

20th September 2012

Secretary-General
 United Nations
 New York, NY 10017
 USA

Dear Mr. Secretary-General,

I am pleased to confirm that since our initial letter in September 2011, Axiam Ltd continues to support the principles of the UN Global Compact in regards to Human & Labour Rights, the Environment and Anti-Corruption.

Please find attached, our Communication on Progress dated September 2012.

With this letter and the following report we express our commitment to continue support of the Global Compact principles and advance them within our sphere of influence.

Sincerely yours,

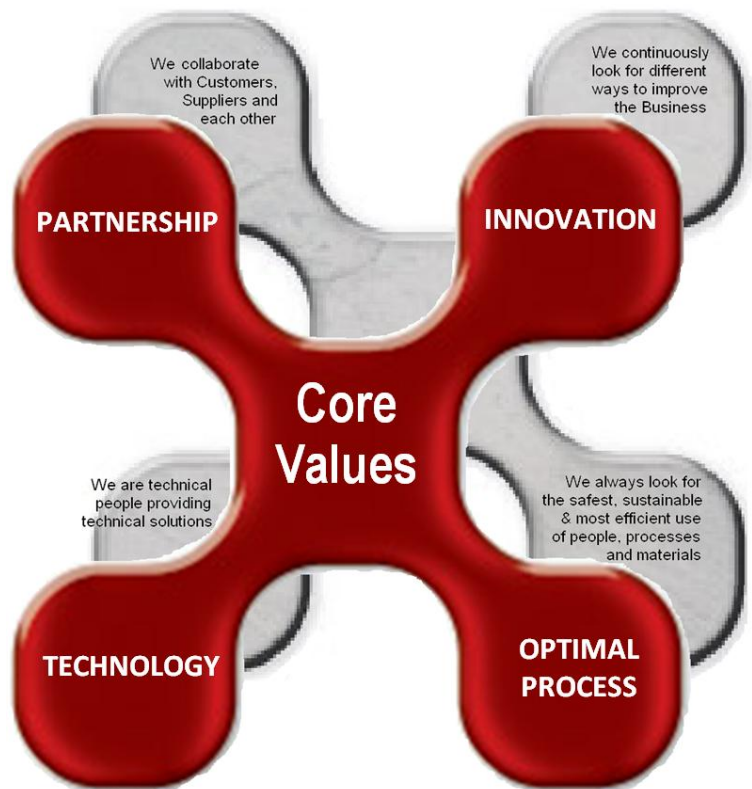
John Oskam
 CEO/Managing Director



concept » component

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Human Rights:

Principle 1 *Businesses should support and respect the protection of internationally proclaimed human rights; and*

New Zealand as a country meets, and sometimes exceeds, international human rights standards. Axiam complies with the relevant industry standards, legislative requirements and codes of practice to ensure the continued safety and well being of employees, including but not limited to;

- ✘ New Zealand Human Rights Act 1993
- ✘ New Zealand Bill of Rights Act 1990

All Axiam employees are treated equally and fairly. Axiam does not knowingly support companies or individuals that practice or ignore human rights abuses.

Principle 2 *make sure that they are not complicit in human rights abuses.*

Axiam makes a point of knowing who we are working in partnership with. This includes Suppliers and Customers. Suppliers are taken through an application process where information pertaining to the operating systems is requested. Axiam buys locally as much as possible but in the event of having to purchase outside of New Zealand, the application process is a good way to ascertain a suppliers principles. When new Customers are brought on, a visit to their premises is carried out by the Sales team to ensure their principles and outlooks match those of Axiam.

Axiam has active Health, Safety & Environment Teams who meet on a monthly basis to discuss issues pertaining to the health, safety and well being of employees and the surrounding environment. These teams consist of representatives from different shifts and departments and also union & management representation.

The table below shows the Health & Safety objectives being monitored;

	Objective
LTI's (Lost Time Injuries)	0
MTI's (Medical Treatment Injuries)	<=15 pm/hrs



- Targets remain this year as LTI frequency = 0 and MTI frequency <15/M hrs.
- Last LTI 24th November 2011. ☹
- Last MTI 21th March 2012.

Axiam is committed to continuously improving processes and tasks, ensuring that only the safest work practices are performed by internal and external personnel onsite and that the workplace remains safe for employees, contractors and visitors.

Axiam has a corrective and preventative actions procedure (PIR) which is used to support continuous improvement throughout all Axiam processes. This procedure is also used to improve Health, Safety & Environmental related systems. When a spike occurs in the measurement process, a PIR is raised to investigate and subsequently address the root cause to prevent reoccurrence.

