



Letter of Support for the Global Compact from PCH Founder and CEO Liam Casey

At PCH International we're focused on innovation and working in partnership with our clients. We constantly work to improve our processes – whether that's on-site management to ensure the best manufacturing conditions or designing packaging that is both durable and recyclable.

Sustainability and corporate responsibility are popular topics, but PCH have been committed to establishing best practices in these fields since we started operating in 1996. From the beginning, we have worked directly with our clients, suppliers and stakeholder to implement standards and internal governance. These principles are still a hallmark of PCH today.

From how and where we source materials, to factory conditions, to corporate office recycling programs, we offer total transparency of our sustainability practices. PCH offers full access to our policies, compliance standards, and reporting at www.pchintl.com/sustainability. We also welcome direct comments, feedback and suggestions.

I am also pleased to confirm that PCH International reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In our first annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

***Yours sincerely,
Liam Casey***

About PCH International

PCH International creates, develops and delivers the world's best products for the world's best brands.

Our services span all stages of the consumer product development and supply chain, from concept to delivery, and all critical steps in between. We combine our end-to-end services with a unique understanding of China and transparent partnerships to deliver absolute peace of mind to our clients.

PCH is the partner behind-the-scenes responsible for some of the most successful consumer electronics accessories launches. We are the enabler, turning an idea into a physical product in the hands of a consumer while optimizing quality, cost, and time-to-market for our clients.

Our clients are located all over the world, from the technology giants of Silicon Valley to every corner where promising opportunities arise. To successfully capture these opportunities, PCH has established 10 regional offices across multiple time zones.

- Our purpose: **Developing Partnerships Delivering Peace of Mind.**
- Our Core Principles: **Passion, Integrity and Teamwork.**

Our History

PCH was founded in 1996 by Liam Casey. The company is named after the Pacific Coast Highway in Southern California; one of the most visually stunning roads on the planet, close to the heart of one of the most dynamic regions in the world; Silicon Valley.

PCH started as a small sourcing company and in just a few years we had evolved far beyond merely importing products; we were learning what the world's best companies wanted to build and we created the connections to make it happen. PCH disrupted traditional supply chains, enabled global commerce in spite of tough economic times, and dramatically shortened the time-to-market for products. We are the partner behind-the-scenes responsible for some of the most successful consumer electronics accessories launches. PCH has become the enabler, turning an idea into a physical product in the hands of a consumer while optimizing quality, cost, and time-to-market for our clients.

We have grown from a one-person startup to a global company with more than 2,000 people from 16 nationalities.

Milestones on the Highway

1996	Cork, Ireland: PCH established as trading company with \$20,000 capital investment
2000	Operational centre established in Shenzhen, China
2001	\$30 million revenue

- ISO9001 and ISO 13485 certification
- 2003 PCH adds engineering and product design services
- 2004 China Turnkey Services (CTS) established in Futian Free Trade Zone
- 2006 \$100 million revenue
China Fulfillment Solutions (CFS) established in Futian Free Trade Zone
PCH Attach program implemented
- 2007 Liam Casey named overall winner of Ernst & Young Entrepreneur of the Year Award
- 2008 PCH closes \$21 million venture financing round
- 2009 \$150+ million revenue
- 2010 \$413+ million revenue
- 2011 PCH closes \$26 million and \$30 million venture financing rounds
PCH acquires TNS Distribution
PCH Accelerator launches pilot product LARK
PCH opens Seoul and Tokyo offices
\$710+ million revenue
- 2012 TNS opens Sydney and Singapore offices
PCH opens new eco-friendly facility in Futian Free Trade Zone
PCH acquires Lime Lab, a San Francisco-based product development company
Liam Casey appointed "International Start-up Ambassador" by Enterprise Ireland
PCH joins EICC and UN Global Compact

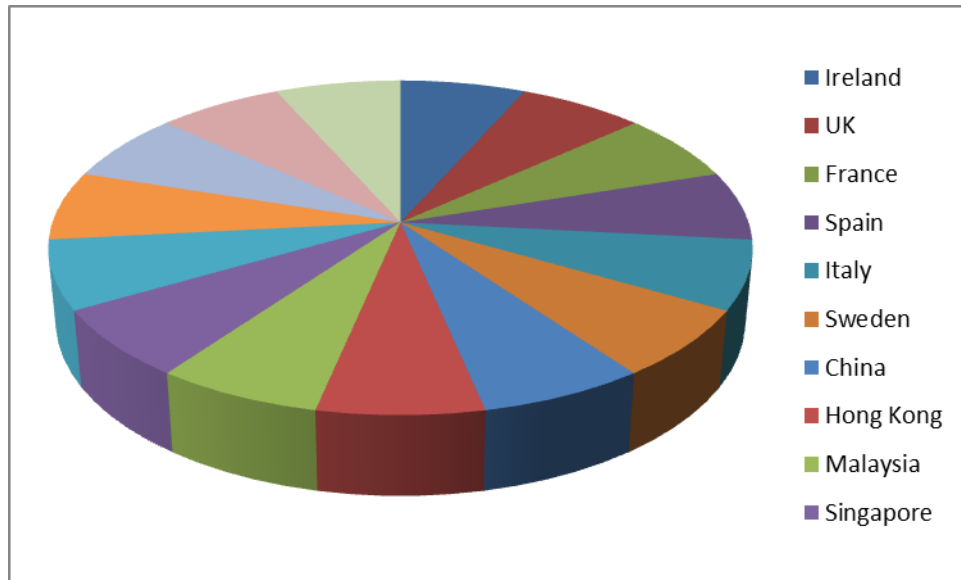
Governance Structure

Senior Management Structure:

The PCH management team is headed by our CEO, Liam Casey. The gender ratio in senior management of men to women is 3:4, and this represents varying nationalities. This composition of senior management represents a healthy balance and diversity among the top decision makers at PCH International.

Employees:

As of 31st of December 2012 PCH employed a total of 2482 employees across regions based in Ireland, China, Hong Kong, Taiwan, South Korea, San Francisco, Japan & New York . Throughout each of our operations employees are represented from every corner of the globe, we have 15 nationalities represented in total. We have employees working in PCH from Ireland, UK, France, Spain, Italy, Sweden, China, Hong Kong, Malaysia, Singapore, Taiwan, Korea, Australia, USA and Japan.



