



UN Global Compact Initiative

Communication on Progress

Mabuhay Vinyl Corporation continues to be one of the active signatories to the UN Global Compact Initiative. To this end, Mabuhay Vinyl Corporation signifies its adherence to Human Rights, Labor Standards, the Environment, and Anti-Corruption:

- We** Commits to the protection of human rights;
- O**versees programs and activities in support of human rights advocacies, within its own sphere of influence;
- M**aintains respect for freedom of association and upholds harmonious forging of collective bargaining agreements;
- P**roactively participates in the elimination of all forms of forced and compulsory labor; abolition of child labor and elimination of discrimination in employment;
- A**dvances precautionary approaches to address environmental challenges, greater environmental responsibility, and use of environmentally friendly technologies;
- C**ensures and condemns all forms of corruption, including extortion and bribery.

These principles steer Mabuhay Vinyl Corporation's continuing journey, along with other UNGC subscribers, towards the quest for lasting contributions to make the workplace and the world, a better home to be in.

Mr. Edwin Ll. Umali, President and COO, has nurtured the inspiration gleaned from the Leaders' Summit on the Global Compact and since Mabuhay Vinyl Corporation's participation in 2002, has designated members of his management team to ensure that the UN GCI core values and principles permeate in the organization's operations. This has made a significant impact on the company's way of doing business and has provided a framework by which actions and policies relate to the UN GCI Principles.

The following summarizes our progress for 2005.

UN GCI Principles	Policies, Actions & Performance Indicators
Principle 1: Support and respect the protection of international human rights within MVC sphere of influence	<p>Grounded on a "performance-based" culture, MVC's working conditions and total remuneration package for 2005, has been improved via its "Pay-for-Performance Plan", an indicator that the Company continues to strive to provide better work rewards and perks than those provided for by law. With the Council of Solidarity (COS) in its Makati Office and the Industrial Peace Council (IPC) in its Iligan plant, employee activities, policies and procedures are jointly implemented and revisited, through employee volunteerism. The Company's Employee Handbook provides for due process and a grievance procedure in respect to employee discipline.</p> <p>In 2005, the Company supported various projects in Iligan communities by providing medical/dental missions, free clinic to a total of 196 beneficiaries and conducting free clinic for about 136 children. Responsive to the importance of developing the Youth, MVC hosted a Youth Leadership Training for 30 youth leaders in the community, conducted computer training for 30 grade school pupils and donated 3 computer units. It has maintained the scholarships for at least 30 students, accepted on-the-job trainees from different schools, and welcomed plant and educational tours for college students. As a venue to incorporate fun not only at work but to the community, MVC conducted a "Children's Choir & Song Interpretation Summer Workshop" for 36 kids and hosted a Christmas Party for 150 less fortunate kids.</p>