Additional practices at Axiam are;

- ✘ Refresher Training for First-aiders trained in Workplace first-aid
- ✘ Refresher Training for all Forklift Drivers
- ✘ 6 monthly emergency evacuations carried out
- ✘ Annual Health Monitoring of employees (hearing and Lung function) carried out by a qualified contractor
- ✘ Carried out in-house training to unit standards through an Industry Training Organization (ITO)

Labour:

Principle 3

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

Axiam respects the rights of employees to become members (or not become members) of any labour union. Axiam is committed to establishing constructive dialogue and good faith bargaining with these chosen union representatives.

PERSONAL DEVELOPMENT

Our long-term goals are to offer financial security and growth for everyone where we can reach our full potential as a company and as individual members of the Axiam Plastics team.

You will be given every encouragement and support to build on your skill levels and leadership potential.

Training will be both formal and informal and we will use many of our own resources to deliver training to you.

We encourage you to take the initiative in external training and we will assist you the best that we can.

UNION MEMBERSHIP

Some of Axiam Plastics staff belong to the New Zealand Engineering Printing & Manufacturing Union Inc. and some to The Construction & Manufacturing Workers Union which covers our industry.

After your acceptance to permanent staff status you could consider joining one or the other.

Membership is not compulsory. If you wish to know more see the notice board, General Manager, or the Union Representative listed on the back page.

Each Union will act as your bargaining agent for the Axiam Plastics Collective Employment Agreement for accepted terms and conditions of employment.


You are automatically covered by the Collective Agreement for the first 30 days.

But, if you choose not to join the union you will still be bound by the collective agreement on an individual basis. You have the right to negotiate amended terms for an individual agreement, which will be confidential between you and the Company.

HOUSEKEEPING

It is our aim to provide a first class manufacturing environment in which to work.

Your personal efforts in keeping your tools in their correct place, work areas clean, tidy and free from debris and potential hazards are needed and welcomed.

<p>Principle 4</p>	<p><i>the elimination of all forms of forced and compulsory labour;</i></p>
<p>Axiam prohibits the use of forced labour in any form. i.e. indentured Labour, Slave Labour, Bonded Labour etc. New Zealand labour laws and regulations also prohibit this.</p>	
<p>Principle 5</p>	<p><i>the effective abolition of child labour;</i></p>
<p>New Zealand has laws and regulations which stipulate minimum age provisions which Axiam adhere to.</p>	
<p>Principle 6</p>	<p><i>the elimination of discrimination in respect of employment and occupation.</i></p>
<p>At Axiam we work as a team and allocated work is based on ability. We constantly work towards maintaining a climate that gives everyone the opportunity to apply and develop their own abilities in an environment that is free from harassment and discrimination.</p>	
<div style="text-align: center;">  <p>INDUCTION PERIOD</p> <p>All new employees will complete a 3-month induction period on a trial basis. Your status will be as a temporary employee, during this time.</p> <p>The Management team will assess your application for a permanent position with Axiam Plastics and you will be informed of your new status.</p> <p>Assessments are held after week 1, week 4, week 8 and week 12. At these times any problems will be communicated to you.</p> <hr/> <p>METHOD OF PAYMENT</p> <p>All staff have their pay direct credited to their bank account, every week on Thursday. With each pay you will receive a payslip. It shows details of earnings and tax deductions for the pay period and year to date. Always check your payslip, if you have any concerns, see the payroll administrator ASAP.</p> <hr/> <p>EQUAL OPPORTUNITY</p> <p>At Axiam Plastics we work as a team and allocated work is based on ability.</p> <p>We will constantly work towards maintaining a climate that gives everyone the opportunity to apply and develop their own abilities in an environment that is free from harassment and discrimination.</p> <p>Axiam Plastics management will treat all people equally, all decisions will be based on the job-related characteristics and merit, to promote and increase the Company's efficiency and well being.</p> <hr/> <p>CULTURE</p> <p>Axiam Plastics has an unique culture in today's industry, our people are our most important resource and this means you.</p> <p>Over the years we have undertaken many changes and to remain competitive in today's market place we must continue down the same path.</p> <p>We work as a team. The greater your involvement and participation the more you will enjoy your work and be able to make a personal contribution to our business.</p> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> 23-05-12 4 Staff-Induction-Booklet_21.doc </div>	

Environment:

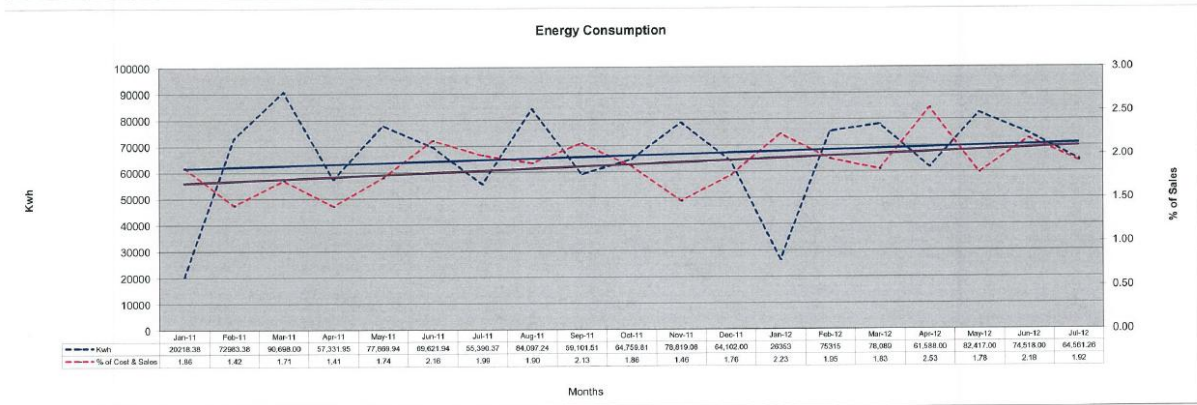
Principle 7 *Businesses should support a precautionary approach to environmental challenges;*

The New Zealand government has varying initiatives that Axiam support to ensure our country and planet are protected from pollution. Consents for such things as air and water discharges are adhered to by Axiam to ensure the continued cleanliness of our air and waterways.

Axiam maintains certification to the ISO14001 Environmental Management System standard. The areas monitored under the Environmental banner are;

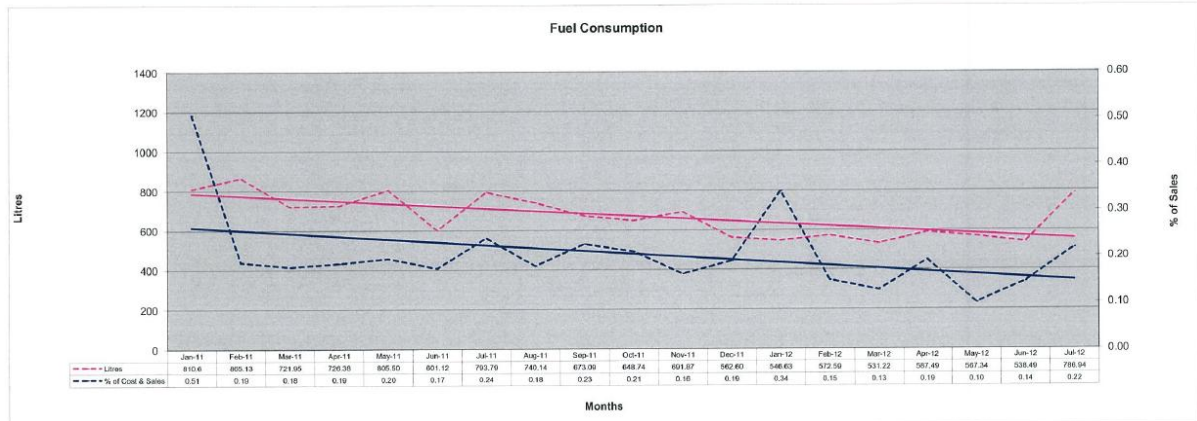
- ✘ Energy Consumption
- ✘ Fuel Consumption
- ✘ Solid waste to landfill &
- ✘ Paper consumption

Energy Consumption 2011 - 2012																								
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Energy Charges																								
Other Charges																								
Energy Cost																								
Wholesale	20218.38	22983.38	90,698.00	57,331.05	77,869.04	69,621.04	55,390.37	84,097.24	59,101.51	64,759.81	78,819.08	64,102.00	26303	75315	78,059	61,588.00	82,417.00	74,518.00	64,561.26					
Other																								
Total																								
% of Cost & Sales	1.86	1.42	1.71	1.41	1.74	2.16	1.99	1.90	2.13	1.86	1.46	1.76	2.23	1.95	1.83	2.53	1.78	2.18	1.92					