From Jan – Dec 2012 the total headcount of PCH was broken down into direct and indirect employees:

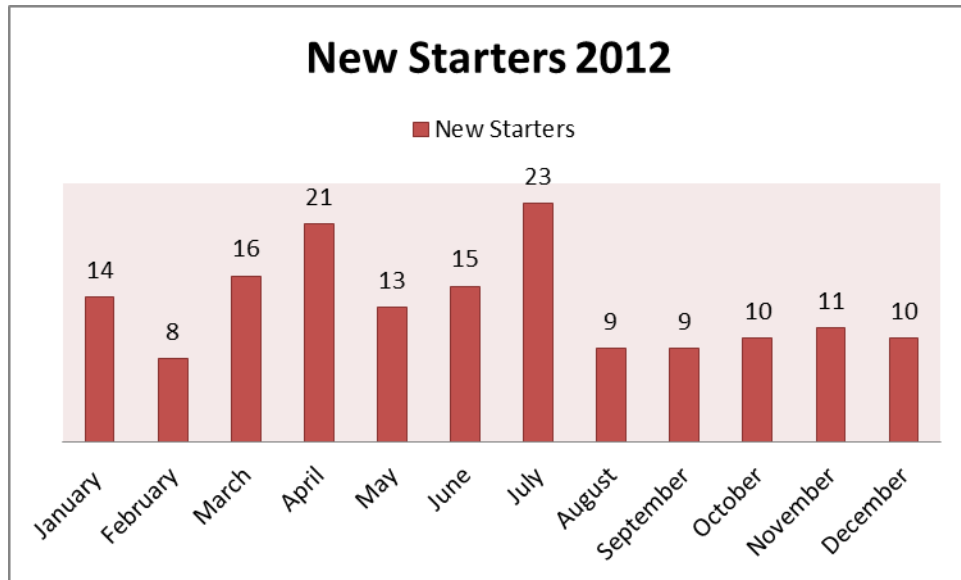
Indirect Employees: 532 employees

Direct Employees: 1950 employees

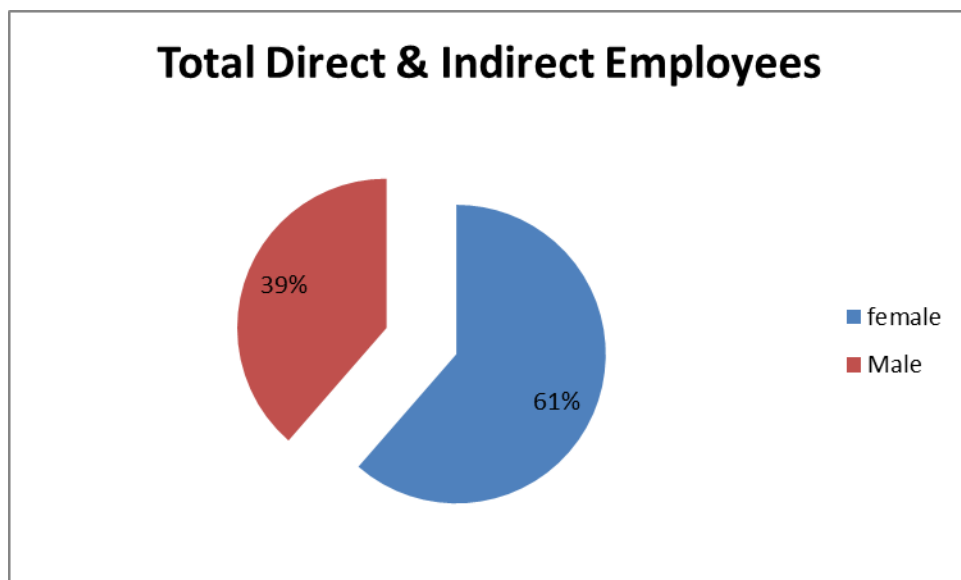
Direct employees: refers to all Operators at our Global Direct Facility.

Indirect employees: refers to all non-operators at the Global Direct facility and all PCH staff.

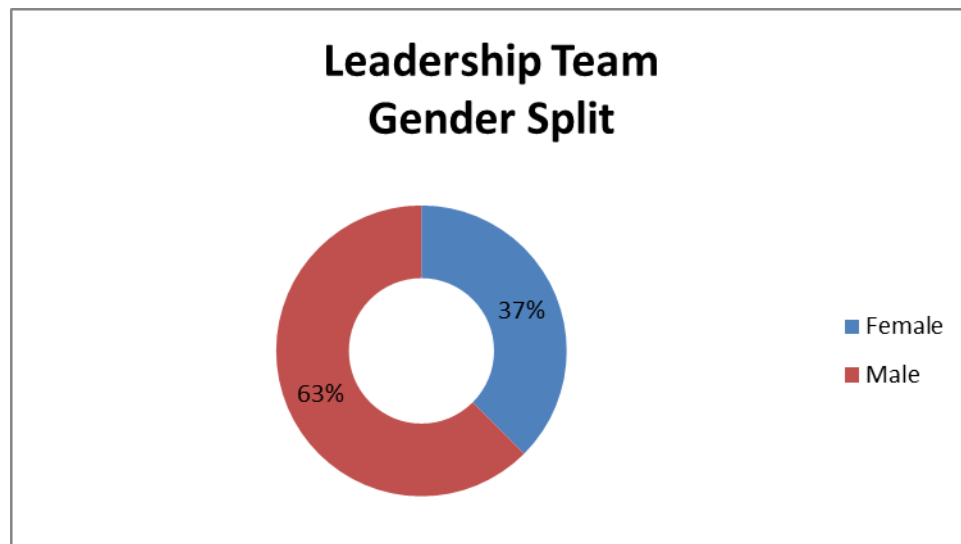
The below table shows that there were a total of 159 new starters in 2012. July was the busiest month in terms of new starters with 23 new heads while the least amount of new starters was in February.



As well as promoting ethnic and cultural diversity in our employment process we also ensure gender diversity. We are committed to our policy of being an equal opportunities employer. Using our above listed breakdown of Indirect and Direct employees you can see in the table below that women represent 61% of the workforce while men represent 39% of our total workforce



When we delve further into our gender balance throughout the organization and look at our *Leadership team and the gender split between this team we can see that women are represented at 37% as opposed to men at 63% which is a contrast to the overall employee population gender split.



