

**Cattini & Figlio s.r.l.**



ITALY: YOUR VALUE.

Communication on Progress  
for year 2010  
to the UN Global Compact

Cattini & Figlio's COP  
for year 2010  
to the UN Global Compact

- SUMMARY
- Continuous commitment to the UNGC and its principles.
- 2010 Code of ethics.
- 2010 Status.
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# Cattini & Figlio's COP for year 2010 to the UN Global Compact

- CONTINUOUS COMMITMENT TO THE UNGC AND ITS PRINCIPLES:
  1. after our adhesion to the Global Compact initiative on December 21, 2009 and while creating our first COP we feel the time is right to reiterate our Company's commitment to the 10 UNGC principles in the four areas of Human rights, Labour, Environment and Anti corruption.
  2. Our Organization is totally dedicated to ensure a fair and sustainable way of doing business, knowing that only the highest ethical behaviour and the best practises will enable us to continue our Company's history, started upon the same pillars back in 1954.
  3. Though time changes many things, integrity, competence, innovation, commitment will always remain the fundamentals of every respectable Organization and we wish to remain linked to these positive values to secure our future.

Casarile, December 10, 2010

Lorenzo A. Cattini - C.e.o.

Cattini & Figlio's COP  
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- **CODE OF ETHICS**

## 1. Introduction

The Code of ethics is aimed at all employees of Cattini & Figlio and confers them the responsibility for achieving the company's values in their daily actions.

The Code of ethics identifies the set of values which comprises the company's ethics and gathers the guiding principles, and the fundamental directives which the company's activities and the conduct of all those to whom the Code applies must be adhered to, in the context of their respective powers and position in our organisation.

The Code of ethics inspires all the business activities and constitutes, besides the company's *mission, vision* and strategic target, the primary reference for the policies, procedures and rules adopted by Cattini & Figlio.

The Code of ethics for Cattini & Figlio is also a logical premise for the adoption of the organisational model in accordance with Legislative Decree 231/2001 "*Discipline of administrative responsibility for legal persons, companies and organisations even without a legal nature*".

Cattini & Figlio undertakes to make the Code of ethics known throughout the organisation and to all major stakeholders, to keep it updated according to future requirements and to enforce its full implementation.

This Code of ethics has been approved by the Board of Directors according to the resolution of September 20, 2010.

### 1.1. Core values

The ethical values that guide the company's conduct are:

- **Respect, protection and growth of people:** the company's mission is compatible with meeting the needs of people; the protection of the health and safety of people permeates the company's daily work operations. Also the company is keen to promote the skills and aptitudes of all;
- **Correctness and transparency:** intended as the development and respect for the correct conduct of company in respect of the whole business community and the external environment that somehow nurtures certain company expectations, in adherence with all the values set out in this Code, to the law and company procedures;
- **Fairness and impartiality:** all the business decisions are inspired by the desire to avoid any discrimination;
- **Trust:** inspired the relationships entered into by the company; beyond the constraints and commitments agreed on, relationships are based on the conviction of the good faith of the conduct of its partners;
- **Loyalty and honesty:** relationships with all are aimed at mutual benefit in a transparent and shared way;
- **Proactivity:** the initiative and the collaboration of the individual for the achievement of the business objectives is encouraged by the company, as it is considered a fundamental source of competitive advantage;
- **Respect and protection of the environment:** when carrying out its activities, the company works in order to minimise its environmental impact. Furthermore, considering the environment as the inviolable heritage of humanity, for which we are all responsible, the company shall endeavour to contribute to its protection and its promotion.

These values inspire the behaviour of Cattini & Figlio and are explicitly provided for the main counterparts both internal and external to the company.

The identification and the pursuit of medium-long term business goals, associated with the adoption of behaviour towards the counterparts consistent with the company's values of society, allow the business' sustainability.

### 1.2. Unethical behaviour

On the basis of the values set out, the company is committed to encouraging behaviour aimed at avoiding business or personal conflicts of interests.

