holiday arrears	Workers	Office staff / Middle managers	Managers
as of 31/12/2012	3%	5%	0
as of 31/12/2013	2%	3%	0
as of 31/12/2014	6%	9%	0

Over the three-year period, 11,004 hours of **Ordinary Redundancy Fund** were applied in 2012, involving respectively 272 employees.

For 2013 and 2014, the Company requested a period of reduced working hours for all employees, signing a **Solidarity Contract**; the employees took advantage of 53,962 and 57,091 'solidarity hours' respectively.

# Remuneration

Emak pays all its employees a wage which exceeds the minimum amount laid down in category, based on supplementary company agreements aimed to guarantee its personnel their primary needs, and the possibility of a dignified existence for themselves and their families (also in view of the average wages in the sector and the parameters set by ISTAT, the Italian statistics office).

In order to motivate and reward its Collaborators, Emak also pays **collective and individual bonuses** connected with the reaching of company targets, which are agreed and planned in advance.

Beyond the minimums according to the pay-scale in the national collection bargaining agreement, the company pays further **fixed amounts** (that account for 15% of the pay cheque on average) and **variable amounts** (which can, on average, reach the maximum per year of one months' pay). The variable amounts (Results Bonus) are connected with the trend of parameters that measure the effectiveness and efficiency of the company processes.

In the three-year period, the **Results Bonus** was paid out, according to the performance obtained from the relative indexes, as follows:

- 73% in 2012;
- 82% in 2013;
- 74% in 2014.

The Company also offers all its employees the possibility to use an external canteen service, to which it contributes 70% of the cost of each meal.

Emak constantly monitors the wage levels of its personnel through intra-group analyses and comparisons with external benchmarks.

Through **special guidance desks**, Emak provides its employees with any clarification and information needed in relation to wages and their employment relationship in general.

Emak does not withhold any amounts from wages for disciplinary purposes, except for the cases prescribed by the national collection bargaining agreement.

Emak fulfils all the legal obligations relating to remuneration, contributions, taxes, employment relationship and social security, both to its own employees and workers with other types of contract (temporary workers, contract workers etc.).



# Supplier management

All suppliers that are considered of crucial importance with regard to their impact on purchase volumes and geographic location, have signed the commitment with regard to code of ethics and environmental compliance, and have compiled the self-assessment questionnaire with regard to the requirements of standards SA8000 and ISO14000.

Since 2013, there has also been an **auditing plan** in place, which prescribes the annual identification of suppliers, the **periodic training** of the auditors (purchases and SQE) and on-site checks according to special checklists. **Over the three-year period a total 22 audits were carried out at Italian suppliers and 27 at suppliers in the Far East**; with regard to the former, the auditors concentrated on the **safety of the work environments**; in the latter case, the focus was placed on **student workers** and on the **types of contract**.









## Audits and corrective actions

With regard to the audits that are planned and carried out each year, there were no violations of the requirements over the three-year period; consequently, no corrective actions were taken either internally or with suppliers.

All the measures of improvement were also implemented and applied in reply to the four observations made and suggestions for improvement pointed out by the certifying body DNV.