PCH STAKEHOLDERS

PCH International believes our greatest asset is our people. We engaged Business for Social Responsibility (BSR) to assist in identifying the full range of PCH stakeholders and how to engage them more closely in the PCH business.

To keep all communication avenues completely transparent and to increase the accountability of the process, we keep a register of our stakeholders and our engagement with them on the PCH projectflo site. This is a new tool and we will review our stakeholder projectflo annually. PCH Stakeholders comprise our employees, suppliers, peer companies and clients and local communities and NGOs.

Employees

PCH employees are passionate team players and we believe they are our greatest asset. Currently we engage with our staff through emails, interviews, monthly newsletters and town hall meetings. In 2012 a new model for employee/management relations was developed and implemented across PCH.

Interviews: We worked with BSR to create a set of interview questions that would help us prioritise the concerns of our employees. From these interviews we can get an understanding of the progress we are making as a business and the level of universality within our business with regard to values and ethos. We can use the interviews to decipher what areas of

sustainability and corporate responsibility are of most concern to our workforce. The assessment of the 2011 interviews highlight that the upholding of labour and human rights in all areas of business is an area of extreme importance to our employees and naturally these factor as important parts of our sustainability strategy. We also conduct annual **Employee Surveys and Employee Engagement Workshops** with all PCH employees, with workshops feedback is given to the HR team and action can be taken.

Our monthly **newsletter, PCH Connect**, is another valuable form of employee communication. This newsletter is managed by the PCH corporate communications team and is circulated companywide through email and is posted on the company portal every month. The newsletter keeps staff up to date on all PCH related activities and developments, keeping our employees informed. We have recently allocated a section of our newsletter to a company competition, to enhance employee involvement in all business activities

Peer Companies and Clients

To understand the values, concerns and interests of our customers and peer companies we conduct annual surveys and interviews.

These **interviews** show us that the demand for transparency and accountability from our clients and buyers is real and growing – we understand that when a company is fully transparent and accountable it helps to ease customer “anxiety levels”. Delivering peace of mind is a fundamental part of PCH ethos. Carbon and energy foot printing is a new area of major interest to this group. This feedback is paramount to how we prioritise our sustainability goals.

Another method of communication that we use to engage customers is through an annual survey using the website Survey Monkey, allowing our stakeholders to fill out their responses at a time that is convenient for them. Our clients answer questions, and where appropriate rate us on our performance. The rating system is as follows;

- if we exceed your expectations rate between nine and ten,
- if we meet expectations rate us between six and eight and
- if we fall short of your expectations rate between one and five.

If we fall into the one to five rating bracket we ask our clients to give us reasons for this rating so we can make the necessary improvements. The survey touches on the technical quality and hard factors of our business (i.e meeting of deadlines, invoicing, product quality, transparency, product functionality and online tools) and also on human quality and soft factors (i.e, our ethics, how clients feel about us, our performance objectives, goals and communications.)

Our 2010 customer survey results were as follows; Rate PCH: overall – 7.3, Values – 8.0, Hard factors – 7.9 and Soft factors – 8.1. These results show overall improvements across the board from the previous year results.

Suppliers

As a supply chain management company, the success of our corporate sustainability strategy is directly linked to our relationship with our suppliers. PCH has a direct advantage in that we have worked with many of our suppliers in China for years and formed long-term, trusting relationships with them.

We engage with our suppliers through the **energy efficiency programs** that we are rolling out in the factories in our supply chain. We have entered into a partnership with a Hong Kong based energy service company (ESCO). The ESCO are a specialist advisory company who work to establish an effective energy efficient sustainability program.

The scope of the energy efficient project is to assess our supply chain and see where energy efficient changes can be made; many of these changes will be based on process upgrades. These programs will have the ultimate goal of reducing overall energy consumption, thus reducing energy costs and therefore the project, while being environmentally friendly will be a profit maker while also improving work efficiency.

Although energy efficiency will be the main focus of the ESCO and PCH partnership, relevant issues such as working conditions, labour practices, general health and safety in the factories will also be encompassed. We have created a pilot program that we have started to implement in seven of our main production factories. This partnership enhances our stakeholder engagement with our suppliers as the PCH team, the ESCO team and teams from our suppliers will work together to implement effective energy efficient changes.

Our annual **CSR audits** that we conduct on our suppliers are a form of PCH and supplier engagement. The purpose of these annual Quality and Corporate Social Responsibility audits on our suppliers is to ensure that the best standards are being met in all areas of our business.

The audits assess a variety of areas to do with quality, environment, and health and safety. The issues assessed in the audits are similar to the areas that our PCH Code of Conduct refers to. Some of the sub headings in the PCH audits; include Quality, Labour, Working hours, Freedom of Association, Health and Safety, The Environment, Hazardous materials, and special operations area.

These audits allow us to monitor our suppliers. If findings in the audits are not satisfactory PCH will work with suppliers to rectify any issues. The audits are a form of communication and dialogue between PCH and our suppliers to ensure the highest standards are always upheld. They offer a form of transparency into the world of suppliers and allow us see and control the impacts of our business.

Local Communities and NGOs

Our business relies heavily on factories within our supply chain, and Shenzhen is home to many migrant workers who leave their home towns to find work in these factories. We decided to focus our community engagement efforts around the needs of migrant workers.

To ensure that we can effectively engage and communicate with the migrant workers in our factories, we have formed a partnership with a local NGO, Little Bird, to work on the ground with the migrant workers in our supply chain. Through Little Bird we can effectively engage and communicate with our migrant workers and vice versa. We can ensure appropriate programs are implemented that address their contemporary needs.

Little Bird was first founded in Beijing in 1996 with the aim of protecting the rights of Chinese migrant workers, and the organization has expanded over time and a Shenzhen office was opened in 2006.

Sustainability - the Concept

At PCH, as an international organization we have a duty of care to implement international standards and to promote the United Nations definition of sustainability; “meeting the needs of the present without compromising the ability of future generations to meet their own needs” throughout our supply chain operations.

PCH Sustainability Vision

We base our sustainability approach on the triple bottom line concept of “people, planet, profit.” This means that the economic, environmental and social aspects of our business are all interlinked, therefore by making sustainability changes in one area it can impact the other. We are linking our sustainability strategy to our business objectives and to our reputation.

We are Leveraging Sustainability for Strategic Advantage.

