

UN Global Compact COP

Period covered by your Communication on Progress (COP)

From:

5 June 2017

To:

5 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).

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.

The healthy workplace program is supported by top management and it is implemented and promoted on all company level:

- Technica is a family business, 36 years old.
- The founder, Tony Haddad, embedded the family values into the culture and values of Technica.
- Technica is a big family of 177 members where each member is valuable to the company (refer to Values Statement (LSD1), Culture elements (LSD2), Policies and regulations).
- We have an integrated BMS that includes the ISO9001:2015, The ISO45001:2018, THE LEAN management concepts and the WHO framework to govern our work processes.
- One element of our culture is "Servant Leadership": We are servants' first, leaders second. (LSD3)
- The ESP (employee satisfaction program) based on the WHO framework is integrated into our business management processes (based on ISO 9001:2015) to ensure continued implementation.
- Within our processes we have created a system to gather constant feedback from the team in order to improve the program.
- The program is promoted via internal campaigns, meetings, internal audits, key measurement results, dashboards and reports to all employees in the company.
- We have a Safety department with a safety officer accountable to ensure a healthy and safe work environment. The safety system at Technica is applied upon to ISO45001:2018 standards.

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 have developed programs in line with the WHO framework and integrated them in our healthy workplace program, below are the main one:

Physical work environment:

- We have assigned resources as safety buddies, Internal Safety auditors, fire fighters and first aiders; they are subject to tests and evaluate their performance, they sign a pledge and are yearly appraised by the Health and Safety Environment Officer. An Incident management procedure created to handle accidents at Technica or customer site and to control the emergency response.
 - Fire emergency instruction is created and fire drills are done to ensure people will be ready in case of fire.
 - Ergonomic study done by an expert and improvement suggestion implemented in factory & offices
 - A physiotherapist performed a session to teach employees how to have a healthy lifestyle in the workplace.
 - Factory ventilation system redesigned to meet required health standards. (PSD1)
 - Heating system study for the factory and implementation in 2015.
 - Applying the Lean management concept and 5S in offices and factory.
- As part of our BMS, and according to the ISO45001:2018 we assess and measure employees health needs from:
- Internal audits: Identification or assessment may be done internally from our internal auditors, safety buddies, first aider, fire fighters or company doctor.
 - External audits done by external experts and by the safety officers of our multinational customers, mainly PG and Unilever.
 - Safety Officer and Quality Manager are making daily tours in factory to encourage people applying the 5S and to ensure safety awareness.
 - 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)
 - New policy was launched as such to allow the team to have a healthy work life balance.

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.
- Internal surveys to inquire about employees needs and input
- Special health events and campaign based on the WHO calendar (example: launching the anti-smoking program on world no tobacco day)

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.

As per our below procedures: PA; OFI; SER; Technica award:

- Performance Appraisals are done in a yearly basis in Technica to evaluate the individual performance/productivity based on performance indicators and analyzed by top management.
- Technica Award: Technica Award System is generated to create motivation by recognizing and rewarding cost saving, initiative and innovation.
- OFI: Opportunity for improvement system is done to encourage people to raise any idea or suggestion that help in changing and improving the work.
- SER: Safety / Environment Improvement system is created to eliminate the unsafe and risky work, by raising requests whenever facing any near miss or accident during work.
- Strategy Tours and questions are created to ensure the implementation and achievement of the new strategy.

We have 4 categories of measures (CSD4):

- Strategic objectives measures
- Initiatives and department activities measures
- BMS Processes measures.
- Individual performance measures
- 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 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;
Objective: Preserve technical knowledge wealth and communicate it to the team;
KPI: Coaches evaluation grade >6.5
KPI: Technical training ROI range >75%
Objective: Digitalize our supply chain,
Objective: Develop a project based structure,
KPI: Project related position population average per activity.

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.

- Performance Appraisals are done in a yearly basis in Technica to evaluate the individual performance/productivity based on performance indicators and analyzed by top management. 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.
- Flexible working hours for mothers, possibility to leave in case of need at home with no prior notice and breastfeeding space secured.
- Flexible working hours for Students.
- Personal accidents 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.
- Company leaders' and Sales team and assessments done by two different outside expert.
- Training and coaching needs were defined and a training program planned accordingly
- Music club
- Court in the company and different kind of sports are allowed

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)
- Accident Report/Near miss Request
- Safety Buddies and Internal Safety auditors
- Organization capital survey, conducted yearly (WSD6)
- Technica award system; to reward innovation, initiative and cost cutting (WSD7)
- WHO committee weekly tour report (WSD8)
- Input from the team 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 above procedures 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.
- In 2010, after 2 consecutive years of severe loss due to the global financial crisis, the company needed a turnaround. The leadership decided to involve and engage all the staff in this turnaround; meetings and group discussions were conducted