# Objectives of improvement

## The results of the three-year period

Reduce the stress-generating factors in the work environment by a better use of time.		New guidelines have been circulated on the management of meetings and the use of emails, and an extensive training plan has been made for time management.
Favour the work-life balance of the employees, by setting up a project funded under Law 53/2000.		<p>The project has been partially carried out:</p> <ul style="list-style-type: none"> <li>• in the summer of 2012 and 2013, the company provided funds for the participation of the children/grandchildren of employees at the local summer camp of Zuccagialla;</li> <li>• the initiative of a “company messenger” was not carried out, on the other hand, for organizational reasons and project-related obstacles;</li> <li>• furthermore, the requested put forward by the Company to reconvert remaining funds into after-school activities was not approved.</li> </ul>
Complete the Safety Management System OHSAS 18000		The documents for the system were completed and the system was set up; with regard to the procedures, it has still not been certified by an external body.
Increase the workers’ satisfaction in relation to their relationship with the company doctor.		The doctor continued to encourage the company to pay greater attention to the workers, as well as continuing to monitor employee satisfaction: over the three-year period, no reports were made.
Analyse and improve the micro-climate in the production departments		<p>The measurements taken in the departments showed a moderately hot climate, in which the workers were found to perceive the environment as “slightly hot”. All the parameters measured fall within the limits of moderate environments as indicated in the standard UNI EN ISO 7730:2006.</p> <p>However, in order to increase the comfort of the workers, the Company decided, to continue with just one morning shift in the months of July and August.</p>
ERGONOMICS PROJECT (Initial phase)		The theoretical and practical training was finalised for 11 persons-in-charge who are directly involved in the ergonomics design of the work stations; this group includes a Workers’ Representative for Safety.
Monitor Employee Satisfaction through the Climate Survey 2014		<p>The survey was carried out and the data collected was presented to all the employees, who also received a copy of the summary report.</p> <p>The improvement measures will be implemented starting from 2015.</p>
Improvement of the assessment process through the collection of feedback on the matters assessed and the introduction of “bottom-up” assessments.		<p>The feedback on the matters assessed was collected, elaborated and circulated in the form of a summary to those concerned (Supervisors and Collaborators); most of those interviewed expressed positive opinions on the assessment process.</p> <p>The platform was also set up for the “bottom-up” assessments (Collaborator-Supervisor), and a pilot project was set up on the Operational Management, in which the Operational Director and the Purchasing Director were assessed by the Collaborators with regard to their leadership qualities and organizational methods.</p>

## What we are doing in 2015

03

ERGONOMICS PROJECT (Second phase)	<ul style="list-style-type: none"> <li>•elaborate the weighted OCRA indexes for the multiple work stations;</li> <li>•define the guidelines for the design of the new assembly lines, with requisites of improved ergonomics;</li> <li>•carry out the project study and implementation of one line with work stations (or re-design of existing work stations), which favour the re-insertion of individuals with posture-related limitations and difficulties.</li> </ul>
Improve employee satisfaction: implementation of follow-up activities and improvement following the climate survey of 2014	<ul style="list-style-type: none"> <li>•set up work groups to take a closer look at the matters requiring improvement, and draw up a plan of action;</li> <li>•hold an Open Day for the families of the employees.</li> </ul>
Monitor any stress-generating factors in the work environment: update the assessment of work stress	Monitor and collect objective indicators and analyses of data

# Programme of safety improvement for 2015

<b>Biomechanical Overload of the Upper Limbs</b>	Plan and build a new, ergonomic assembly line
	Plan and build an assembly line with ergonomic solutions and dimensions suitable to recover people with health limitations.
	Identify and implement a method for regulating the flow speed of the assembly line depending on the time assigned for each cycle
	Define the guidelines for the design of the new assembly lines with ergonomic solutions that allow the OCRA index of each phase to be minimised
	Adapt the Assessment of Risks linked to Pulling and Pushing in the new Bertolini area following the Kaizen review of the assembly lines.
<b>Manual Handling of Loads</b>	Reduce the load units in order to reduce the weights to be moved on components outside the template (such as discs and oils)
<b>Equipment and machines</b>	Complete the adaptation of the internal equipment to the requirements of the Machine Directive
<b>Accidents</b>	Together with the Company Doctor, map the work stations along the assembly lines depending on the compatibility with the type of health problems
<b>Workplaces</b>	Monitor the state of hygiene of the air-conditioning and heating equipment in order to assess the risk of Legionella and the relative sanitisation
<b>Working environments</b>	Improve the micro-climatic conditions in the production departments through a more efficient distribution of heat

# 04 The environmental system

04

## Environmental aspects and impacts

Emak constantly monitors the environmental impact of its products throughout their lifetime, from design to production, by using eco-compatible and recyclable materials; it also keeps control not only of direct environmental aspects, as required by the reference standard, but also indirect aspects (such as the maintenance and transportation services, etc.), thus guaranteeing complete control throughout the production chain.

