



MECHCAM PRECISION SDN BHD

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2015

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

43, Jln TPP 1/12, 47100
Puchong, Selangor, Malaysia

September 2015



Statement from our Managing Director

Faithfully to our commitments to support United Nation Global Compact Ten Principles, our company continues to collaborate with our customers, suppliers, business partners, subcontractors and other stake holders to promote UN Global Compact and address potential issues in our sphere of influence. The ten principles have given us the guidance to strengthen the brand equity of the company and ensure its competitiveness and sustainability in an increasingly competitive and globalized environment. We have implemented a series of necessary measures to keep our momentum going to develop and enhance our principles. On behalf of my colleagues, we are proud to reaffirm our commitment UNGC's Ten Principles.

Lew Chu Tong
(Managing Director)

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 continues to respect human rights will allow people to assert their dignity and guarantee sustainable development. The commitments given in year 2014 have been fully implemented and the management has decided to continue implementation of the commitments for another year.

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 and Audit Training provided by our consultant, United Universal Consulting Sdn Bhd in 7th July 2015.
2. Redefine the terms and conditions of gender equality into our employee handbook.
3. Further improve our analysis of occupational safety and health hazard. Latest Hazard Identification, Risk Assessment and Control (HIRAC) conducted on July 2015 to emphasize in human behavior and possibility of discrimination among workers.

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

1. Gender Responsiveness Occupational Safety and Health Policy communication to all workers at least quarterly. The policy was ensure to be distributed to all personnel and attached in to the employee handbook
2. Nominate 3 female management representative in the occupational safety and health committee. The female management representative is nominated from a member of the top management and from the workers

Measurements of Outcome

As to date, there was no 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. The latest safety and health meeting was conducted in July 2015. The management has emphasized the importance workers welfare and may embark the social responsibility certification before 2018.
2. All new employees issued letters of appointment and employee handbook which clearly states the terms, conditions, benefits, insurance, compensation and rights. Mechcam continues not to employ child or forced labour and is applied to direct staffs, suppliers and sub-contractors.
3. The guideline established 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. The guideline was reviewed and revised by the management on March 2015. Hence, all employees were briefed on the new guideline on July 2015 to ensure 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. There was no change in the job descriptions established. The JD ensure workers aware of the responsibilities and authorities.

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

Based on the environmental review conducted last year by external consultant, the conclusion was that the environmental impact from the company activities is limited, as we do not have waste water or emission of air pollutants. The waste generated was disposed as scheduled waste and collected by local contractor approved by the Department of Environment. However, we are focusing on promoting environmental responsibility by reducing our energy usage in our factory, thereby reducing our environmental impact.

In 2015, we decided to reduce our environmental impact internally and use;

1. New low energy lights
2. Motion sensor lights which automatically switch off lights when a room is empty
3. Solar heat reduction film on windows

Measurement of Outcome

The electricity consumption rate was reduced as much as 10% compared to the same period in year 2014. Customer audits conducted in year 2015 found no critical non-conformity and all products have been ensured to comply with RoHS requirements. There was also no summon received from any local authority

Anti-Corruption Principles

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

The following were implemented since the adoption of UNGC's Principles and remain the same for year 2015.

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 complaint 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 2014. Supplier/ contractor audits conducted for 2 major suppliers and will be extended to other suppliers in the future