

25th August 2014

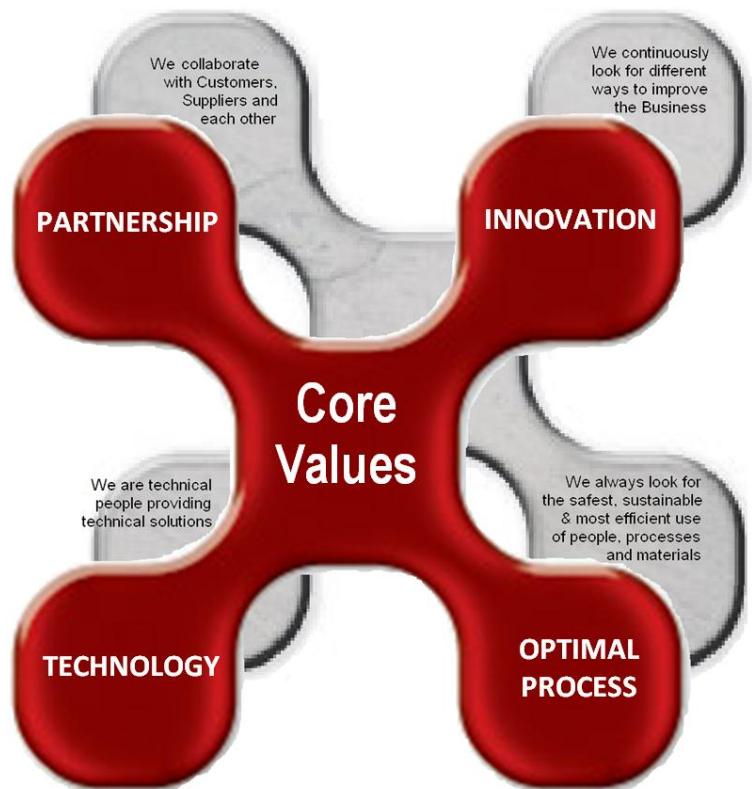
Secretary-General
 United Nations
 New York, NY 10017
 USA

Dear Mr. Secretary-General,

I am pleased to confirm that 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 August 2014.

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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»» partner for manufacturing excellence

Human Rights:

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

New Zealand as a country meets, and in some cases exceeds, international human rights standards. Axiam continues to comply 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.

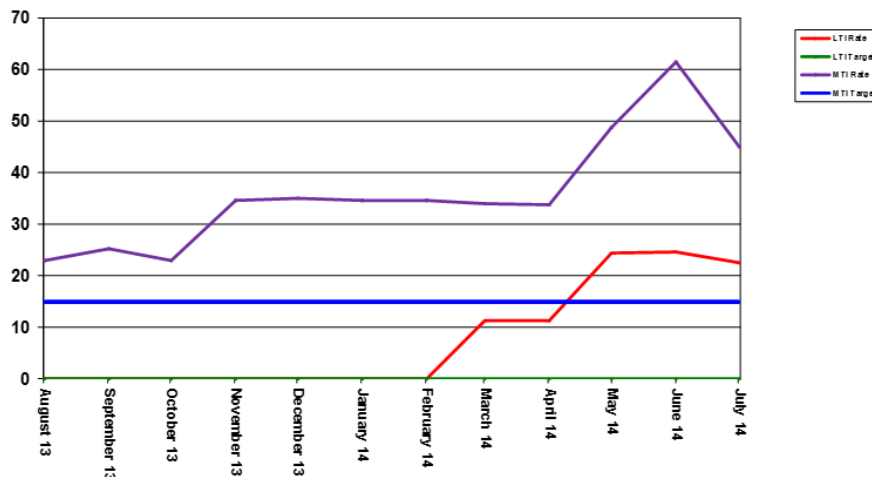
Principle 2 *Make sure that they are not complicit in human rights abuses.*

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. At the last annual review for 2014 it was decided to leave the targets as is.

	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 29th May 2014. ☹
- Last MTI 6th June 2014. ☹

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

These are coordinated via a compliance matrix to ensure these plus other Health, Safety & Environment matters are addressed within a specified period of time.