**Suppliers:** We continue to monitor our suppliers to check their ethics and environmental commitment and, where possible, we select self-certified suppliers who can share our commitment to safeguarding the environment.

**Materials:** all our new electrical and petrol-driven products are planned in compliance with the European waste disposal directives (commonly referred to as the RoHS and RAEE directives); they do not contain any materials with a high environmental impact (such as cadmium, mercury, hexavalent chrome or lead); we use 100% recyclable packaging materials and optimise packaging volumes.

**Design:** in addition to guaranteeing lower consumptions when used, our machines are designed to make it easier to dispose of them when they are no longer needed. We also study solutions that can guarantee an increasingly lower impact in terms of CO2 emissions (as in the automotive industry).

**Production:** our production processes involve the constant monitoring of possible sources of pollution and the checking of all possible sources of pollution to the soil and sub-soil, as well as the continuous optimisation of resources and a reduction in consumptions.

**Transportation:** we also monitor the flows of transportation and, where possible, we privilege the most efficient logistics methods, where possible using vehicles with a low environmental impact: Emak has also introduced an analysis for reducing the impact of the commuting of its employees to and from work/home, through programmes of sustainability mobility.

Environmental protection is also extended to the customer service centres for our products: in addition to signing a pledge with regard to the most important environmental requirements, they are constantly visited in order to ensure they comply with these.

## Environmental performance

The charts below show the KPIs related to the internal production processes:

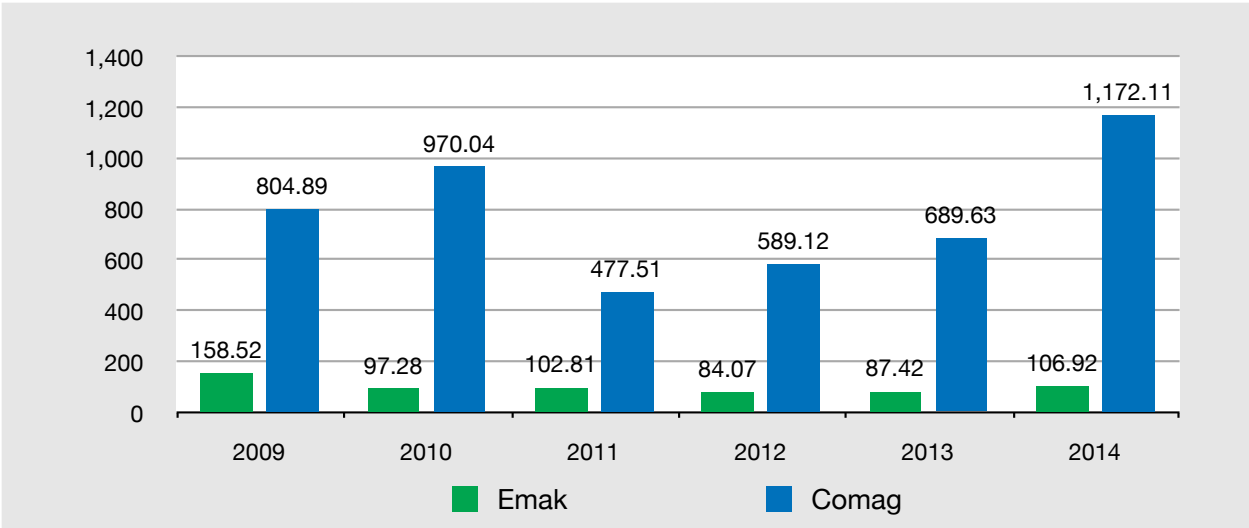
- waste production
- energy consumption
- material consumption (fuel and boxes).