In no way may the conviction of acting in the interest or for the benefit of the company justify the adoption of behaviour in contrast with the values shown in this Code, and with laws and regulations.

Furthermore, the behaviour of any individual or organisation, looking to procure profits from collaborating with others, by exploiting positions of powers is unethical, and encourages the assumption of hostile attitudes in relation to the company.

Cattini & Figlio shall refuse to start business with anyone whose behaviour is unethical and will stop relations with anyone who behaves in such a way.

## **2. Rules of conduct in relations with stakeholders**

The following list shows the main categories of stakeholders with whom the company has relations. For each category the rules of behaviour will be listed in accordance with the values that the company has decided to make its own.

### 2.1. Employees

The pursuit of behaviour which strengthens the respect, protection, growth and promotion of employees represents decisive values and is essential to achieve Cattini & Figlio's goals.

Consistently Cattini & Figlio is committed to developing the skills and the potential of each employee, so that the skills and the legitimate aspirations of the individual are fully met and the business goals are achieved.

For these reasons it should guide the operation of all the company's structures, and in particular the office responsible for managing staff.

Cattini & Figlio undertakes to provide equal employment opportunities to all employees on the basis of professional qualifications and performance capacity, without discrimination. It follows that:

- Cattini & Figlio, through the competent offices, selects, takes and manages employees in accordance with the criteria of merit and competence, without any political, trade union, religious, racial, language or gender discrimination, in respect of all the laws, work contracts, regulations and directives in force;
- Cattini & Figlio, through the competent offices, undertakes to create a suitable working environment from the point of view of the health and safety of its employees. The managers of the various facilities shall inform the office responsible of any circumstances and situations which may affect the safety of the work environments;
- Cattini & Figlio promotes an organisation aimed at encouraging and developing a proactive attitude of individuals and groups;
- Cattini & Figlio shall adopt appropriate formalised procedures aimed at the protection of the privacy of collaborators and the treatment and the conservation of data acquired;
- managers of the structures are committed to creating a working environment free of prejudice and every form of intimidation; allowing the treatment of colleagues in accordance with company values, condemning forbidden conditioning or unnecessary discomfort;
- each employee must cooperate to create a climate in which all colleagues can feel integrated and encouraged to achieve their objectives. Staff must also observe the following rules:

- any activities or situation could lead to conflicts of interest with the company or that might interfere with the capacity to make unbiased decisions must be avoided or, in the best interest of the company;
  - the information acquired when performing the activities assigned should remain strictly confidential and appropriately protected and may not be used, disseminated or divulged, either internally or externally to the company, if not in accordance with the regulations in force and company procedures;
  - the individual employees must respect and safeguard the company's property assets as well as preventing them from being used fraudulently or improperly. The use of the company's assets by the employees must be functional and exclusive to the performance for company activities and the purposes authorised by the internal offices;
  - employees must avoid their personal financial situation having any repercussions on the proper conduct of their work activity;
  - staff shall not seek nor accept, for themselves or for others, recommendations, preferential treatments, gifts or other benefits from subjects with whom they shall enter into a relationship, avoiding receiving benefits of any kind which can be, or appear to influence independence of judgement and impartiality. In the case in which an employee receives gifts or acts of hospitality not of a symbolic nature (e.g. a gift up to a value significantly more than EUR 50 is defined as 'not symbolic' ), must inform the internal audit department to assess its possible return or any other more appropriate intervention;
  - each employee takes care of their skills and professionalism, adding to them with the experience and collaboration of colleagues; they shall assume a constructive and creative attitude, stimulating the professional growth of their collaborators;
  - the activity of each employee and operational structures, management and of the commercial network, must be guided with the maximum collaboration in order to optimise the customers' satisfaction;
  - management personnel, in particular, are obliged - in respect of the principles of sound and prudent management - to propose and to implement programmes to increase the company's assets, maximise the degree of customer satisfaction and safeguard the long-term interests of all the employees;
- .
- the decisions taken by each are based on principles of sound and prudent management, through the prudent evaluation of the potential risks and in the knowledge that personal choices contribute to the achievement of positive business results;
  - the obligation to report any instructions received conflicting with the law, employment contracts, internal legislation or the code to the official responsible for the organisational unit they belong to. The business unit manager assesses the report and shall communicate it to the internal audit department.