Sustainability Management Team:

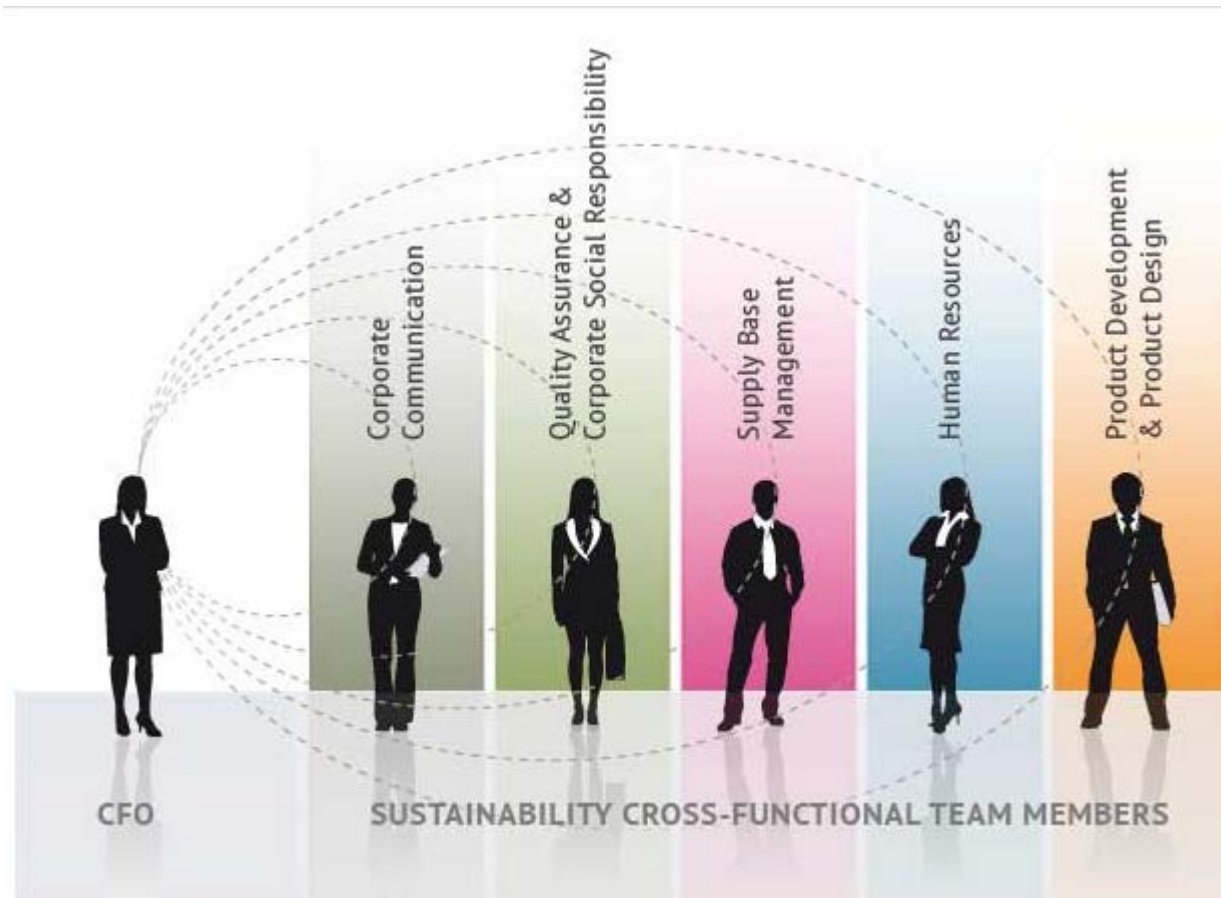
As part of our sustainability strategy and to ensure that we are aligned with ISO 26000 on Corporate Social Responsibility we have created a cross functional steering committee to head the development and implementation of our sustainability strategy. The CEO, Liam Casey, wholeheartedly supports the steering committee and the PCH Corporate Sustainability strategy.

The steering committee meets monthly to discuss and monitor the efforts of PCH in relation to the seven principles of ISO 26000, which are; Accountability, Transparency, Ethical behaviour, Respect for stakeholder interest, Respect for law, Respect for International norms and Respect for Human Rights. The steering committee will focus their efforts on creating programs that lead to benefits across the triple bottom line areas.

The committee consists of members from diverse departments within PCH and is headed by the CFO. Participants from Human Resources, Corporate Communications, Supply Base, CSR and Quality and Product design and Manufacture are all involved in the steering committee. This diversification ensures a companywide and comprehensive approach, improving our transparency, accountability and it embeds sustainability in our daily business strategy. All members have the power and influence to make an impact in their relevant sphere of the

business. In order to ensure cost effective business strategies, the CFO of PCH has assumed the role of Executive Sponsor of the sustainability programme.

PCH Sustainability Cross Functional Team



Labour Practices

At PCH, we promote a healthy work / life balance among all our employees. We endeavor to ensure sufficient holidays, working hours and clean safe working conditions. We promote diversity in our employment and strive to always protect the rights of our workers in accordance with national and international standards.

PCH Code of Conduct

At PCH International, we strive to uphold the highest labour standards and practices. The PCH Code of Conduct is at the core of all our operations. Our Code of Conduct was created with reference to various international Human Rights standards and Organisations such as; International Labour Organisation (ILO), Organisation for Economic Co-operation and Development (OECD), various United Nations bodies, Universal Declaration on Human Rights, the Electronic Industry Citizenship Coalition (EICC), Ethical Trading Initiative, Occupational Health and Safety Advisory Services (OHSAS) and ISO 14001.

We insist that all our suppliers sign our Code of Conduct thus binding them to the same principles. We carry out annual audits on our suppliers to ensure that these high standards are being practiced. In these audits we assess factories compliance in areas such as; Quality, Environment, Discrimination policies, Health and Safety, Hazardous Materials, Labour and Human Rights.

When PCH is auditing a factory there are four possible findings ; (1) Comply – Factory is in full compliance, (2) CI, Continuous Improvement, - there are areas that can be improved, (3) IA, Immediate Action - There is a breach of law of PCH requirement and immediate action is necessary and (4) ZT, Zero Tolerance - there is a serious breach of law and regulations. If an audit has numerous ZT, PCH will cease all operations with the factory, otherwise PCH will work with the factory management to rectify problems and raise their standard.

We grade our suppliers in accordance with findings from these audits; PCH grades range from Grade A to a Grade X. Grade A- Preferred Supplier, B – Qualified Supplier, C – Restricted Supplier, D – Deviated Supplier, E – Supplier Candidate and X – Black list Supplier.