- Same as 2016, when the company did not make enough profit, the management decided to retain the bonus and increases for HOD's and Top Managers
- Tough decisions were taken like freezing of salaries for 18 months, cutting down bonuses, removing supervisory layers, eliminating nonproductive tasks.
- The team was supportive though the decisions affected their direct income.
- Results showed: in the next year, we made a 15% EBIT, up from -5% on the previous 2 years. This success was made possible thanks to the family spirit and the commitment of each and every one to the noble cause and the alignment to the vision established by the leaders.
- In the same spirit we have involved and collected the inputs of all staff to be considered in setting our strategy map, according to the model of the balanced scorecard system.
- Strategy Games and questions are being done to submit the new strategy to all employees.

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.

Internal surveys to inquire about employees needs and input

Special health events and campaign based on the WHO calendar (example: launching the anti-smoking program on world no tobacco day, Remi Rebeiz Young Heart Foundation)

Personal health resources:

- Assigned a company doctor with an examination area.
- Each employee has an employee health record sheet, filled by the doctor.
- Each employee has specific health 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.
- A dietician presented healthy eating habits and had a one-on-one session with each of our employees.
- We have a basketball and football team and we participate in Intercompany tournaments
- We have a court with much different kind of sports (football, basketball, volleyball, ping pong ...)
- No smoking environment
- Smoking is not allowed during working hours, in the company and its premises.
- A physiotherapist gave exercises based on job requirements.
- 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.
- Firefighting training and fire drills were built on a game with fire fighter department.
- A seminar for employees on the foundation of the young heart was held and tests were conducted for all employees and their children less than 36 years of age.

Physical work environment:

- We have assigned resources as safety buddies, Internal Safety auditors, fire fighters and first aiders; they are subject to tests to evaluate their performance and they sign a pledge and are yearly appraised by the Health and Safety Environment Officer.
- An Incident management procedure created to handle accidents at Technica or customer site and to control the emergency response.
- Fire emergency instruction is created and fire drills are done to ensure people will be ready in case of fire.
- Ergonomic study done by an expert and improvement suggestion implemented in factory & offices
- A physiotherapist performed a session to teach employees how to have a healthy lifestyle in the workplace.

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.
- We have an integrated Business Management System that includes the ISO9001:2015, the ISO45001:2018, the LEAN Management concepts, the WHO framework, the legal requirements related to safety and the ISO 31000:2009 to govern our work processes.
- A Business Management System policy is drafted based on the 6 standards above and communicated to all company employees.
- A Fire Emergency Instruction is created and communicated with employees to be ready in case of fire.
- Fire drills are being done to make sure all staff is aware of that.
- We have a safety department with a Health & Safety Environment Officer accountable to ensure a safe work environment and to apply the OHSAS 18001:2007 safety management system.
- To ensure sustainability, we have created a "healthy workplace program committee". The committee consists of: HR Manager, Quality Manager, Strategy Manager, Strategy Manager Assistant and Health & Safety Environment Officer. The committee reports directly to the General Manager.

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 Bikfaya the sorting conveyors for their waste treatment project Biclean.
- 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)
- Thanks to this cycle of continuous improvement, we became an approved vendor to PG on a global level. (CSD2)
- We are also certified by PG safety department as an approved contractor on their sites.
- We have joined the Lebanon Climate Act and we participated in the Business Knowledge Platform training sessions. We were awarded as one of the leading business organizations in Lebanon for setting a climate action plan to mitigate climate change and reduce our environmental impact and carbon foot prints.
- We have participated in Lebanon Environmental Pollution Abatement Project (LEPAP) and we were audited by the ministry of environment and consultants for compliance with environmental regulations.
- We are members of the SDEEC: Sustainable Development, Environment, and Energy Committee in association of Lebanese Industrial Lists.
- installed Solar Panels to generate electricity from alternative sources
- We celebrate Environmental days during the year, like Earth Day, World Water Day, etc. by sending awareness posters, making events, etc
- Putting salt on icy roads for community safety after snow storms

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 of trees planted monthly
- Our accidents rate is reduced by 20%
- Employee satisfaction, engagement and commitment is increased.
- 60% of our waste is recycled and more than 2000 trees are saved since 2012.
- 3 employees have stopped smoking so far. Recently, smoking is not allowed during working hours.

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.

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.

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.

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