## *2.2. Suppliers*

The purchasing processes are defined by the search for the best conditions for Cattini & Figlio, the impartiality of treatment of any supplier and are based on conduct that respects fundamental and mutual loyalty, transparency and cooperation.

The conclusion of a contract with a supplier must always be based on relationships of extreme clarity, to consider the characteristics and advantages of the relationship with transparency, avoiding where possible the risk of dependence.

In any case, in cases in which the supplier adopts behaviour not in line with the general principles of this Code, Cattini & Figlio is entitled to take appropriate measures to prevent any other opportunities for collaboration.

## *2.3. Customers*

Cattini & Figlio manifests a constant sensitivity and tension of safeguarding the quality of the relationship with customers and to its continuous improvement, since these are essential prerequisites for the process of customer satisfaction and the creation and distribution of value. To protect the image and reputation of Cattini & Figlio it is essential that customer relations are defined:

- by complete transparency and correctness;
- by compliance with the law;
- by independence with respect to any form of packaging, either internal or external.

Professionalism, competence, availability and courtesy represent the driving principles that recipients of the Code are obliged to follow in customer relations.

The behaviour adopted is marked by respect for confidentiality of information acquired in the course of activities as well as the rules in force concerning *privacy*.

Furthermore, when initiating relations with new customers, and in the management of those already in place, it is necessary, taking account of the information available, to avoid:

- maintaining relations with those involved in illegal activities, in particular connected with the trafficking of arms and drugs, recycling and terrorism, the illegal use of labour and, however, with people without the necessary requirements of commercial reliability and dependability;
- financing activities intended to produce or market pollutants for environment and for health;
- maintain financial relations with economic activities, which, even indirectly, hamper human development and contribute to violating the fundamental human rights (for example by using child labour).

#### *2.4. Public Authorities*

Assuming commitments with Public Authorities and with public institutions is reserved to the responsible and authorised company offices, which are required to perform their duties with integrity, fairness and independence.

It is forbidden to promise or directly and indirectly provide public officials, or employees in any kind of public authority or public institutions, with payments or goods to promote or facilitate individual interests or those of the company.

Anyone who receives requests or proposals of benefit from public officials must immediately report to their superior or on the internal audit department.

#### *2.5. Political and Trade Union Organisations*

Cattini & Figlio shall not make contributions, benefits or other assets to Italian or foreign political parties or trade unions, or their representatives or candidates.

#### *2.6. Society and environment*

Cattini & Figlio welcomes and supports social, cultural and educational actions towards the promotion of the person and the improvement of their living conditions.

Cattini & Figlio believes in sustainable growth in the common interest of the whole community.

Investment decisions therefore take account of respect for the environment and public health.

The company undertakes to adopt, provided that they are operationally and economically sustainable, eco-friendly technologies or organisational solutions with the objective of reducing the environmental impact of their activities or to help protect and to promote the environmental context.

#### *2.7. Information bodies*

Communications to the external environment must be true, correct, clear, transparent, not ambiguous or instrumental; they must be consistent, uniform and accurate, consistent with the policies and company's programmes.



Relations with the press and other means of mass media are reserved for management or anyone authorised by them.

#### *2.8. Competitors*

Cattini & Figlio identifies in the competition the stimulus to the constant improvement of the quality of the products and services offered to customers, marking their behaviour of a commercial nature with the principles of loyalty and correctness.

#### *2.9. General Requirements*

##### *2.9.1. Operations with related parties*

Operations with related parties are defined as operations concluded with those counter-parties in respect of which the company, officials, administrators, or their families have special interests. These transactions, due to the subject, fees, and mode or implementation times may have effects on the protection of corporate assets or on the completeness and correctness of information, also accounting, relating to the company.