Each year our audit results come back with improvements and higher results, this shows the importance and the impact that these audits have on ensuring environmental, social and legal compliance in all areas of our suppliers business

Recruitment and Employment Diversity:

UNGC: Principle 6: the elimination of discrimination in respect of employment and occupation.

Through PCH International hiring policies we promote international standards including; The United Nations Declaration on Human Rights (UNDHR), The Committee on the Elimination of Discrimination against Women (CEDAW), The International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). We promote equal hiring opportunities among all nationalities and gender.

We strive to always ensure that there is no discrimination in our hiring procedures.

Diversification in employment is present throughout the company. Currently our workforce is made up of staff from China, Hong Kong, South Africa, America, Ireland, France, Italy, England, Singapore, South Korean and Taiwan.

And we have operations in the following:

South Africa: Software Developers.

USA: Sales.

Ireland: Finance.

S.Korea: Engineering/Operations.

Hong Kong: Corporate Communication

China: all operations - engineers, supply base, quality, design, fulfillment, logistics, IT, Finance, customer service and HR.

To ensure fairness in our recruitment process we always advertise both internally and externally for all available positions, we require all interview assessment forms to be fully filled out and saved on record, all job offers are made after a joint decision by both the HR team and the hiring manager.

PCH Recruitment and Turnover Rate:

PCH JOINERS AND LEAVERS FOR 2011. PCHS refers to joiners and leavers in PCH China, the rest refers to all PCH overseas locations.

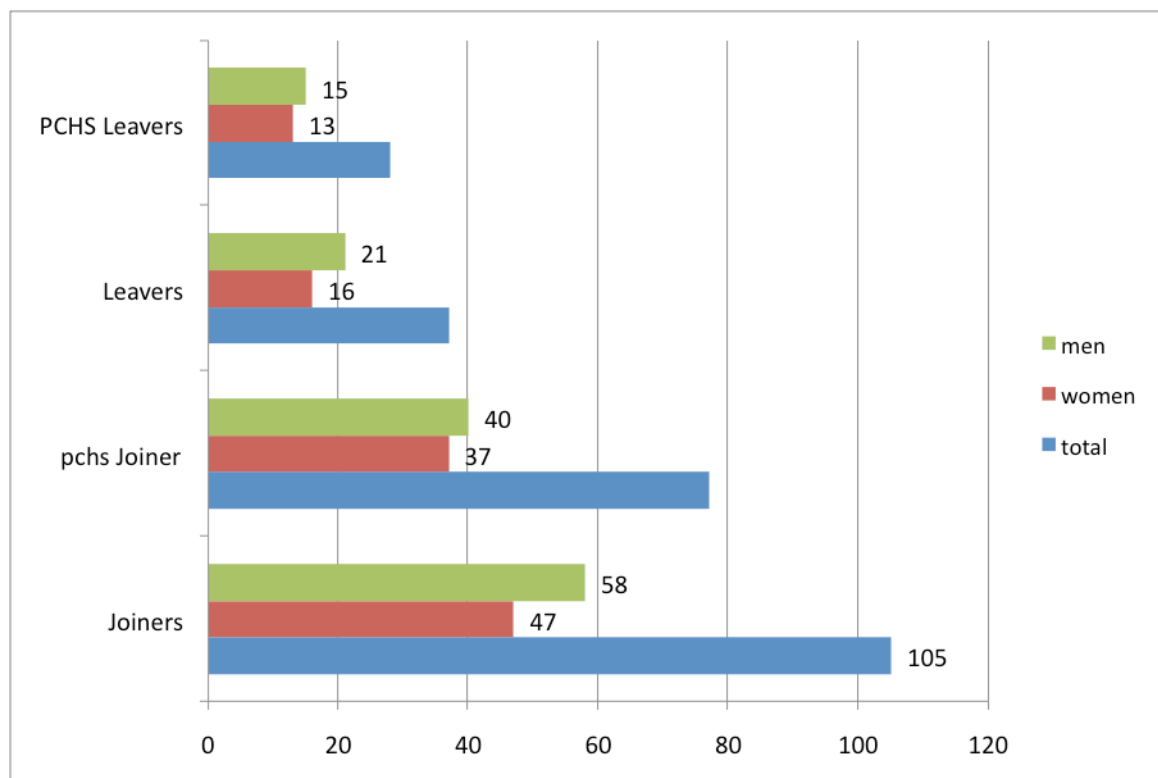


Figure 2. PCH Recruitment 2010 -2012.

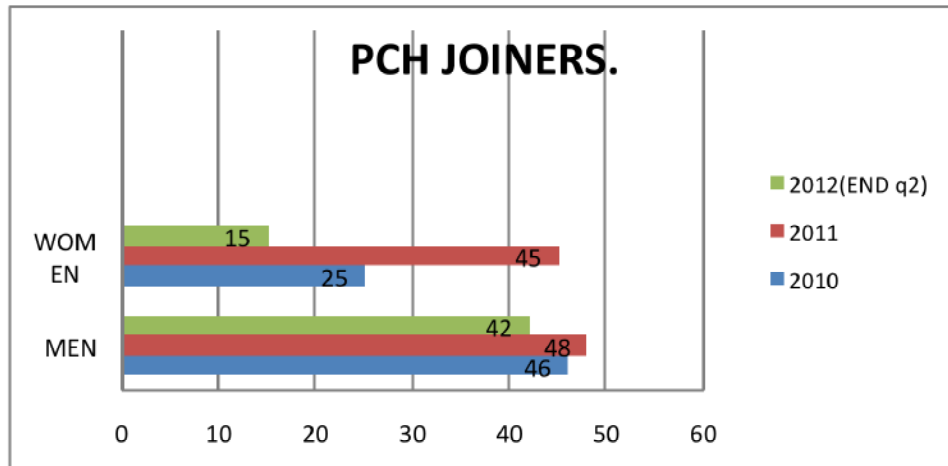
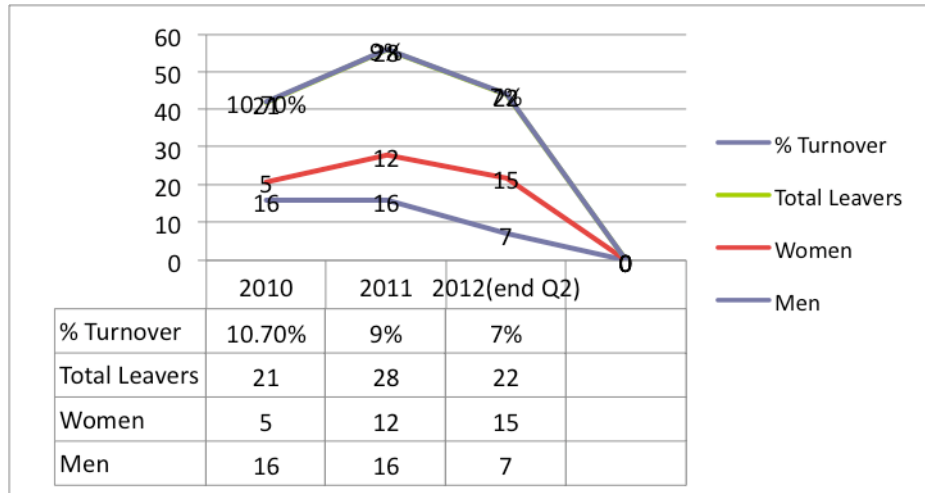


