



MECHCAM PRECISION SDN BHD

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2014

MECHCAM endorse the commitments and principles of UN Global Compact (UNGC). The UNGC is consistent with our existing Code of Conduct and provides clarity with regard to Labor, Health and Safety, Environmental, Ethics and Management Systems expectation of our management.

MECHCAM PRECISION
SDN BHD

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Puchong, Selangor, Malaysia

September 2014



Statement from our Managing Director

We have been a signatory to the UN Global Compact for 5 years and remain fully supportive of the initiative and its ten principles relating to human rights, labor relations, environmental responsibility and anti-corruption. We recognize our responsibility to do our best to ensure that whatever we operate, we do so with respect and care. It is this approach that means we particularly value the multi stake holder approach of the UNGC and its ability to bring various parties together to address some of the most pressing global issues we face today.

We have already invested considerable resources and efforts in developing, implementing and assuring against high performance standards in our own company, with the last years seeing a particular focus on environmental responsibility. Our environmental commitment does not stem top down from my management, the coordinator or from pressure from the customers. Sustainability and environmental responsibility are a systematic effort that flows from every member of our community; from the operators to the supervisors, to the managers, to the community our staffs uphold. We encourage each other. Our environmental commitment is directly related to the ability for other to do the same.

Human Rights

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

Principle 2: make sure that they are not complicit in human rights abuse

Mechcam believes that respect human rights will allow people to assert their dignity and guarantee sustainable development. When we speak about having a rights-based approach, this is what we mean. We believe that everyone should have the right to:

Gender Discrimination: Any distinction, exclusion or preference made on the basis of real or perceived gender differences that has the effect of nullifying or impairing equality of opportunity and treatment in employment or occupation. Mechcam provides:

1. Awareness Training provided by our consultant, United Universal Consulting Sdn Bhd in 29 August 2013.
2. Terms and conditions of gender equality into our employee handbook.
3. Analysis of occupational safety and health hazard. In a gender in OSH approach biological (sex) as well as social gender differences between women and men are taken into consideration. Latest Hazard Identification, Risk Assessment and Control (HIRAC) conducted on April 2014 to include new machinery installed in the premise

Sexual Harassment: Any unwanted conduct of a sexual nature having the effect of verbal, non-verbal, visual, psychological or physical harassment. Mechcam conducts:

1. Establishment of A Gender Responsiveness Occupational Safety and Health Policy. The policy was endorsed by our top management, distributed to all personnel and attached in to the employee handbook
2. Nominate a female management representative in the occupational safety and health committee. The female management representative is nominated from a member of the top management.

Measurements of Outcome

During the reporting period, the management have not receive any complaint or feedback from employees, business partners or clients in relation to human rights violation.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

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

Labour welfare includes all such activities, which not only secures existential necessities but also secures improvement in spiritual and emotional quotient. It comprises of short term and long terms goal toward building a humane society. Several labour welfare activities conducted in Mechcam include:

1. Incorporation of labour welfare committee into the existing occupational safety and health committee. The labour welfare activities were made mandatory agenda to be discussed in the quarterly safety and health committee meeting. The latest meeting was conducted on April 2014.
2. All employees are issued letters of appointment and employee handbook which clearly states the terms, conditions, benefits, insurance, compensation and rights. Mechcam does not employ child or forced labour and is applied to direct staffs, suppliers and sub-contractors.
3. A guideline for types of compensation that are best provided collectively to a workforce, such as health benefits, paid time off, retirement, access to training and combining hours from multiple jobs to qualify for benefits. Workers have the opportunity to organize and bargain over a compensation package, including the collective benefits, development of career path and for individual budget systems, a floor to wages.
4. Job descriptions established to ensure workers aware of the responsibilities and authorities. The job descriptions are being communicated and endorsed by the workers after the probationary period
5. Workers receive a decent wage for the work they perform, commensurate with the skills they have at any level of their career. All workers have the right to access to career ladders, they shall have the opportunity to organize and bargain not only over wages but over the development of career paths that lead to improved compensation.
6. Top management constantly create an understanding of how an employee's work helps the organization to achieve its goal and help them feel that the organization values them.

Measurements of Outcome

To date, no complaint has been received pertaining to worker's welfare and benefits. The practice was in compliance with Employment Act 1955, Malaysia and overtime of not more than 100 hours.

Environmental Practices

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

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Although carrying out the Environmental Safety and Health (ESH) Review is not specifically requested by local authority or International Organization for Standardization, it's advisable to establish the existing situation of the factory with reference to the management of the environmental safety and health aspects through an ESH Review. The ESH Review allows the identification of main existing critical situations, provides with information on which to base a first environmental safety and health management programme and represents the starting point as reference for measuring continual improvement. The results provide information about the critical points of the existing situation, with respect to the company environmental safety and health requirements and must be regarded as departmental key performance indicator.

1. Perform environmental aspect identification and impact assessment for all activities, products or services provided by the company.
2. Bi-monthly review on consumption of electricity, oils and metals with reduction goal
3. Committed and ensure compliance to the Restriction of Hazardous Substances (RoHS) requirements and ensure all materials are provided with certificate of analysis by accredited laboratories.
4. Perform chemical health risk assessment (CHRA) for all chemicals used in the premise and provided all necessary protection to workers
5. Implement scheduled waste management and other environmental operational control, emphasizing pollution prevention and 3R concept.

Measurement of Outcome

The electricity consumption rate was reduced as much as 20% compared to the same period in year 2013. Customer audits conducted found no critical non-conformity and all products have been ensured to comply with RoHS requirements. The CHRA was also submitted to the local authority and all recommended control actions implemented within 30 days from the receipt of the report.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

We believe the way we do things is just as important as what we do but not with any price. The management of Mechcam wants to create a workplace where each employee achieves the highest business and personal standards, and where everyone feels proud of our company and the job which he or she does.

Our anti-corruption policy outlines acceptable and non-acceptable behaviors to ensure compliance with anti-corruption principles. This includes compliance with all laws, domestic and foreign, prohibiting improper payments, gifts or inducements of any kind to and received from any person, including officials in the private or public sector, customers and suppliers.

1. Perform supplier and contractor evaluation to eliminate any bureaucracy where there are any corruption risks and avoid any supplier/ contractor that has monopoly over goods and services.
2. The anti-corruption principles are stated in our existing employee handbook, distributed and understood by all our employees
3. Management clearly highlight in every annual meeting that any employee regardless of level can make a complain of anti-corruption of anyone in the organization directly to the managing director.
4. Monitoring controls by auditing high risk transactions with includes but not limited to auditing all transactions posted to Gifts/ Entertainment general ledger account

Measurement of Outcome

We evaluate our anti-corruption effort through the number of bribery complain received and there are no case reported since year 2012.