Cattini & Figlio takes the following precautions in the conclusion of operations with related parties:

- operations with related parties comply with substantial and procedural correctness criteria, in accordance with the established principles of conduct for their execution;
- the activity carried out with the companies in the group is based on the values of fairness and transparency;
- the Directors and employees who, in any capacity, have a particular interest in an operation that the company is preparing to conclude shall promptly communicate it to the management.

##### *2.9.2. Presents and Gifts*

Any present intended for commercial *partners* or to public authorities must be documented by the person responsible for the *business unit* and authorised by the management.

Gifts are chosen so as to avoid any possible misunderstanding or incomprehension, ensuring that the recipient does not feel in any way obliged to initiate a commercial relationship and/or ensuring special conditions for Cattini & Figlio by the sole fact that they have accepted the gift.

In relations with the exponents of companies and public authorities specific precautions must be observed in order to avoid any consequences or misunderstanding. Any corporate policies of the company and/or authorities who may receive such gifts must also be closely observed.

The Directors and employees of Cattini & Figlio who are receiving gifts or benefits not provided for in the case allowed are obliged, according to the procedures laid down, to notify the internal audit department which checks the appropriateness and shall inform the sender of Cattini & Figlio's policy on this matter.

##### *2.9.3. Donations and sponsorship*

Cattini & Figlio may comply with requests for contributions limited to proposals from admittedly non-profit making organisations and associations, with regular statutes and instruments of incorporation, which are of a high social, cultural or beneficial value and that, in any case, involve a significant number of citizens.

Sponsorship activities may concern social, environmental, sports, artistic and entertainment themes. These activities are only intended for events that offer a guarantee of quality or for which Cattini & Figlio can collaborate in the design, in order to ensure their originality and effectiveness. Donations and sponsorship must be approved by the management.

### **3. Detailed rules for implementation**

The detailed rules for implementing the Code of ethics provide for the creation of bodies and offices within

the company and a series of practices, initiatives and behaviour as shown below.

The Board of Directors constitutes the internal audit department and ensures the appointment of the coordinator in the person of Mr Roberto Cattini who also holds the position of board member. The internal audit department must be provided with the following characteristics:

- **independence and autonomy** from the company's top management, in order to ensure impartiality and the possibility of operating even when top management is called to monitor the application of the Code of ethics;
- **professionalism**, to ensure the capacity for action in a context that requires strong qualities of evaluation, management of risks and analysis of procedures, as well as expertise in business, administration, finance and legal organisation; it concerns its own specialist technicians who perform control, but also consultancy activities;
- **continuity of action**, focussed on the constant and effective monitoring activities and updating of the model.

### *3.1. Internal audit department and its tasks*

Checking the full compliance and interpretation of the rules contained in this Code is required by the department; the latter will be responsible for ensuring the performance of the tasks referred to below.

The department:

- defines the measures to disseminate knowledge of the Code of ethics and to clarify, by means of opinions, its meaning and application;
- coordinates the development of standards and business procedures which implement the indications in the Code of ethics;
- promotes the regular review of the Code of ethics and implementation mechanisms;
- establishes the penalties to apply in cases of infringements of the Code's standards; for these deliberations the bodies which took part in the investigation or the proposal abstain from voting;
- approves the communication and ethics training plan;
- draws up the internal report intended for the Board of Directors;
- receives and analyses the reports of infringement of the Code of ethics and may extend it and carry out checks;
- regularly reports to the Board of Directors and the Board of Auditors on activities carried out and the issues relating to the Code of ethics;
- checks the application and respect of the Code of ethics on the monitoring activities, that consists of establishing and promoting the continuous improvement of the ethics in the context of the company;
- ensures the development of the ethics communication and training activities;
- monitors the initiatives for the dissemination of knowledge and understanding of the Code of ethics;
- proposes any amendments and additions to be made to the Code of ethics to the management.