Labour:	
Principle 3	<i>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</i>
<p>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.</p>	
<p>UNION MEMBERSHIP</p>	
<p>Some of Axiam's staff belong to the New Zealand Engineering Printing & Manufacturing Union Inc. and some to The Construction & Manufacturing Workers Union which covers our industry.</p> <p>After your acceptance to permanent staff status you could consider joining one or the other.</p> <p>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.</p> <p>Each Union will act as your bargaining agent for the companies' Collective Employment Agreement for accepted terms and conditions of employment.</p> <p>You are automatically covered by the Collective Agreement for the first 30 days.</p> <p>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.</p>	

Principle 4	<i>The elimination of all forms of forced and compulsory labour;</i>
<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>	
Principle 5	<i>The effective abolition of child labour;</i>
<p>New Zealand has laws and regulations which stipulate minimum age provisions which Axiam adhere to.</p>	
Principle 6	<i>The elimination of discrimination in respect of employment and occupation.</i>
<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. Any issues can be escalated to the appropriate Manager but can also be taken as far as the board of directors to ensure resolution.</p>	
<div style="text-align: center; background-color: #cccccc; padding: 5px;">EQUAL OPPORTUNITY</div> <p>At Axiam 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's 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> <div style="text-align: center; background-color: #cccccc; padding: 5px;">DISCRIMINATION AND HARASSMENT</div> <p>Employees should check at all times their own personal standards of conduct.</p> <ul style="list-style-type: none"> • All forms of harassment are totally unacceptable whether it is, sexual, racial, verbal, physical or visual, and all harassment complaints will be taken seriously and treated confidentially. • Shift Supervisors, Managers and the General Manager can all be approached if you have a problem. <p style="text-align: center;"><i>Let someone know immediately if you have a problem so issues can be resolved quickly and efficiently.</i></p>	

Environment:

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

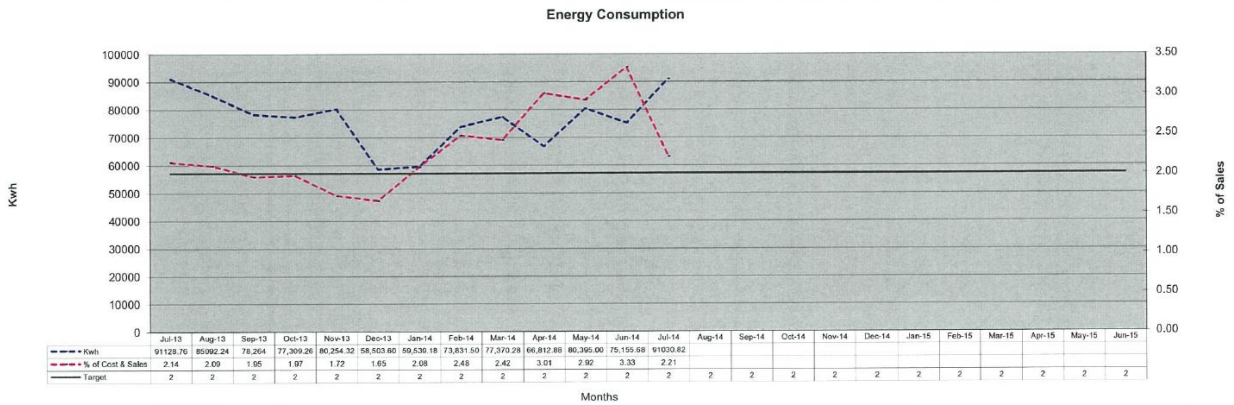
The New Zealand government has varying initiatives that Axiam support to ensure our country and planet are protected from pollution. Consents for such things as air and water discharges are adhered to by Axiam to ensure the continued cleanliness of our air and waterways.

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
- ✘ Water usage

Energy Consumption 2013 - 2015

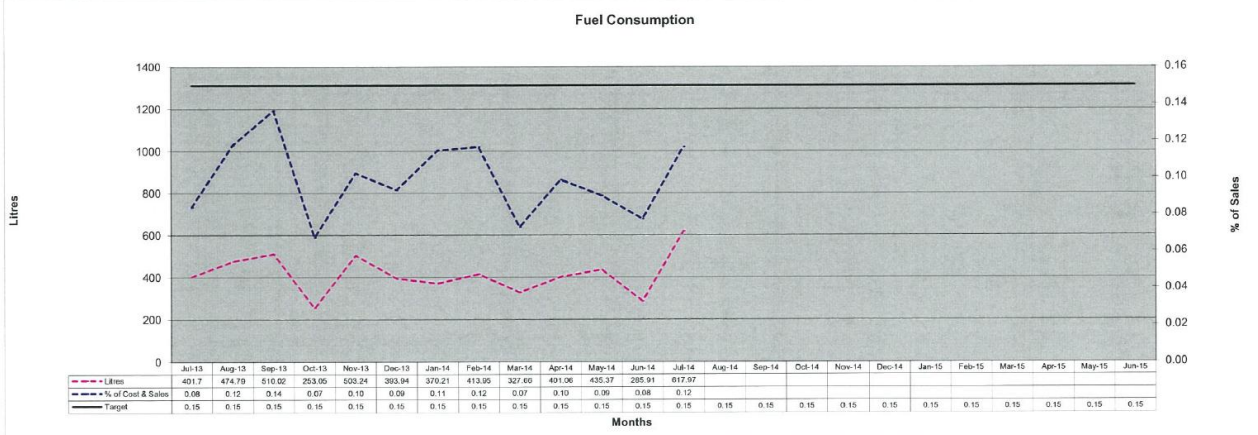
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Line Charges																									
Other Charges																									
Energy Cost																									
Kwh	91128.76	85092.24	78,284	77,309.26	80,254.32	58,503.66	59,530.18	73,831.50	77,370.28	66,812.88	80,396.00	75,155.68	91030.82												
Sales																									
% of Cost & Sales	2.14	2.09	1.95	1.97	1.72	1.65	2.08	2.48	2.42	3.01	2.92	3.33	2.21												