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<p>Principle 2: Uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>With common desire to maintain Industrial peace and harmony in the company, management and its employee unions continue to provide avenues for people empowerment and resolutions of concerns in the context of trust, caring and service. As a result, issues and concerns were all resolved within the plant without third party intervention.</p> <p>The Collective Bargaining Agreement stipulates the provision that “New employees occupying a regular job belonging to the bargaining unit automatically becomes a member of the Union.” This is Management’s assurance to the Union of its right to organization and collective bargaining.</p>
<p>Principle 3: Make sure MVC is not complicit in human rights abuses</p> <p>Principle 4: Elimination of all forms of forced and compulsory labor</p>	<p>Total company workforce as of end of 2005 stood at 196, where 152 (77%) are Mindanao-based; 37 (19%) are assigned in Luzon and the remaining 7 (4%) are located in Cebu.</p> <p>MVC was awarded the Pro-active Programs Achievement Award – Hall of Fame in recognition of its untiring efforts in and commitment to implementing and sustaining programs on Labor-Management Cooperation, Quality and Productivity, and Family Welfare and Community Relations. During this term, the Supervisory Union President was the chairman of the labor-management council and with his chairmanship was able to formulate and implement two (2) new policies, i.e., the Drug Free Work Place Policy and the Health and Safety Policy to further safeguard the employees’ health.</p>
<p>Principle 5: Effective abolition of child labor</p>	<p>Through the Industrial Peace Council and the Plant Central Safety Council in Iligan, employees actively participated in formulation of policies and programs regarding safety, health, and working conditions. Their counterpart in Makati, the Council of Solidarity, has likewise conducted programs relating to employee welfare and productivity and has actively supported in the proper dissemination of important company activities and programs via the Promotions Committee.</p> <p>Regular monitoring of accredited vendors and contractors have been required from the Purchasing Department, to ensure compliance with requirements set forth by the company, especially on labor standards compliance and non-hiring of minors. For 2005, the company has made drug testing a requirement for all employees of contractors.</p>
<p>Principle 6: Elimination of discrimination in respect of employment and occupation.</p>	<p>As of yearend 2005, 31 or 16% of MVC’s total employees were female. Of the 31 female, 18 (or 9%) are assigned in the manufacturing plant in Iligan, while 13 (or 7%) are based in the head office. MVC takes due recognition for having a lady in its distinguished Board of Directors.</p> <p>Reaping honor and giving pride to MVC is Mr. Jimmy Dandasan, an MVC employee who was adjudged as the 2005 Outstanding Employee of Region 10. His award not only showcased his individual commitment to excellence in employment, but is also a reflection of the company’s thrust towards providing its employees the opportunities and the venues to become the best persons they could be!</p>

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<p>Principle 7: Support a precautionary approach to environmental challenges</p> <p>Principle 8: Undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p>	<p>As an ISO 9001:2000 certified company, MVC is committed to continually improve its processes. As a result, it has reduced bunker fuel oil and steam usage by P5.3 Million and P2.6 Million, respectively, for its Diaphragm Cell Plant. Raw Materials Usages has likewise been reduced by P700,000 at the Ion Exchange Membrane Plant.</p> <p>In support of the principles related to the environment, MVC continues to enhance its capability to protect and conserve the environment. It has put in place policies, programs and projects in compliance with ISO 14001:2004 certification.</p> <p>Aware of the effects of materials used in the various production processes, MVC has built a Reinforced Concrete Disposal Pit for waste chemicals. This has been issued an Environmental Clearance Certificate by the DENR which means that it has passed the environmental and ecological standards set by the government. MVC has likewise formed a Multipartite Monitoring Team consisting of representatives from the local government, DENR, academe and fisher folks from the neighboring community to conduct regular monitoring activities, to ensure compliance with the conditions of the Environmental Compliance Certificates granted to the manufacturing plants in Iligan.</p> <p>With partial funding from DED-SCOPE, a German agency, MVC has launched a community based Solid Waste Management Program for two of Iligan City Plant's neighboring communities. A Barangay Solid Waste Management Committee has been formed in each community, whose members were given a series of capability building trainings to enable them to successfully implement and sustain the project. MVC is now in the process of conducting a massive education and Information campaign on Solid Waste Management, to individual households</p>
<p>Principle 10: Work against corruption in all its forms, including extortion and bribery</p>	<p>Being a good Corporate Citizen means being responsible and truthful in declaring taxes due the government, among others. In recognition of its compliance with this, MVC was conferred the award of being "One of the Top 8 Taxpayers in Iligan City for 2005".</p> <p>MVC's Corporate Values are anchored on the highest tenet of God centeredness. To inculcate this value, MVC has launched a "<i>Be Honest Campaign</i>" in its Iligan plant. The program exhorts all employees and contractors to abide by this principle :</p> <p style="text-align: center;">Be Honest Even if others are not Even if others will not Even if others cannot.</p> <p>Indeed, this principle is a very clear and potent byword by which corruption in all its forms has to be avoided at MVC's daily operations and YES - even in everyday life, outside MVC!</p>