Figure 3. PCH Turnover 2010-2012



PCH Internship program

PCH recognizes the importance of nourishing young talent. We encourage the development of talent through our internship program. We take up to five interns a year from various global locations, some of our past interns have been Irish, Scottish, French and American – we also take Chinese interns from local Chinese universities. The internship period is usually for between three to six months. PCH has a partnership with Stanford University in the US and take between two to five interns from this University per year on a three to six month contract. The vast majority of these interns are placed on our product development teams where they step straight into the front line and assist our client teams with existing projects.

PCH has also supported the Farmleigh Fellowship Programme for the past two years. This programme helps strengthen Irish networks in Asia by placing young Irish graduates on internships across Asia. The fellowship is supported by the Irish Government.

Remuneration and Benefits: PCH

PCH offers our employees a competitive benefit package, ensuring that all employees in the USA, Ireland, Hong Kong, China, South Korea, Japan and South Africa have a pension scheme, and that all employees have access to public holidays and personal holidays. With the exception of employees in Hong Kong, all PCH staff have social security schemes (social security schemes not applicable in Hong Kong). To help ensure the health of our employees, we have company health insurance schemes for employees in the USA, Ireland, South Korea, Japan, Hong Kong and China. *(We provide an extra allowance in the income of our South African employees to enable them to take out health insurance.)*

As an Irish company with operational headquarters in China, PCH International respects and promotes Chinese culture. All Chinese national holidays and cultural practices are respected throughout the company. All Chinese staff receive the 13 month pay at Chinese New Year which is the equivalent to an annual bonus. This salary payment is a customary practice where the salary is paid on a 13 month basis with the final month being paid just before the Chinese New Year.

In conjunction with this, PCH recognizes the culture of internal migration within China, as a newly developed industrial city, the majority of our Chinese workforce are not Shenzhen natives, therefore we provide our Chinese staff with an annual travel allowance, which allows them make annual trips to their hometown.

Similarly all expatriate employees at PCH are entitled to one paid flight home annually to their native country.

Parental Leave

Parental leave is not a legal requirement in Chinese labour legislation. However in all other international PCH locations, there is a 100% return rate of PCH staff who take parental leave. PCH adheres to Chinese legislation offering full term leave to first time mothers and half of that for subsequent children. The average days leave in 2011 was 110 days, 62 being the min of days taken and 145 being the most – this is across all PCH global locations some of which offer longer maternity leave due to national legislation.

Workplace Training and Education

PCH International ensures all its staff receives adequate training and education in order to carry out their job function. The general training procedure within PCH includes the need for training to be identified by team managers or other relevant bodies. Once this need has been identified, The Human Resource team will establish a training program. Training will be given to all appropriate persons and a log of the training procedure will be kept and filed by HR, with the

attendance details included in it. Last year our employees received a total of 10,562 hours training averaging 56 hours per person, based on those who completed courses

The current PCH Training program has been updated and in effect since February 2012.

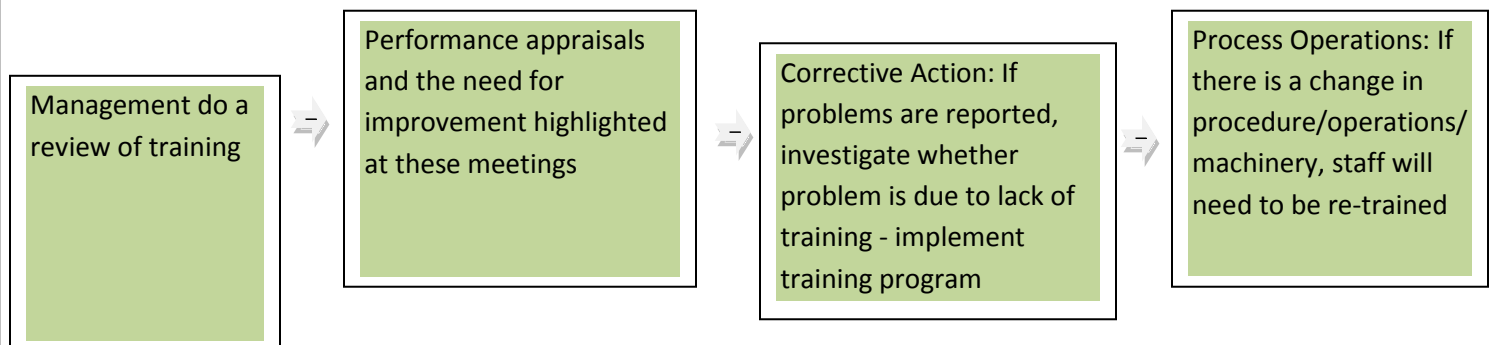
Workplace Training and Education

Once an employee has been recruited, they partake in orientation training – employees learn the basics of PCH and its business operations. All staff are given a company manual which they must read; this manual contains important information on the supply chain, quality standards, environmental and information security. After the employee has received this general training, they will receive more job specific training from their relevant department heads.

Working as an operator involves more training, all operators receive on –job – training (OJT) to ensure they can carry out their job function efficiently and safely. We do not put a time frame on OJT; it is only complete when all department heads are satisfied with the employee's competence. All record of training are kept on record by HR, all employees must also keep a record of their attendance.