The objective for 2013 - 2015 is to remain under 2 as a percentage cost of sales *Electricity costs are highest in low rainfall season - Feb/March/April

Fuel Consumption 2013 - 2015

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Dollars																									
Litres	401.7	474.79	510.02	253.05	503.24	393.94	370.21	413.95	327.66	401.06	435.37	285.91	617.97												
Sales																									
% of Cost & Sales	0.08	0.12	0.14	0.07	0.10	0.09	0.11	0.12	0.07	0.10	0.09	0.08	0.12												

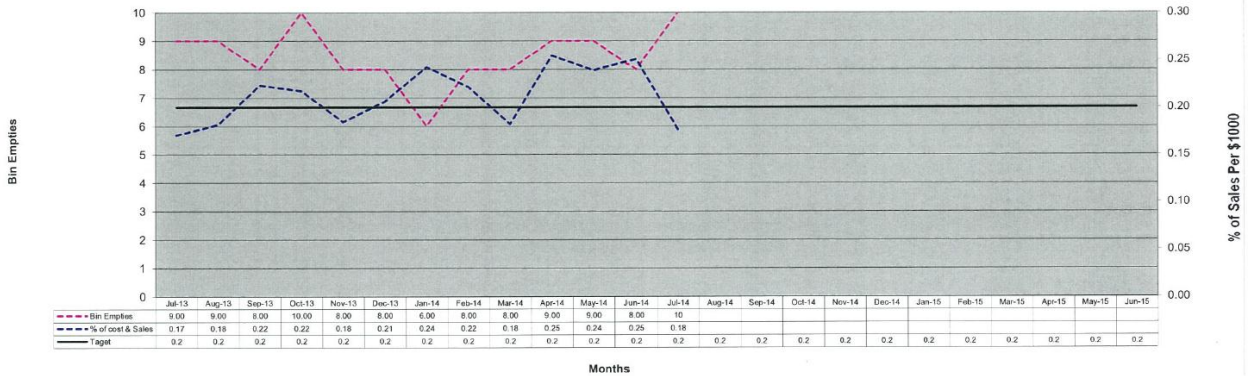


The objective for 2013 - 2015 is to remain under 0.15 as a percentage cost of sales

Solid Waste to Landfill 2013 - 2015

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Cost																									
Bin Empties	9.00	9.00	8.00	10.00	8.00	8.00	6.00	8.00	8.00	9.00	9.00	8.00	10												
Sales																									
% of Cost & Sales	0.17	0.18	0.22	0.22	0.18	0.21	0.24	0.22	0.18	0.25	0.24	0.25	0.18												

Solid Waste to Landfill

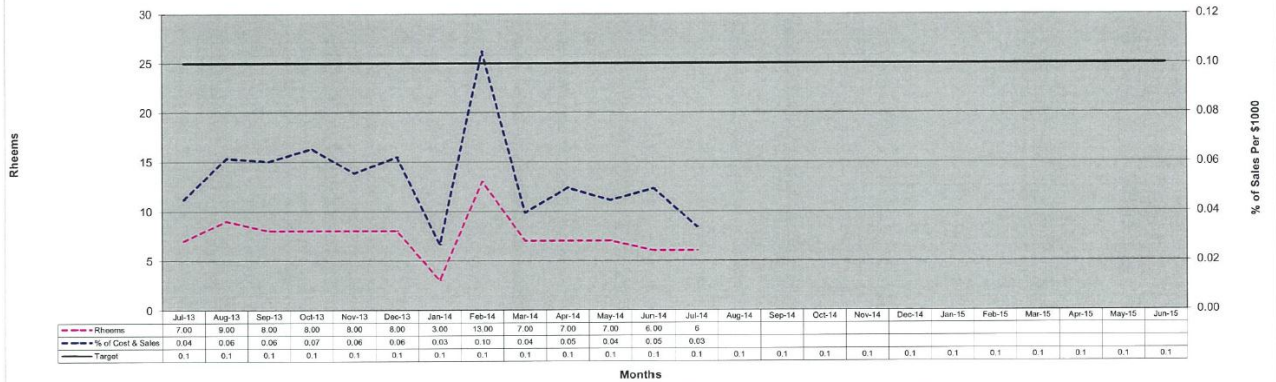


The objective for 2013 - 2015 is to remain under 0.20 as a percentage cost of sales