## Waste production

The waste produced over the three-year period can be considered basically stable for **Emak**, while **Comag** produced more waste due to the increase in productivity last year.

The production of hazardous waste remained at 1% in **Comag** and around 10% in **Emak** (there are exceptional years, such as 2014, when extraordinary operations are carried out in the warehouses, involving the disposal of obsolete materials).

### TOTAL WASTE PRODUCED BETWEEN 2009-2014 (values are expressed in tons)



### PERCENTAGE OF HAZARDOUS WASTE OF TOTAL WASTE PRODUCED IN THE THREE-YEAR PERIOD

	2012	2013	2014
Emak S.p.A.	11.1%	8.4%	18.3%
Comag S.r.l.	1.18%	0.23%	0.40%

The most significant fact concerns the **progressive increase in the waste that can be recovered**, rather than non recyclable waste (in Emak, this has reached 100%).

### PERCENTAGE OF RECYCLED AND NON RECYCLABLE WASTE OF THE TOTAL WASTE PRODUCED OVER THE THREE-YEAR PERIOD

	2012		2013		2014	
	Recovered	Disposed	Recovered	Disposed	Recovered	Disposed
Emak S.p.A.	89.8%	10.2%	96.6%	3.4%	100%	0%
Comag S.r.l.	67.6%	32.4%	79.1%	20.9%	75.8%	24.2%



## Energy consumption

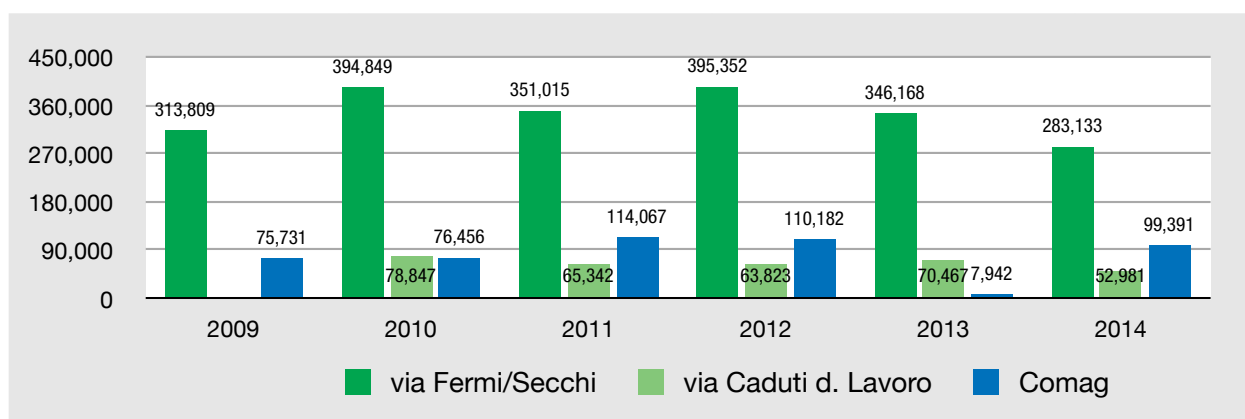
In **Emak** milder winters and the optimisation of sensors for the monitoring and distribution of heat have led to an overall reduction of methane consumption over the three-year period compared to the previous years (in spite of a slight increase in consumption in the Spare Parts Warehouse in Via Caduti del Lavoro). Electricity consumption remained constant.

**Emak** also launched an energy efficiency analysis of its production sites (in line with the requirements of Legislative Decree 102). It also set up a monitoring scheme in order to identify potential wastage of energy, with consequent measures of improvement. In the coming years, this scheme will be extended to the production plants of Emak's Business Unit.