PCH Global Direct Training Process:

The need for training is highlighted in the following ways;



Employee – Management Relation:

Grievance mechanism –PCH

For an informal grievance, a people manager is usually the first point of contact, from there; the people manager can either deal with the issue raised or seek help from Human Resources. All employees are entitled to go directly to HR if they feel uncomfortable approaching their people manager.

If an employee of PCH wishes to raise a formal grievance, they should write their grievance down and send to a people manager, for a formal grievance all employees are entitled to approach any people manager within the PCH organization. Upon this written complaint, a meeting will be arranged to discuss the matter, and the employee will be informed in writing of the next and appropriate step. All employees have the right to appeal this decision in writing within 48 hours. Employees are entitled to the support and presence of another employee throughout all stages of the grievance process.

Confidentiality is assured throughout the whole grievance process, however if it is necessary for the resolution of an issue some information may be disseminated to appropriate personnel.

Grievance mechanism – PCH Global Direct

PCH facilities have implemented a whistle box system to ensure that employees have an avenue for raising grievances. This is an anonymous grievance mechanism whereby employees can put in writing any areas of concern and place them in the box, these issues will be addressed by the relevant management bodies.

We hold employee representative meetings every quarter. At these meetings the employee representative can voice the concerns or needs of their fellow employees; this creates two way communications between factory workers and management and allows employees to be more involved in the overall business.

Collective Bargaining –PCH.

There are no formal agreements for collective bargaining between employees and management within PCH. However PCH does allow and cater for such action. PCH recognizes the rights of workers to represent themselves and to participate in collective bargaining. Within the PCH Shenzhen office there are two benefit committees; one for the expatriate staff and one for the local Chinese staff, both of these committees have successfully organized themselves to express their desire for change.

The local benefit committee meets twice a year and after these meetings they bring their proposals to the HR team. Past successes include; In 2010, the Local committee asked HR to increase their annual holiday leave, it was felt that the given 10 days was unfair. After this was researched, HR agreed to change the local staff holidays from 10 days a year to 10 days for your first year, and an increase of one day for every year worked at PCH. (*See Graph*) -

Annual Leave

ON JOINING PCH	10 DAYS HOLIDAY ENTITLEMENT
ON COMPLETING ONE YEARS SERVICE	+ 1 DAY ENTITLEMENT (11 DAYS)
ON COMPLETING TWO YEARS SERVICE	+ 1 DAY ENTITLEMENT (12 DAYS)
ON COMPLETING THREE YEARS SERVICE	+ 1 DAY ENTITLEMENT (13 DAYS)
ON COMPLETING FOUR YEARS SERVICE	+ 1 DAY ENTITLEMENT (14 DAYS)

Secondly, upon request from the local benefits committee, from 2010 onwards PCH provided all its local Chinese staff with a free and confidential body check at a local top provider. This body check is completely optional and PCH will not be notified of any results.

Child and Forced Labour:

UNGC: Principle 4: the elimination of all forms of forced and compulsory labour; - Principle 5: the effective abolition of child labour;

Prohibition of Child and Forced labour is clearly laid out in the PCH and Supplier Code of Conduct. PCH carries out annual audits on all of its suppliers to ensure that these principles are being implemented. Child Labour refers to any child working who is under the ages of sixteen or under the age for completing compulsory education. Our auditors rigorously check all factory

documentation and ID cards of workers and then observe workers on their physical inspection of the factory floor. In conjunction with child labour laws, we and all our suppliers adhere to the principle of freely chosen labour. At PCH we ensure that all employment contracts are kept current and that they are available in both Chinese and English in line with Global Compact recommendations. In our 2011 audits, no instances of child or forced labour were found in any of the factories within the PCH supply chain.

Child Labour and Forced Labour at PCH Global Direct

To ensure there are no instances of child labour, all applicants are required to show their ID card at the start of the recruitment process. The Human Resource team that is involved in recruitment stages are all systematically skilled, and are trained in assessing whether an age card is legitimate. The Employee ID Card Verification Management System includes tips and guidelines on how to judge the legitimacy of an age card. The document goes on to mention that any such issues that may arise that are not within the scope of this document will be dealt with according to the legislation and requirements laid out in Labour Laws of the People's Republic of China and other relevant legislation. If there are any cases of falsification of documents that person will automatically not be hired. There were no instances of Child or Forced Labour at our facilities.

Living Conditions within the Factory

Factories within the PCH Supply Chain:

As with the large proportion of factories across China, the majority of factories that PCH use provide dormitories for their staff. Our Supplier Code of Conduct makes provisions for all factory workers to have access to hygienic and habitable dormitories which have clean toilet facilities, potable water and sanitary food preparation space, good ventilation, heating and sufficient personal space. During the PCH CSR and Quality audits of factories we also do an audit check on the standard of living conditions in dormitories. To date all factories have provided adequate living conditions to its factory workers.

Working Hours

Work weeks should not exceed the legal requirement of 60 hours including over time and workers should receive one day of rest for every seven days worked. At PCH we promote a healthy work-life balance among our work and always endeavour to uphold this standard. From audits, it was highlighted that there have been occasions where workers have worked more than that legal 60 hours per week. This occurs particularly in high production times such as June and July. We worked to address this problem by assigning production managers the duty of creating and implementing better schedules which take into consideration busier times of year. A weekly overtime report is now issued every Monday to keep track of overtime hours and who works overtime.

Working hours at factories in PCH Supply Chain:

PCH requires all its suppliers to practice the 60 hour week and one day of rest seven day week. We check for compliance with this requirement during our audits. We conduct audits in this area by looking at time sheets and clock in cards and interviews with workers. In our 2011

audits one of our Class B suppliers was not fully compliant in this area and received an IA rating. We worked with the supplier to implement better and more efficient time management that would prevent over working.

Other Labour Considerations:

We strive to uphold all national and international standards in their labour practices. When non-compliance emerges, CTS ensures a speedy response, e.g in September 2010 an audit was conducted which has some non-compliance findings, when the review audit was conducted in October 2011, most of the issues that arose from 2010 audit were closed by 2011.

Such corrective measures were;

- With regard to the payment owed to workers who resigned, according to Guangdong wages policy all resigned workers should receive payment within three days. During the initial audit, it was taking longer than three days to pay resigned workers, the issue was closed upon return and all payment are calculated and paid to resigned workers within the designated time limit.
- Before the audit findings, no payment was being made to workers who left the factory without notification, this issue is now also closed and payment of workers who leave without notification is calculated and this new procedure has been added into the updated employee manual.