The objective for 2011 - 2012 is to remain under 2 as a percentage cost of sales

Fuel Consumption 2011 - 2012																								
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Dollars																								
Litres	810.6	865.13	721.95	726.38	805.50	601.12	793.79	740.14	873.09	648.74	691.87	582.69	546.63	572.59	531.22	597.43	567.34	538.49	786.84					
Sales																								
% of Cost & Sales	0.51	0.19	0.18	0.19	0.20	0.17	0.24	0.16	0.23	0.21	0.16	0.19	0.34	0.15	0.13	0.19	0.10	0.14	0.22					

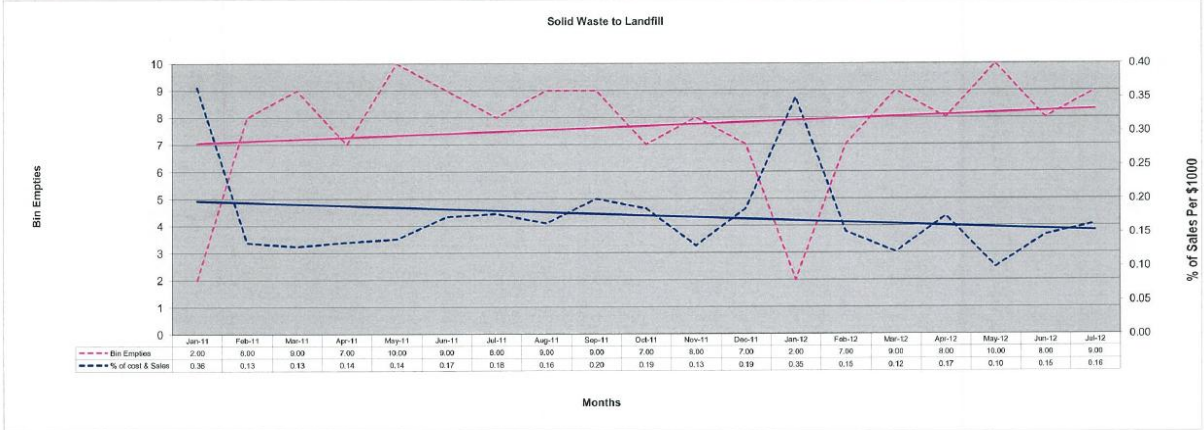


The objective for 2011 - 2012 is to remain under 0.15 as a percentage cost of sales

Solid Waste to Landfill 2011 - 2012

Note: 2 Bin empties a week

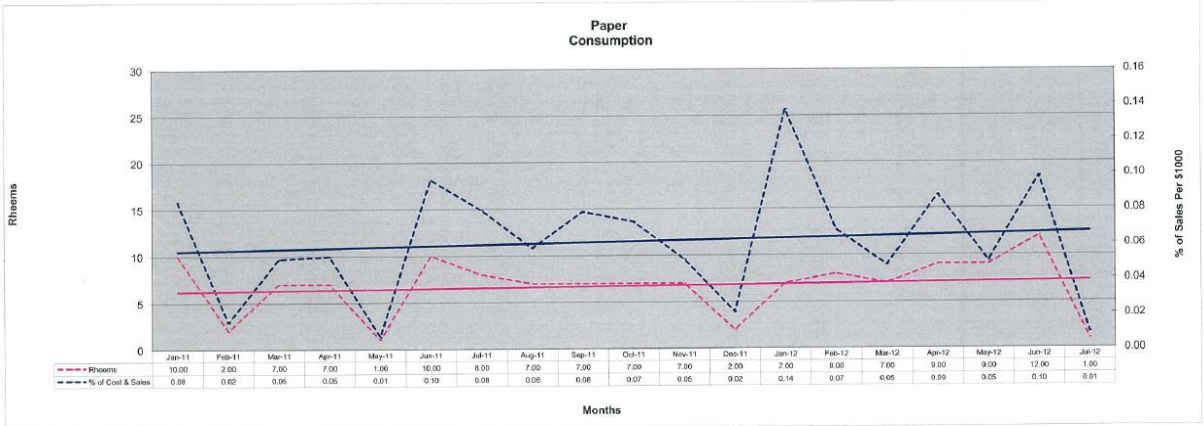
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	
Cost																									
Bin Empties	2.00	8.00	9.00	7.00	10.00	9.00	8.00	9.00	9.00	7.00	8.00	7.00	2.00	7.00	9.00	8.00	10.00	8.00	9.00						
Sales																									
% of Cost & Sales	0.36	0.13	0.13	0.14	0.14	0.17	0.18	0.16	0.20	0.19	0.13	0.19	0.35	0.15	0.12	0.17	0.10	0.15	0.16						



