UN Global Compact COP

Period covered by your Communication on Progress (COP)

From: | 4 June 2017 | To: | 4 June 2018

Statement of continued support by the Chief Executive Officer (CEO)

Please provide a statement of your company's chief executive expressing continued support for the Global Compact and renewing your company's ongoing commitment to the initiative and its principles (Please include name and title of the chief executive at the bottom of the statement).

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4 June 2017

To our stakeholders:

I am pleased to confirm that Technica 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 this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Tony Haddad
General Manager

Human Rights Principles
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 abuses

Assessment, Policy and Goals
Description of the relevance of human rights for the company (i.e. human rights risk-assessment). Description of policies, public commitments and company goals on Human Rights.

- Technica is a family business, 33 years old. The founder, Tony Haddad, embedded the family values into the culture and values of Technica.
- Technica is a big family of 154 members where each member is valuable to the company (refer to Values Statement **(LSD1)**, Culture elements **(LSD2)**, Policies and regulations).
- One element of our culture is "Servant Leadership": We are servants' first, leaders second. **(LSD3)**
- We have an integrated BMS that includes the ISO9001:2008, the OHSAS 18001: 2007, the LEAN Management concepts and the WHO framework to govern our work processes.
- Our BMS policy is based on the 4 standards above and communicated to all company employees. **(LSD7)**
- We have a safety department with a safety officer accountable to ensure a healthy and safe work environment and to apply the OHSAS 18001:2007 safety management system. **(LSD8)**
- We have set and implemented a healthy workplace program aligned with the model for action of the WHO.
- We have developed our strategy based on the balanced score card methodology; our strategy foundation is our employees.
- Our strategy states: We will develop a motivated, competent, empowered and innovative workforce (Learning & Growth perspective), which will optimize our value chain, of providing innovative and customized automated solutions and integrated turnkey lines (Operational Perspective) that will exceed our customers' automation expectations (customer perspective) and will realize our vision (Financial perspective). **(LSD6).**

Examples
- Reference to (statement of support for) the Universal Declaration of Human Rights or other international standards
- Written company policy on respecting Human Rights and preventing potential abuses (e.g. in code of conduct)
- Policy requiring business partners and suppliers to adhere to the principles on Human Rights
- Assessment of Human Rights related risks and impact in industry sector and country(ies) of operation (see Risk Assessment Report at www.humanrightsbusiness.org)
- Specific goals in the area of Human Rights for the upcoming year

Implementation
Description of concrete actions to implement Human Rights policies, reduce Human Rights risks and respond to Human Rights violations.

- We integrated the ESP (employee satisfaction program) based on the WHO framework into our business management processes (based on ISO9001:2008) to ensure continued implementation.
- To ensure sustainability of our healthy workplace program, we have created a "healthy workplace program committee" .The committee consists of: HR Manager, Quality Manager, Strategy Manager, and HSE Officer. The committee reports directly to the GM. **(LSD9)**
- Within our processes we have created a system to gather constant feedback from the team in order to improve our Global Healthy Workplace program.
- The program is promoted via internal campaigns, meetings, key measurement results, dashboards and reports to all employees in the company.
- Senior staff are accountable on making the program a success, starting with the GM. The GM job description includes that he has to ensure a "Global healthy workplace" for the company staff, aligned with the model for action of the WHO **(LSD4).**
- To ascertain the commitment of all the team to the culture and values, we have included in the performance appraisals the elements of the culture, which has a direct impact on the employee rewards **(LSD5).**

Examples
- Suggestion box, call center or grievance mechanism

- Awareness raising or training of employees on Human Rights
- Consultation with stakeholders and affected parties
- Allocation of responsibilities for the protection of Human Rights within your company
- Human resource policies and procedures supporting Human Rights

Measurement of outcomes
Description of how the company monitors and evaluates performance.

- WHO committee tours: every week one member of the WHO committee conducts a tour within the company premises to monitor the implementation progress of its programs and to listen to the employees' feedback, a weekly report is generated and findings are followed up by assigned resources within the related process
- We were selected as a finalist in the Global Healthy Workplace Awards in London 2013 & in Shanghai 2014. **(ESD1)**
- We were awarded the Lebanese Excellence Award in 2010 & 2014, it is an award granted by the president of the Lebanese republic to companies who apply the Excellence standard set by the European Union and the Lebanese government. **(ESD2)**
- Our strategy map includes the following strategic objectives related to the program under the Learning & Growth perspective, each with a performance indicator, analyzed by top management quarterly during strategy meetings **(LSD6)**
  - Objective: Improve the workplace environment by incorporating the WHO framework into our business model, KPI: OCS (organizational Capital Survey) Index grade >7
  - Objective: Develop Technica Academy to develop competencies, KPI: Population appraisal grade average >8
  - Objective: Retain & grow talents, KPI: Talents voluntary leave / total employees < 4%

Examples
- Specific progress made in the area of Human Rights in the past reporting period
- Information about how your company deals with incidents of Human Rights violations
- Investigations, legal cases, rulings, fines and other relevant events related to Human Rights
- Periodic review of results by senior management
- External audits of Human Rights performance

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

Assessment, Policy and Goals
Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities).
Description of written policies, public commitments and company goals on labour rights.