Paper Consumption 2013 - 2015

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Rheems	7.00	9.00	8.00	8.00	8.00	8.00	3.00	13.00	7.00	7.00	7.00	6.00	6												
Cost																									
Sales																									
% of Cost & Sales	0.04	0.06	0.06	0.07	0.06	0.06	0.03	0.10	0.04	0.05	0.04	0.05	0.03												

Paper Consumption

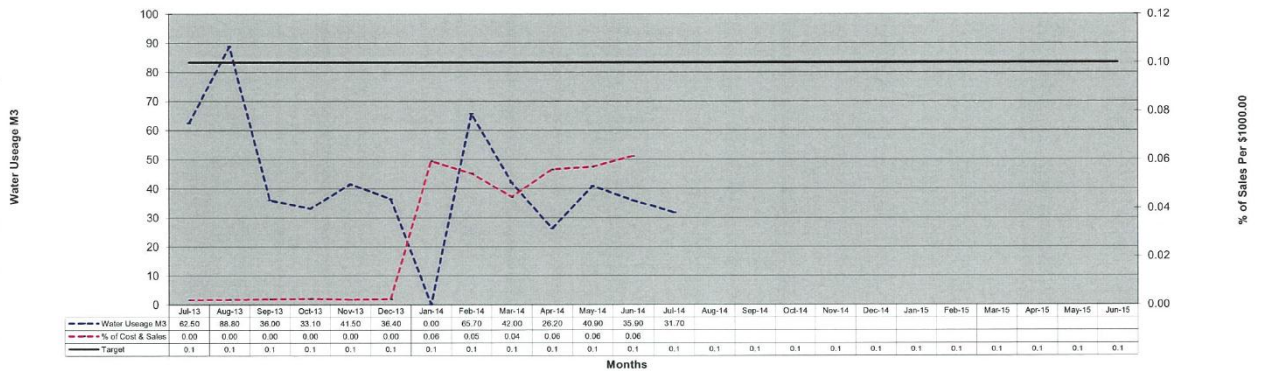


The objective for 2013 - 2015 is to remain under 0.10 as a percentage cost of sales

Water Consumption 2013 - 2015

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Water Meter 1	57.50	87.60	34.90	32.80	40.90	36.10	0.00	64.90	41.50	25.60	40.50	35.30	31.6												
Water Meter 2	4.60	1.20	1.10	0.30	0.60	0.30	0.00	0.80	0.50	0.60	0.40	0.60	0.1												
Water Usage M3	62.50	88.80	36.00	33.10	41.50	36.40	0.00	65.70	42.00	26.20	40.90	35.90	31.70												
Monthly Cost																									
Sales																									
% of Cost & Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.05	0.04	0.06	0.06	0.06													

Water Consumption



The objective for 2013 - 2015 is to remain under 0.10 as a percentage cost of sales *The spike in Feb was caused by a mould heater being directly controlled by tap water to drain, since remedied

<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 must 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> <p>12-04-14 7 of 16 Policy_14.doc</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 specialises in the process design, development, and manufacture of high value plastic and metal components.

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

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

The company commitment is to achieve total customer satisfaction, continuous improvement and learning, and to the prevention of pollution of the environment. These are displayed by all employees in conducting their daily activities for the company.

AXIAM is undertaking the implementation of the Lean Manufacturing Approach. The Lean philosophies of improving quality, eliminating waste, reducing production & service time, and reducing total costs fit exactly with AXIAM's overall vision & goals.

All of the above vision & goals are geared toward making AXIAM a good corporate citizen in the eyes of all of our stakeholders (Employees, Customers, Shareholders) and the general public.

Anti-Corruption:	
Principle 10	<i>Businesses should work against corruption in all its forms, including extortion and bribery.</i>
<p>Axiam is against corruption and is aware that this can present itself in many forms, such as extortion, bribery, inappropriate favors, hospitality or gifts.</p> <p>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, <i>Anti-Corruption–A New Zealand Perspective, SFO, New Zealand</i>).</p>	