



MARCHESI

5. 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.

5.1 Assessment, Policy and Goals

Our employee handbook and code of conduct show clearly employee rights, compensation and responsibilities. Each employee receives and signs his/her related job description, a clear explanation of the risks associated to his/her job in relation to safety and occupational diseases, signs a standard labour contract as promulgated by the local labour bureau and receive company, department and post training. All employees work here willingly and no employee is forced to work overtime. The company controls the overall amount of over time within the regulation.

5.2 Implementation

The Conciliation committee of employees of Marchesi is working well. Any issues can be discussed in this forum. This is the principle channel of collective bargaining in Marchesi. With regards the safety of our employees we evaluate all working conditions and make sure that, where necessary, the correct personal proactive equipment (PPE) is used by employees and the distribution of the PPE is tracked in written and filed. We act in accordance with the law by annually checking the health of team members toward occupational disease prevention and change their jobs if any risk for them arises. During Daily workshop audits the work environment is constantly reviewed for any new or potential safety risks and appropriate actions are taken if needed. We fully commit to providing safe working environment. New employees receive relevant training during orientation stage; and existing employees receive relevant training during orientation and existing employees receive “refresher” training at various intervals. We have passed the OHS18001 certification in 2009 and every year we refresh the certification with the related issuing body.

5.3 Measurement of Outcomes

The average age at Marchesi is 34.8 years old. Our youngest employee is 19 years old and our oldest employee is 55 years old. Our top management team is made of ten Chinese managers and two foreign managers; of the management team members, two are females.

Company-wide, female employees represent 31% of the headcount. Minutes

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of the Conciliation committee meetings will be recorded and reviewed in management meeting and appropriate actions will be taken in order to resolve any conflicts or issues. We have also passed audits from renowned multinational companies and third party as SGS who focus strongly on Corporate Social Responsibility and check for our compliance in these areas.

6. 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

6.1 Assessment, Policy and Goals

In our Environment Quality Manual, Marchesi clearly describe its environmental policy, which is a public document. On our website (www.marchesi.com) we publically share our environmental viewpoint:

"We work safely and responsibly in a manner that protects respects and promotes the health and well-being of the individual and the environment."

Other extracts of our policy include, "Environmental work aims to reduce our waste, consumption of natural resources, use of fossil fuels and that our products to the greatest extent possible is reused or recycled", as well as, "We work primarily with companies/suppliers who share our view on the environment."

6.2 Implementation

We have passed the ISO14001 certification in 2009 and every year we confirm the certification by audit of the related body. We assessed our environmental impact and we now measure our energy consumption and transport data, which is converted into CO² emissions. The responsibility for the environment lies with our EHS representative who conducts a monthly audit in conjunction with our monthly workshop 5S audit.

6.3 Measurement of Outcomes

The CO² emissions are monitored on a monthly basis from January 2010. We will try our best to reduce its figure over the time in proportion to our production status. We have been particularly successful in reducing the hazardous waste production by investing in equipment; in containing the electric consume in investing in geothermal air conditioning and in controlling the air emissions by importing most advance equipment from Germany to treat the casting workshop air.