Progress and KPIs for 2012 – 2013:

- Throughout 2012 and 2013, PCH will focus on making improvements in the area of employee training. Currently we have various employee training programs in place but we want to enhance and ensure training is repeated as and when necessary. We will include Corporate Social Responsibility (CSR) training into our induction process and all current employees will also attend CSR training. Our CSR training will train employees on different areas such as anti-corruption, ethics, Labour practices and Health and Safety. Our CSR training will promote our sustainability objectives throughout the company and raise awareness among our employees. This training will take place at both PCH International and CTS with training available in both English and Chinese where appropriate.
- The Human Resource Team at PCH is currently working on a new employee relations model whereby anonymous grievance mechanism will be implemented and improvements will be made in employee – management communication.

The Environment.

PCH is an environmentally friendly company, we are conscious of the impacts that our operations can have on the environment, therefore we take every step possible to ensure minimal negative consequences. We have our own internal green management team that work on improving our environmental friendliness, energy efficiency and reducing our carbon

footprint. Our membership with the EICC and the UN Global Compact have helped us make improvements in these areas.

Green Management

PCH is ISO 14001:2004 Environmental Management certified, we have our own Green Team to manage our environmental responsibilities. At PCH our green vision is to reduce our carbon footprint and to design durable products with recyclable components and packaging when possible. We pride ourselves on using environmentally conscious suppliers who are either ISO 14001 certified or in the process of becoming certified. In 2012 PCH joined the EICC. Through our membership in the EICC we can work with other members in an industry wide approach to improving the environmental impact of the electronic supply chain and in monitoring green house gas emissions.

Green Team Capabilities.

Product development and SCM solutions for a wide range of clean technology customers
Development of clean energy alternatives in developing countries eg. solar lighting and solar cooking

Working with cleantech start-ups that focus on emerging technologies such as organic photovoltaics, low temperature fuel cell technologies, and many more

We promote environmental awareness among our staff and encourage our employees to be environmentally conscious in various ways

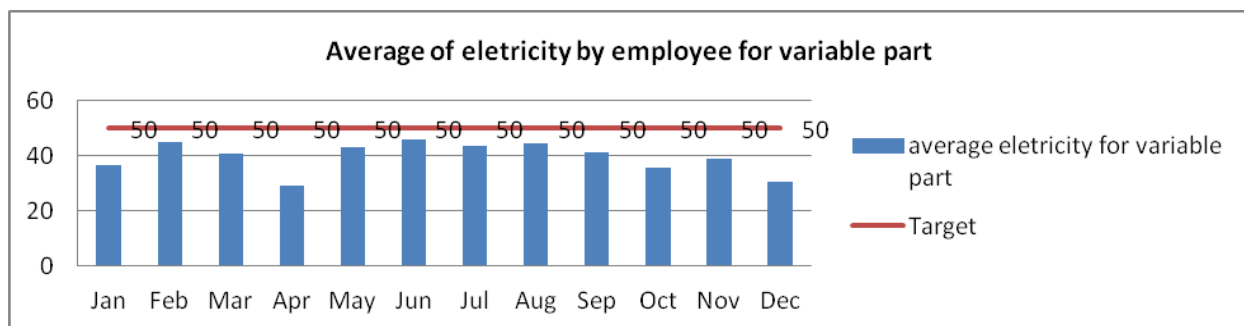
- We remind our staff “to think of the environment before printing” at the end of emails.
- We encourage staff to print in black ink rather than colour.
- We send out emails giving our employees ideas on how to live environmentally friendly lives. The most recent email was entitled “ Low Carbon life, do you have the habits?” and it included ideas such as using re-usable shopping bags, encouraging the use of public transport at least 2-3 days a week, and a reminder to switch off lights and plugs when not in use.
- We promote and encourage all our staff to participate in the Global Car Free Day in September and to use public transport, walk or cycle to work on that day.
- We have increased the number of water dispensers in the office to discourage employees from using bottle water.
- - We monitored water flow in the kitchen and bathrooms in PCH and adjusted the flow to ensure minimum waste of water.
- - Three thermometers were bought to help regulate the temperature of the office to ensure that no energy is wasted. The temperature of the office is kept at 25 degrees.

Environmental Assessment of PCH 2011

We carry our Environmental Assessments within the PCH office so that we can actively monitor our environmental impact.

2011 PCH Electricity Use

In 2009, we assessed and monitored our electricity use, from this we found that our energy usage should be an average usage of 51 KW per person in order to have minimal environmental impact on local communities. To achieve this we educated and encouraged our staff to turn off lights when leaving a room, to keep doors closed when air-conditioning is on, to reduce the temperature of the air conditioner and to keep air-conditioner off when the room is not in use. In 2011 we reviewed this issue and we were not only successful in reaching our goal but on average we kept electricity usage below 51 KW/person.



PCH Water Use.

In 2009, we also conducted an assessment on the use of water in the PCH Shenzhen office. From this we determined that water usage should be kept as 0.55 T/person in order to minimize any negative environmental impact. We encourage our staff to use water dispensers and to only use bottled water for customers. We ensured the speedy repair of water leaks and reminded our staff to ensure taps were always turned off.

PCH Tree Planting, Offsetting our Carbon Footprint.

We're frequent travelers at PCH - we carry out annual assessments on our travel, and found that our CO₂ emissions from international flights and car usage are both compliant with international and national standards. In order to offset our CO₂ emissions, PCH staff participate in tree planting activities. In 2011, ten trees were donated to us from a local flower and tree supplier; these trees were planted as part of this initiative.

PCH Global Direct environmental performance

PCH Global Direct conducts environmental impacts assessments in order to determine the environmental impact of its activities. Areas that receive a rating of fifteen are classified as a high environmental risk and anything below fifteen is regarded as impacting the environment to a lesser extent.

High Risk Environmental Factors at CTS:

Disposing of hazardous waste, e.g batteries, bulbs and cartridges	– Rating of 22.
Disposing of oily rags and waste oil drums	– Rating of 18.
Use of domestic drinking water	Paper usage
Electricity use	Use of packaging materials - Rating of 16

Corrective action plans were created and implemented to reduce the risk factor of the above. This included establishing performance indicators for the above and these were included in the Code of Conduct.