### *3.2. Communication and dissemination of the Code of ethics*

A copy of the Code must be delivered to each new director, union representative, employee or outside worker upon the appointment, recruitment or start of the collaboration relationship.

Furthermore, the company will ensure the distribution to staff in service, directors, union representatives in office, as well as anyone who is collaborating with the company.

### *3.3. Ethics Training*

Cattini & Figlio undertakes to conduct adequate training activities and/or awareness on the values, principles of conduct and the detailed rules for implementation on the updates provided by Ethics Code.

#### *3.4. Reporting violations of the Code of ethics*

Cattini & Figlio shall establish channels of communication, including electronic, to which reports can be sent to:

- **dedicated and confidential email account** (Verificheinterne@cattini.com);

- **mailbox** (Cattini & Figlio S.r.l. - Internal audit department Attn. Mr Roberto Cattini - Via dell'ecologia 1 20080 Casarile).

All those who have interests in the company, both internal and external subjects, may report any breach or suspected breach of the Code of ethics to the internal audit department which shall analyse the report and perform the relevant checks.

The internal audit department acts in a way as to guarantee the reporting against any kind of retaliation understood as being an act that would give rise to only suspected of being a form of discrimination or penalties (for example, for the suppliers: interruption of business relationships; for employees: non-promotion, etc.). The confidentiality of the reporter's identity is also ensured without prejudice to any legal obligations.

The internal audit department reports to the top management the breaches to the Code of ethics which emerge as a result of monitoring activities carried out and formalises any suggestions deemed necessary.

In the most significant cases it shall notify the top management of violations and proposals for action to be taken.

#### *3.5. Sanctions System*

A breach by employees of the individual behavioural rules referred to in this model constitutes an unlawful punishable action.

The applicable disciplinary measures with regard to those employees will be those provided by labour legislation applicable at the time of the violation of the Code of ethics and does not preclude further legal action by Cattini & Figlio in respect of the breach.

### **4. Transitional and Final Provisions**

#### *4.1. Entry into force*

This Code shall enter into force on 20 September 2010 following its approval by the Board of Directors.

#### *4.2. Monitoring and Updating the Code of ethics*

This Code is subject to periodical review at least every three years; any variation or integration must be approved by the Board of Directors.

The recipients who are in a position of authority (senior management) are obliged to demonstrate exemplary conduct in respect of the business values, to disseminate and actually implement this Code of ethics, to assume a vigilant attitude and to cooperate with the internal audit department.

The Chairman of the Board.  
Pierino Cattini

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- **HUMAN RIGHTS STATUS (1):**
- Cattini & Figlio, started and grown upon the strong positive values of a typical family-owned Company, never tolerated and never will tolerate any kind of abuse in respect with the universal known human rights; on September 20, 2010, the Company released its first code of ethics after approval by the Management board and distributed it throughout the Organization as well as to the international community through the Company's website.
- Despite a small/medium enterprise by International standards, Cattini & Figlio hosts multi-ethnic workers in its plants who receive the same treatment, wages and training as their domestic workmates.

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- **HUMAN RIGHTS STATUS (2):**
- Health and safety issues are covered by periodical meetings between employees and management representatives.
- Employees are represented by three qualified persons.
- Cattini & Figlio has appointed a management representative for health, safety and environment duly empowered to act.
- Plenary health and safety session is held annually.
- The totality of employees is covered by collective bargaining agreements.
- To communicate violations or possible breaks to the human rights, Cattini & Figlio has implemented a specific e-mail address which reports data directly to the top management, thus assuring an equitable treatment to all reports and/or concerns about human rights.

## Cattini & Figlio's COP for year 2010 to the UN Global Compact

- **LABOUR STATUS (1):**
- Cattini & Figlio recognizes the right for all employees to associate to unions and confirms that the unions are not to be subject to any kind of discrimination.

Year	2008	2009	2010
Total employees	273	252	238
Associated to unions	31	38	41

Above headcount exclude temporary workers.