The objective for 2011 - 2012 is to remain under 0.20 as a percentage cost of sales

Paper Consumption 2011 - 2012

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	
Rheems	10.00	2.00	7.00	7.00	1.00	10.00	8.00	7.00	7.00	7.00	7.00	2.00	7.00	8.00	7.00	9.00	9.00	12.00	1.00						
Cost																									
Sales																									
% of Cost & Sales	0.08	0.02	0.05	0.05	0.01	0.10	0.08	0.06	0.08	0.07	0.05	0.02	0.14	0.07	0.05	0.09	0.05	0.10	0.01						



The objective for 2011 - 2012 is to remain under 0.10 as a percentage cost of sales

<p>Principle 8</p>	<p><i>undertake initiatives to promote greater environmental responsibility;</i></p>
<p>We at Axiam are concerned about the environment and reducing our impact upon it. We constantly look for ways that we can;</p> <ul style="list-style-type: none"> ✘ Reduce emissions to air ✘ Reduce wastewater discharge ✘ Reduce liquid and solid waste ✘ Reduce energy and water use ✘ Reduce storage tanks and drums ✘ Reduce raw material use ✘ Reduce noise and odour ✘ Improve the natural environment & ✘ Improve land condition 	
<p>Social Responsibility</p> <p>We consider the impact that our existing and future products may be likely to have on society as part of our change control and engineering procedures respectively.</p> <p>Individual Managers consider the environmental, staff health and safety, and other impacts of our operations as part of their daily work. Environmental aspects are periodically assessed and findings used in the setting of objectives as part of strategic planning. Significant environmental aspects are communicated to our local community and other external parties where appropriate. Communication can be in the form of emails, phone conversations, door knocking or newsletter drops.</p> <p>The Health, Safety & Environment Committee manages improvements to staff health and safety, and the environment.</p> <p>We maintain a register of regulations, codes of compliance and other legal documents to ensure that we meet, or exceed minimum requirements.</p> <p>We expect the highest ethical business practices in all stakeholder transactions and interactions, including those with the board.</p> <p>We consider the needs of our communities as part of our planning procedure. We support our key chosen communities through a variety of schemes and encourage all employees to support local activities.</p>	

Principle 9	<i>encourage the development and diffusion of environmentally friendly technologies.</i>
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Axiam takes any environmental concerns seriously. The environment and our impact upon it is something that is taken into consideration throughout all stages of the product development and manufacturing processes.

Management System Policy

AXIAM Plastics specialises in the process design, development, and manufacture of precision plastic moulded components. AXIAM Plastics is part of the AXIAM Group, a comprehensive manufacturer of high technology, high value plastic and metal components.

The AXIAM Group vision is to become a world class supplier of innovative component solutions to meet the challenges facing manufacturers.

To achieve this vision, AXIAM Plastics maintains and continuously improves an effective Management System (AXIAM Plastics MS) which is certified as meeting the requirements of ISO 14001 and ISO/TS 16949 (ISO9001 incorporated).

The company commitment is to achieve total customer satisfaction, continuous improvement and learning, and to strive to lessen our impact on our surrounding environment.. These are displayed by all employees in conducting their daily activities for the company.

As General Manager, I am accountable for all aspects of the AXIAM Plastics Management System.

Anti-Corruption:

Principle 10	<i>Businesses should work against corruption in all its forms, including extortion and bribery.</i>
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Axiam is against corruption and is aware that this can present itself in many forms, such as extortion, bribery, inappropriate favors, hospitality or gifts.

New Zealand does not have any one single agency tasked with fighting corruption. Unlike many other countries it has not seen the need to create an Independent Commission Against Corruption. Rather it has a number of agencies that focus on the different elements in the fight against corruption. Some of these agencies have their focus on the more positive task of reinforcing values to ensure that New Zealand maintains a corruption free environment; others focus on the enforcement of the laws and the rules. The two main law enforcement agencies responsible for anti-corruption investigations and prosecutions are the New Zealand Serious Fraud Office (SFO) and the New Zealand Police. Mr. David Bradshaw, *Anti-Corruption–A New Zealand Perspective, SFO, New Zealand.*

Axiam will endeavor, over the coming year, to create and implement a Code of Conduct detailing, among other things, its stance on Corruption including extortion and bribery.