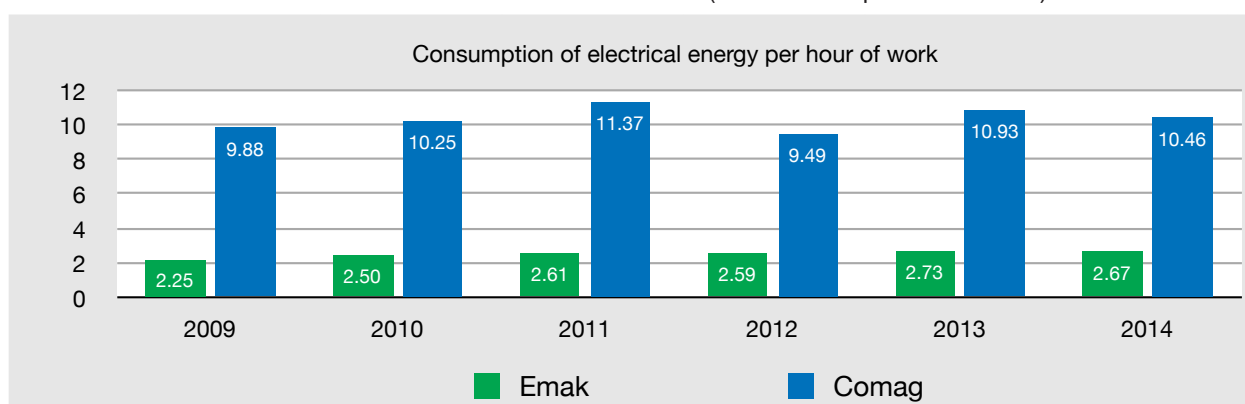
In **Comag** the methane consumption over the three-year period remained more or less constant, with very few variations from year to year; the same applies to increases in electrical energy, which correspond to an increase in hours worked due to the introduction of new production lines and consequently an increase in production volumes.

### TOTAL CONSUMPTION OF METHANE FOR HEATING BETWEEN 2009-2014

(values are expressed in **cubic metres**)



### ELECTRICAL ENERGY CONSUMED BETWEEN 2009-2014 (values are expressed in kWh)



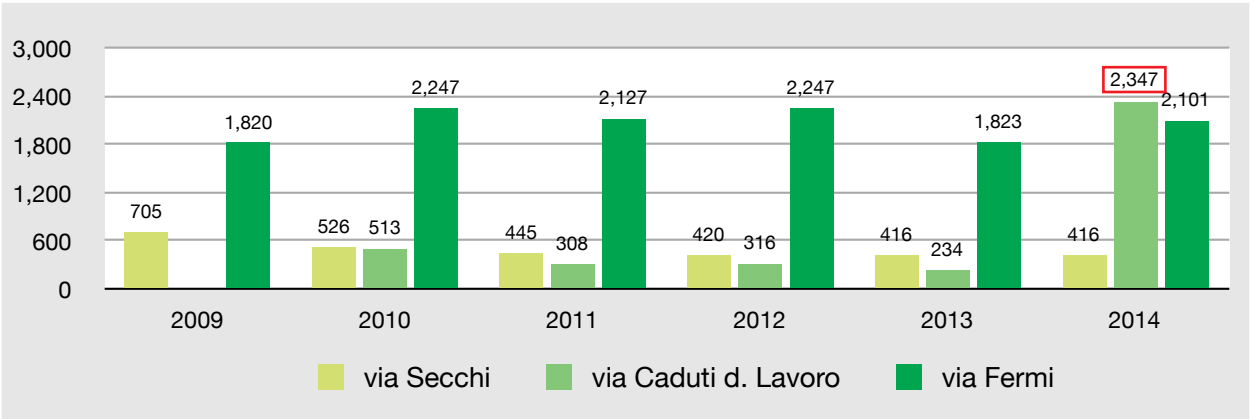
Water consumption in **Emak** remained reasonably constant, with the exception of 2014, when the figure recorded was distorted due to a leakage in the Spare Parts Warehouse in Via Caduti del Lavoro. This was identified and repaired.

In **Comag** water consumptions recorded an anomalous trend due to significant leakages found in the fire prevention pipes of the plant during work performed in 2013. Leakages were also detected in the fire prevention pipes of the assembly plant in 2014; both leakages were promptly repaired.

