

CHUGAI

(171600-K)

CHUGAI (MALAYSIA) SDN. BHD.

Factory:
Lot 8, Jalan 26/1,
Kawasan Perindustrian Hicom,
40000 Shah Alam, Selangor D. E., Malaysia.
Tel : 603-5191 1280, 5191 1286, 5191 1289
Fax: 603-5191 1178
Website : www.chugai-malaysia.com

Head Office:
2-17-12 Nihon Bashi Kayaba-cho
Chuo-ku Tokyo, Japan 103
Tel : 0081-3-3667-7441
Fax: 0081-3-3667-5065



MS ISO 14001 CERT. NO.: ER0492

CERTIFIED TO ISO/TS 16949:2002
SIRIM CERT. NO.: AR 3265
IAF CERT. NO.: 0026625MS ISO 9001:2000
Reg. No. AR 0973*Pursue knowledge, above all acquire wisdom*19th April 2013

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr Secretary-General,

I am pleased to confirm that Chugai (Malaysia) Sdn Bhd supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day to day operations of our company, and to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Chugai (Malaysia) Sdn Bhd will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation on the Global Compact is the annual submission of a Communication on Progress (COP), that describes our company' efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

Yours faithfully,



James Yap Kok Hin
Managing Director

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COP ON GLOBAL COMPACT 2012 REPORT

FINANCIAL PERFORMANCE

- POLICY & RULES

Chugai (Malaysia), being a corporate citizen, with environmental quality consciousness running its business, emphasizes greatly on product innovation to uplift the profitability of business and sustainability of the world at large thru' conservation of natural resources & legal compliances.

Acknowledging that people is key to the business of the company, Chugai (Malaysia) takes steps to train & develop and ensures the well-being of the employees are taken care of, in compliance to the legal requirements of Malaysia. "Think Safety & Work Safely" has been the policy the company practices.

- EDUCATION & COMMUNICATION

As skill of employees is critical to the operation of business, Chugai (Malaysia) conducts job competency assessment in conjunction to the performance appraisal and training need analysis. Upon which, yearly training calendar is developed. Both internal & external training are exercised to upgrade & develop the skills of people.

Daily morning briefings, frequent meetings are organized to deploy policies, to ensure information flows, both top-down and bottom-up.

- IMPROVEMENT & FUTURE PLANS

Chugai (Malaysia) strives to be a leading Electrical Contact Manufacturer. Efforts are put in to drive improvements in various aspects of the business, namely processes, technologies and human resources.

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*Pursue knowledge, above all acquire wisdom***HUMAN RIGHTS**

Chugai (M) remains a strong supporter of all human rights issues. We actively adhere to the Malaysian Law on human rights issues.

Chugai (M) takes appropriate measures to ensure that there are no discriminations among foreign and local workers. The company gives equal opportunity to all in terms of job opportunity, promotions and rewards.

The Management conducts periodic reviews on HR issues and we constantly seek to improve the well-being of the workers thru' motivational means, example by giving them a safe working environment, conducting training programs, organizing annual dinners and company trips.

LABOUR

Chugai (M) strictly adheres to the employment laws of Malaysia. Policies are set in place accordingly. Currently all our workers enjoy a minimum wage of RM 900 basic salary in compliance with the Malaysian Law.

The Management conducts periodic reviews on labour policies and consults relevant government bodies on all labour issues.

ENVIRONMENTAL

Chugai (Malaysia) embraces the 3R (Reduce, Reuse, Recycle) basic approach of environmental protection & preservation. Hazardous substances under RoHS & REACH Directives are strictly observed. Banned substances are totally eliminated from processes. This is further cascaded to the supplier chain whereby guaranteed certificates need to be issued to Chugai (Malaysia) yearly ensuring compliance. As Ag is the main constituent of electrical contacts, waste minimization is key to save this precious metal to conserve the natural resource. Recycling of which to recover Ag from loss is enforced.

We in Chugai (Malaysia) foster the use of environmental friendly material, green purchasing & green technology.

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The installation of scrubbers, dust collector, environmental protection equipment aim to comply to the legislation requirement of Malaysia and protect the health and well-being of employees working in the areas of environmental importance.

The use of TCE (Trichloroethylene) in degreasing process was completely substituted with environmental friendly substance, NPB (N-Propyl Bromide) in 2012.

- **IMPROVEMENT & FUTURE PLANS**

Waste Minimization:

By increasing the efficiency and productivity, we are able to achieve our target earlier than planned. In this way Chugai (M) is able to use less raw material, save on rework and in turn save overall resources.

Energy Saving:

We are in the process of converting normal florescent lights to LED lights. We continuously practice minimum usage of lights & air conditioning during break time.

Anti-Corruption

Being a medium based company, anti-corruption is not a high risk but Chugai (Malaysia) has a strict anti-corruption stance. Internal reviews are done periodically by senior management.