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- **LABOUR STATUS (2):**
- The use of child and/or forced labour in Cattini & Figlio's plants as well as in our Suppliers facilities has never and will never be tolerated; the minimum age permitted is 15 which is according to the Italian law.

Age employees	2008	2009	2010
from 15 to 20 years	0	0	0
from 20 to 35 years	90	67	57
from 35 to 50 years	156	151	147
from 50 to 60 years	27	34	34
above 60 years	0	0	0

Above headcount exclude temporary workers.

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- **LABOUR STATUS (3):**

- One of Cattini & Figlio's major objectives is to take care of its human resources and to endlessly develop their potential through appropriate business climate, training, job rotation and other universally accepted practices.
- During selection and recruitment of new personnel, only job specific issues are taken into account to identify the best possible candidates for the position.
- Cattini & Figlio takes into account each person's attitudes and performances only without making any gender, racial or other kind of discrimination.



## Cattini & Figlio's COP for year 2010 to the UN Global Compact

Age employees (20-35)	2008	2009	2010
Men	84	63	53
Women	6	4	4
White collar male	15	10	7
White collar female	6	4	4
Blue collar male	69	53	46
Blue collar female	0	0	0

Age employees (35-50)	2008	2009	2010
Men	146	140	136
Women	10	11	11
White collar male	33	35	37
White collar female	10	11	11
Blue collar male	113	105	99
Blue collar female	0	0	0

Above headcount exclude temporary workers.

## Cattini & Figlio's COP for year 2010 to the UN Global Compact

Age employees (50-60)	2008	2009	2010
Men	26	33	33
Women	1	1	1
White collar male	8	10	11
White collar female	1	1	1
Blue collar male	18	23	22
Blue collar female	0	0	0

Age employees over 60	2008	2009	2010
Men			
Women			
White collar male			
White collar female			
Blue collar male			
Blue collar female			

Above headcount exclude temporary workers.

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- **ENVIRONMENT STATUS:**

- Cattini & Figlio takes care to minimise the impact to the environment as much as possible taking into consideration the inevitable constraints due to the fact that materials and manufacturing methods are specified by its Customers.
- After a preliminary analysis of the Company's two major plants in Casarile, Cattini & Figlio has started the project to achieve the environmental certification ISO 14001 towards the end of year 2011.
- The Company has nominated a qualified environmental consultant firm as its partner for this challenging but rewarding journey and has also nominated a manager duly empowered to act in this direction.

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- **ENVIRONMENT STATUS (2):**
- Already in year 2000 the first environmental friendly manufacturing equipment were specified by Cattini & Figlio to reduce the impact on the environment by eliminating the need of lubricant during metal cutting operations. Technically speaking, this operation is, unfortunately, not always possible but the technical staff in Cattini knows it shall use such processes whenever feasible.
- Today, the totality of the investment evaluations takes care of the environmental impact.

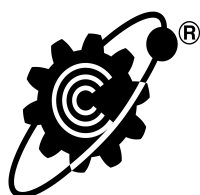
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- **ANTI-CORRUPTION STATUS:**
- Corruption has never and will never be tolerated by Cattini & Figlio: so far, no non compliance to our policy has been reported to the top management of our Company.
- Our Code of Ethics is extremely clear about non-ethical issues: our Company will stop or not enter into business relations with any third parties responsible for such painful acts.

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• **TARGETS FOR 2011:**

1. Minimum 50% of Cattini & Figlio's major Suppliers shall undergo a screening about human rights, child/forced labour, anti-corruption.
2. Minimum 50% of Cattini & Figlio's major Suppliers shall submit concrete projects to reduce their environmental impact taking into consideration the technical specifications.
3. Cattini & Figlio shall publish environmental indicators reflecting the efforts done in the past 3 years.
4. Minimum 50% of all major investments and/or industrial projects shall undergo a screening about human rights, child/forced labour, orientation to environment and anti-corruption.



**Cattini & Figlio s.r.l.**



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**END OF COP  
for year 2010**