**TOTAL CONSUMPTION OF MAINS WATER BETWEEN 2009-2014**

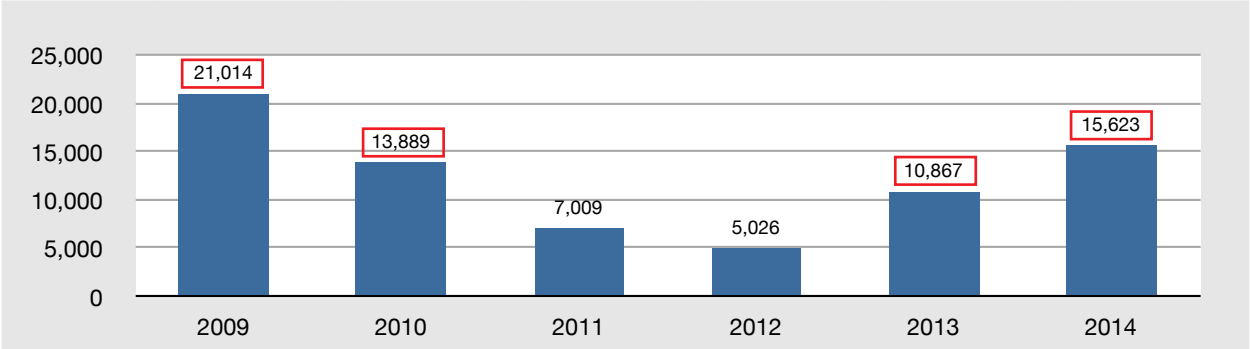
(values are expressed in cubic metres) Emak S.p.A.

**Emak S.p.A.**



□ In 2014, the abnormal amount of water consumed in via Caduti del Lavoro is due to the breakage of the sleeve of one of the pipelines

**Comag S.r.l.**



□ In 2009 and 2010, the abnormal values are due to a breakage in the fire-fighting water pipes of the factory

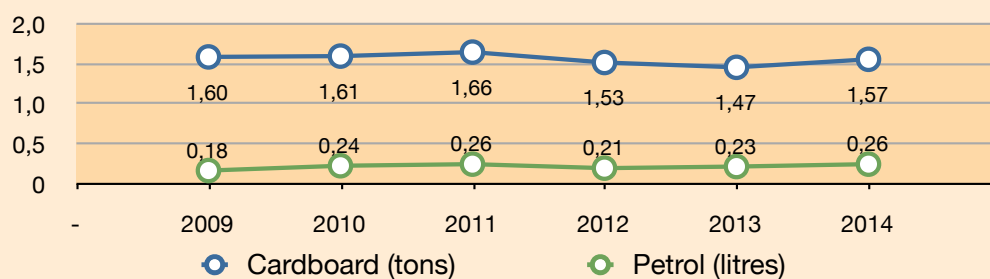
## Raw materials consumption

In **Emak** the consumption of raw materials (cardboard, petrol) is substantially similar to the previous three-year period.

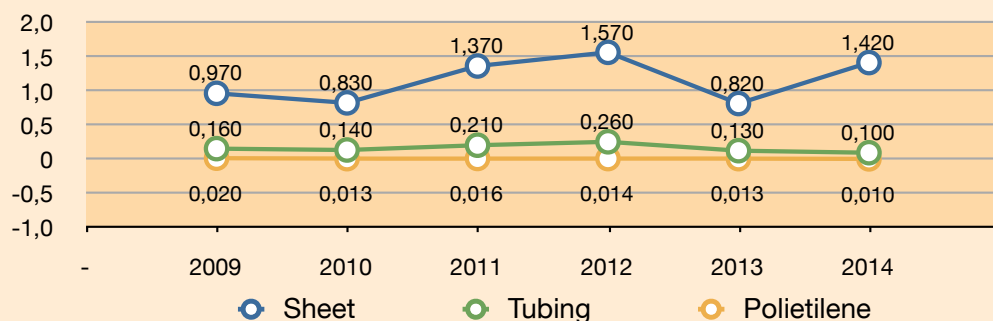
In **Comag** the consumption of sheet metals and tubes was affected by the calculation method used: until 2013, this monitored the materials purchased and not the materials already in stock (in 2013, in fact, the index was considerably lower due to the conspicuous amount of semi-manufactured goods disposed - carcasses - that were already in stock).