- A performance appraisal is conducted yearly for all employees and results are reflected in compensation and benefits (salary raise, yearly bonus, etc.)
- We have Compensation and benefits procedures and policies based on Hay model and methodology and we benchmark them on a yearly basis with external companies.
- We have flexible working hours for mothers, possibility to leave in case of need at home with no prior notice and breastfeeding space secured.
- All employees have personal accidents, medical and life insurance with legal heirs as beneficiary
- Technica leaders encourage the hiring of special needs persons in jobs where their safety is not compromised.

Examples
- Reference to ILO Core Conventions or other international instruments
- Written company policies to uphold the freedom of association and collective bargaining and the elimination of forced labour, child labour and employment discrimination
- Written policies that clearly state employee rights and responsibilities and their compensation and benefits
- Policy requiring business partners and suppliers to adhere to the Labour principles
- Assessment of labour-related risks in the industry sector and country(ies) of operations
- Specific goals in the area of Labour Rights for the upcoming year

Implementation
Description of concrete actions taken by your company to implement labour policies, reduce labour risks and respond to labour violations.

No employment discrimination:
- There is no discrimination for employing female or male (or other diversity factors); employment is based on competencies.
- 50% of our top managers are female, creating a mix in the culture and a bouquet of ideas seen from different angles
- 25% of our workforce is female in a technical and industrial field
- Our team includes employees from 6 different nationalities.
- We have 2 technicians with hearing deficiency; they participate in all our activities and are involved in the decisions thanks to a dedicated translator.
- We are discussing with arc-en-ciel an NGO dedicated for helping disabled people re-integration in society for our recruitment needs
- We are also discussing with Shareq an NGO dedicated for re-introducing mothers into the work field for our recruitment needs

Employees' involvement:
- We strongly encourage and welcome our workers involvement; this is why we have created several methodologies for them to be able to voice out their opinion and for us to collect their feedback on the program. Their purpose is not only to ascertain the commitment of the leaders, but also to engage the team at all levels in the decision making process:
    - Focus group discussions: open discussions in groups with the manager. We developed a process for this action **(WSD1)**
    - 360° feedback system **(WSD2)**
    - Employee satisfaction questionnaire and index **(WSD3)**
    - OFI procedure (Opportunity for improvement) **(WSD4)**
    - SER Safety Environment Improvement Request **(WSD5)**
    - Organization capital survey, conducted yearly **(WSD6)**
    - Technica award system; to reward innovation, initiative and cost cutting **(WSD7)**

Workplace safety:
- Risk assessment cycle done on all work activities and positions (based on Job description) of the company:
    - Step 1 of the process is the hazard identification,
    - Step 2 we conduct a risk assessment,
    - Step 3 we decide on the control measures,
    - Step 4 we implement them
    - Step 5 we evaluate the results and diffuse to team. **(LSD8)**

Personal health resources:
- Assigned a company doctor with an examination area. **(PSD4)**
- Each employee has an employee health record sheet, filled by the doctor. **(PSD5)**
- Each employee has specific heath tests set by the doctor based on his work requirements and paid for by the company. Critical positions might have higher frequency tests and they are all paid by the company **(PSD6)**
- A dietician presented healthy eating habits and had a one-on-one session with each of our 154 employees. **(PSD7)**
- We have a basketball and football team and we participate in Intercompany tournaments **(PSD8)**
- No smoking environment **(PSD9)**
- Help smokers to stop smoking campaign further to no tobacco day **(CSD3)**
- A physiotherapist gave exercises based on job requirements. **(PSD10)**
- Internal awareness campaigns related to health & safety issues: vector borne diseases prevention, healthy lifestyles, eye strain awareness, a "drive safely" campaign during winter season and snow days for people to drive safely, a "hunt safely" campaign during hunting season **(PSD11)**
- Special health events and campaign based on the WHO calendar (example: launching the anti-smoking program on world no tobacco day) **(CSD3)**

Physical work environment:
- We have assigned resources as safety buddies, fire fighters and first aiders; they are subject to tests to evaluate their performance and they sign a pledge and are yearly appraised. **(CSD1 & LSD5)**
- An accidents management procedure created to handle accidents at Technica or customer site and to control the emergency response. **(LSD8)**
- Ergonomic study done by an expert and improvement suggestion implemented in factory & offices.
- Factory ventilation system redesigned to meet required health standards. **(PSD1)**
- Noise study implemented and improvement safety measures applied as per standards. **(PSD2)**
- Heating system study for the factory and implementation in 2015.
- Applying the Lean management concept and 5S in offices **(PSD3)**

Examples
- Suggestion box, call center or grievance mechanisms
- Awareness raising or training for employees on labour rights and policies
- Describe how the health and safety of all employees is ensured
- Describe how your company prevents discrimination of all kinds and ensures comparable pay for comparable work
- Consultation with employees and other stakeholders
- Allocation of responsibilities for the protection of labour rights within your organization
- Human Resource policies and procedures supporting the Labour principles
- Participation in international framework agreements and other agreements with labour unions

Measurement of outcomes
Description of how the company monitors and evaluates performance.

