

UN GLOBAL COMPACT INITIATIVES

2011 COMMUNICATIONS ON PROGRESS REPORT

Mabuhay Vinyl Corporation (MVC), continues to affirm its commitment to support initiatives of the UN Global Compact. As one of the pioneer signatories in the Philippines, MVC confirms its adherence to the UN GCI principles.

Mr. Edwin Ll. Umali, MVC President and Chief Operating Officer, reiterates the company's support to further reinforce the UN Global principles through the company's various programs and activities, as contained in the following Progress Reports / Updates for 2011 :

| Principles | Policies, Actions and Performance Indicators |
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| HUMAN RIGHTS Principle 1: Support and respect the protection of International Human Rights within MVC's sphere of influence | <p>For faithful adherence to regulatory requirements, Mabuhay Vinyl Corporation (MVC) was among the pioneering eight establishments in Region 10 to be nominated to the Department of Labor and Employment's (DOLE) Recognition Program for Compliant Establishments on Labor Standards, Occupational Safety and Health Standards, Child Friendly Establishment and Good Business Practices. MVC signed the Memorandum of Agreement for this program and enrolled in the Incentivizing Compliance Program of the Department of Labor and Employment.</p> <p>In keeping with this principle, activities undertaken and / or sustained were the following:</p> <ul style="list-style-type: none"> ☆ Tree Parenting and Go Green at Work ☆ Solid Waste Management Refresher Course for Barangay Maria Cristina. ☆ Livelihood Training for the Women of Tonggo and Timoga Buruun, Iligan City ☆ Scholarship to (7) indigent elementary beneficiaries ☆ Summer Integrated Arts Workshop ☆ Repair and renovation of dilapidated classrooms at Mimbalot Elementary School ☆ Donation of food, personal hygiene needs and plastic drums used as water reservoirs for the evacuation centers of Typhoon Sendong survivors. ☆ Donation of and construction materials for the rebuilding of homes for Typhoon Sendong survivors at Digkillan, Iligan City. |
| Principle 2: Make sure MVC is not complicit in human rights abuses | <p>MVC received "Kadugo Pagbulig" Award from the Philippine Red Cross-Iligan City for being one of the "Top Most Number of Mobile Blood Donation" organized in their respective organization.</p> <p>As part of continuous involvement in the development of the Youth in the community, MVC conducted Basic Disaster Management Training, Leadership and Team Building Seminar Workshop to 31 youth leaders from Barangay Ma. Cristina and Barangay Buruun. A new Red Cross Youth organization was created to sustain youth activities.</p> <p>MVC sustained and scaled up child-friendly programs and activities such as Medical Mission, Summer Arts Workshop, Flores de Mayo, Indigent School Program beneficiaries, Brigada Eskwela and Pamaskong Handog sa Kabataan.</p> |
| LABOR Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining | <p>MVC continuously builds a harmonious labor-management relationship through the Industrial Peace Council and the Plant Central Safety Council. The Rank and File Union, Supervisors' Union and Management take pride in undertaking its yearly Strategic Planning Session.</p> <p>Through the Industrial Peace Council and the Plant Central Safety Council, MVC management and unions address issues and concerns, and collaborate in forging solutions. A monthly regular meeting of these two Councils provide a venue for employees and management to discuss health and over-all plant safety concerns, employee and family welfare, suggest solutions to work problems, and present means towards possible improvement.</p> |

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| | <p>In preparation for its CBA negotiations, Union officials and management representatives attended pre-CBA meetings and a Seminar on Collective Bargaining Negotiation Techniques facilitated by the National Conciliation and Mediation Board (NCMB) - Region 10 Director.</p> <p>The Supervisory and the Rank and File Unions negotiated cordially with Management the renewal of the 3-year economic and 5 year non-economic provisions of their respective CBAs.</p> |
| Principle 4: Elimination of all forms of forced and compulsory labor | MVC ensures transparency in conducting business with contractors. Outsourced service contractors are required to submit quarterly their regulatory compliance certificates or records, especially on workers benefits and compliance to labor standards. |
| Principle 5: Effective abolition of child labor | Inspects and ensures that company personnel and contractors do not employ or hire minor workers. |
| Principle 6: Elimination of discrimination in respect of employment and occupation | <p>MVC went through a SEDEX (Supplier Ethical Data Exchange) Standards Audit, conducted by auditors from SGS Philippines. SEDEX is a membership organization for businesses committed to continuous improvement of the ethical performance of their supply chains in the areas of Labor Standards, Health & Safety, Environment and Business Integrity.</p> <p>MVC's yearly Women's Month program was adjudged as Best Practice for giving importance to and consistently celebrating the role of women in the industry sector.</p> |
| ENVIRONMENT Principle 7: Support a precautionary approach to environmental challenges | <p>The SIGA- si- Pia (Small Improvement Group Activity – Productivity in Action), a program empowering the employees to take initiatives, regardless of their positions in order to attain the company's objectives in productivity and continual improvement in the areas of Quality, Productivity, Safety and Health and Environment . The program has produced 48 documented improvements, half of which were environment related improvements in the production process/manufacturing.</p> <p>MVC 's Environmental Management System (EMS) was affirmed to have complied with standards during the EMS surveillance audit (ISO14001:2004) conducted by a third party certifying body, TUV-SUD.</p> |
| Principle 8: Undertake initiatives to promote greater environmental responsibility | <p>MVC contracts and purchase orders contain an environmental clause wherein suppliers shall package and deliver goods that are environment friendly.</p> <p>"Lakbay Linis" (Clean-up Campaign) was launched in MVC plant. The program was implemented to promote environmental responsibility among employees and contractors' workers in order to sustain an environmentally friendly organization.</p> |
| Principle 9: Encourage the development and diffusion of environmentally friendly technology | <p>MVC initiated fostering and building an industry-academe linkage through joint and collaborative efforts on engineering and development. Areas of research identified was on the design and evaluation of pico hydro power generation turbines and systems, energy and heat generation using stratified concentrations of brine solution and use of waste calcium hypochlorite for production of calcium based ceramic boards.</p> <p>The IEM1 Plant Flemion membranes after reaching its lifespan of four years was replaced with Naflon membranes for better performance and low voltage drops.</p> <p>MVC embarked on a joint project with Tosoh of Japan on the recovery of waste hydrogen gas as boiler fuel. The project which was found to be economically viable is expected to be completed and operational by 2012.</p> |
| ANTI-CORRUPTION Principle 10: Work against corruption in all its forms, including extortion and bribery | Suppliers and contractors warrant that no consideration or compensation was offered to any MVC employees, nor did he/she exert any corrupt or unlawful influence to secure the purchase order or contract with the Company. |