With regard to petrol consumption, the variations recorded in the three-year period depend on the different mix of products and the different operational procedures (that involve different inspection intervals).

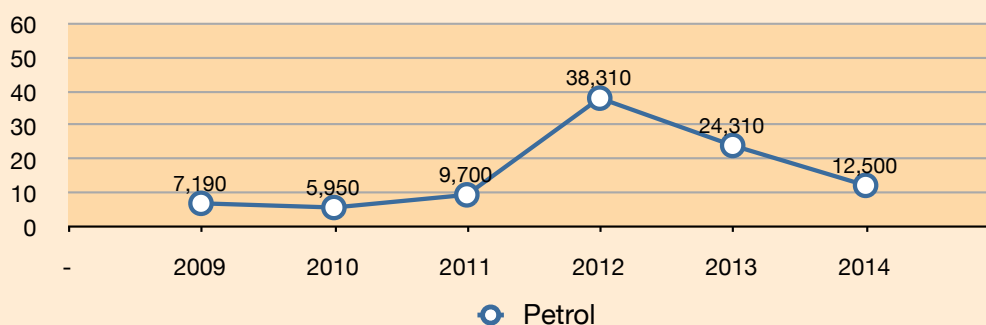
**Emak - Raw materials consumption per number of machines produced**



**Comag - Raw materials consumption per number of machines produced (tons)**



**Comag - Petrol consumption per number of machines produced (litres)**



# Programme of environmental improvement for 2015

## Emak Sp.A.

<b>Waste</b>	Increase the percent of waste sent to be recycled
	Analyse the various different types of recycling used for the waste
	Analyse and monitor the data relating to the quantity of waste generated in the production process per number of machines assembled
	Monitor the data relating to the total of waste generated with respect to the annual production (KPI - EMAS) and compare these with the trend of other companies in the sector
<b>Consumptions</b>	Monitor the data relating to the consumption of electrical energy, methane and water
	Adopt and monitor the KPI EMAS relating to the total direct consumption of Energy (GJ) based on the total annual production in tons

## Comag S.r.l.

<b>Waste</b>	Monitor the proportionality between the waste generated and the machines produced
	Monitor the percentage of hazardous waste produced compared to the total of waste produced
	Monitor the percentage of hazardous waste to be recycled compared to the total of waste produced
<b>Consumptions</b>	Monitor and maintain the KWh ratio per number of machines produced
	Spray-coating system: <ul style="list-style-type: none"> <li>• monitor the consumption of methane gas in relation to the consumption of paint powder;</li> <li>• monitor the consumption of paint;</li> <li>• monitor and reduce the consumption of methane in the spray-coating system, and compared with the machines produced with more punctual maintenance operations.</li> </ul>
	Adopt and monitor the KPI EMAS relating to the total direct consumption of Energy (GJ) based on the total annual production in tons

# Conclusions

The social and environmental commitment of Emak will also continue in the following years, in line with the objectives and improvement plans we have set ourselves.

A report will be made of our results and distributed to all our Stakeholders in the next Sustainability reports.







**Emak S.p.A.**

Via E. Fermi, 4 • 42011 Bagnolo in Piano (Reggio Emilia) Italy

Tel. +39 0522 956611 • Fax +39 0522 951555

[info@emak.com](mailto:info@emak.com) • [www.emak.com](http://www.emak.com)

[YouTube www.youtube.com/EmakGroup](https://www.youtube.com/EmakGroup)