- Demographics of employees by diversity factors are monitored on yearly basis by Human Resources Department.
- All inputs from the team listed above in Employees Involvement is analyzed and taken into consideration. Results and decisions are made public in an open and transparent manner; this affirms the alignment and engagement of the team.
- Each of the procedures of worker involvement has a specific key measure indicators that we monitor based on defined frequency. A trend analysis is done to evaluate the progress and success of the program implementation. Findings & action plans are communicated to all company employees via general meetings, dashboards, presentations, etc.
- As part of our BMS, we assess and measure employees health needs from:
  Data collection and key performance measures (KPI) analysis (example: healthy eating habits program was launched after monitoring the team's uniform sizes and work life balance program was launched after monitoring the overtime hours number)

Examples
- Demographics of management and employees by diversity factors (e.g. gender, ethnicity, age, etc.)
- Describe how your company deals with incidents of violations of the Global Compact Labour principles
- Investigations, legal cases, rulings, fines and other relevant events related to Labour
- Periodic review of results by senior management
- Specific progress made in the area of Labour during the last reporting period
- External audits (e.g. SA 8000)

Environmental Principles
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

Assessment, Policy and Goals
Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities).
Description of policies, public commitments and company goals on environmental protection.

- Preserving the Environment is one of Technica culture elements.
- We have set and implemented a "Technica Greenify" program.
- A HSE Officer is assigned to handle all environmental activities and initiatives in the company.

Examples
• Assessment of the environmental footprint and impact of your company
• Written company policy on environmental issues, including prevention and management of environmental risks
• Policy requiring business partners and suppliers to adhere to the environmental principles
• Describe specific goals in the area of the environment for the upcoming year

Implementation
Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents.

- We have implemented a Forestation program as part of "Technica Greenify" activities **(PSD14)**
- The "Technica Greenify" initiative: It started as a celebration of our 30th anniversary, we wanted a healthy, environmental & fun day with our team and at the same time to thank & honor our business partners. The idea developed into a full fledge environmental program and to ensure its sustainability it has been added to the sales process to ensure that we do plant trees for each new order; (one tree is planted for each 100,000 Euros portion of the PO). Till now, Technica has planted 735 trees.
- The "Technica Greenify" campaign was sent to our customers and also to all our contacts. The customers' responses we received were very positive and encouraging; some will replicate the idea. **(ISD2)**
- We segregate waste and dispatch to recycling centers and e waste recycling initiative **(PSD15)**
- In line with our initiative to create shared value for the community, Technica has designed and donated to the municipality of Bikaya the sorting conveyors for their waste treatment project Biclean.
- We installed Solar panels at the company roof to generate electricity
- We celebrate Environmental days during the year, like Earth Day, World Water Day, etc. by sending awareness posters, making events, etc

Examples
• Awareness raising or training of employees on environmental protection
• Initiatives and programmes to reduce waste materials (e.g. recycling) and consumption of resources (energy, fossil fuels, water, electricity, paper, packaging, etc.)
• Activities aimed at improving the energy efficiency of products, services and processes
• Development and diffusion of environmentally friendly technologies
• Raise awareness among suppliers by asking for the environmental footprint of products or services
• Environmental management system to identify, monitor and control the company's environmental performance
• Allocation of responsibilities for environmental protection within your company

Measurement of outcomes
Description of how the company monitors and evaluates environmental performance.

Among our company KPI's, the ones related to the environmental performance are:
- Weight of paper, aluminum, steel and plastic recycled monthly
- Number or trees planted monthly

An external environmental audit was conducted by the Ministry of Environment for compliance with environmental standards and to evaluate the company environmental performance. Results were reviewed by top management and action plan was set accordingly.

Examples
- Information about how your company deals with incidents
- Investigations, legal cases, rulings, fines and other relevant events related to environmental principles
- Specific progress made in the area of the environmental protection during the last reporting period
- Periodic review of results by senior management
- External audits of environmental performance

Anti-Corruption Principles

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

Assessment, Policy and Goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

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Examples

- Assessment of risk of corruption and bribery in the company's industry and country(ies) of operation
- Written company policy of zero-tolerance for corruption, bribery and extortion
- Reference to (or statement of support for) the UN Convention Against Corruption and other international instruments
- Protocol to guide staff in situations where they are confronted with extortion or bribery
- Policy requiring business partners and suppliers to adhere to the anti-corruption principles
- Specific goals in the area of anti-corruption for the upcoming year

Implementation

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

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Examples

- Suggestion box, call center or grievance mechanisms
- Awareness raising or training of employees about company's policies regarding anti-corruption and extortion (e.g. mailings, internet, internal communication, etc.)
- Allocation of responsibilities for anti-corruption within the company
- Participation in industry initiative or other collective action on anti-corruption

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

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Examples

- Information about how your company deals with incidents of corruption
- Internal audits to ensure consistency with anti-corruption commitment, including periodic review by senior management
- Investigations, legal cases, rulings, fines and other relevant events related to corruption and bribery
- Specific progress made in the area of anti-corruption during the last reporting period
- External audits of anti-corruption programs