

STATEMENT OF CONTINUED SUPPORT FOR THE GLOBAL COMPACT

On behalf of KCE Electronics Public Company Limited , I am pleased to reconfirm our company's commitment to the UN Global Compact.

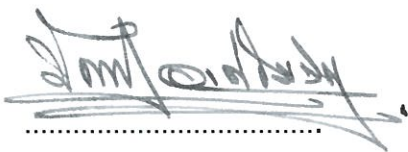
Since 2007 KCE became a member of the United Nation Global Compact . KCE's operations and strategies continue to follow the ten principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

We are submitting our annual Communication on Progress (COP) which covers the period from 2010 to 2011.

This COP is reported in accordance with the published guidelines on disclosure with separate sections on commitment, systems, actions and performance. We describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

KCE remains committed to achieving a sustainable business and to providing market-leading sustainability services. We believe that our continuing adherence to the UNGC Principles provides means for realizing this aim and that the COP provides us with an opportunity to share our experiences with all stakeholders.

This COP will be available both on the UNGC global and KCE website www.kcethai.in.th .



(Mr. Bancha Ongkosit)

Chairman & Managing Director

HUMAN RIGHTS

Principle#1: *Business should support and respect the protection of international proclaimed human right.*

Principle#2: *Business should make sure that they are not complicit in human right abuses.*

KCE is dedicated and committed to upholding the United Nations' Universal Declaration of Human Rights and all other international, regional and/or local bylaws that apply to KCE such as Labour Protection Act.B.E. 2541, Labour Relation Act., Social Security Act., and Workmen Compensation Insurance Act. To ensure that we are constantly improving our commitments to the UN's Universal Declaration of Human Rights, KCE is continuously reviewing and revising our internal and external policies.

We treat our employees and clients without discrimination of any kind, such as race, color, sex, language, religion, political status, national or social origin, property, birth and other status. We announce that everyone has equal right to work with us as long as they are competent. We also recruit people regardless of their religions. Although most of KCE employees are Buddhists, some of our staff members are Muslims and Christians.

KCE ensures that corporate social responsibility, of which human right is a core component, is an intergral part of the company's strategy and that we continue to have a positive impact on people and communities.

In 2011 and 2010, KCE has continued its commitments to various charities, non-profit organizations, partnership, in-kind donations, and pro bono work.

Outcomes

- KCE granted scholarship for graduate students of Mahidol University .
- Donation of money and belongings to the disadvantaged younger generations at Dhamanurak Foundation, Tambol Saiyok, Kanchanaburi
- Donations of money and other necessary items, such as rice, preserved food and medicines, to help patients with HIV at Wat Phrabat Nampu, Lopburi Province.
- Blood donation by the employees of the Company to the Red Cross
- Donations to the flooded victims along with the Industrial Estate of Thailand
- Donations to the Hati victims along with the Industrial Estate of Thailand
- Donations of money and other necessary items to the fllooded victims in Ayuddhaya Province

- Donations of money and other necessary items to the victims of flood and tropical depressions, a total of 250 families who were living at Tambol Nang-Long, Nakornsri Thammarat Province.
- Scholarship Donation to the Wat Cham Toei School, Tambol Dinthong, Phitsanulok Province.
- Granted scholarship to the KCE employees' children.
- Project " KCE for Flood Victims in Southern of Thailand " and donation of 1,000 survival kits containing of rice, food, drinking water, and other necessary items.
- Project " KCE for Ayudthaya Flood Victims " helping 700 families in Ayudthaya through provision of rice, food, drinking water and other necessary items.
- Donation of 2,000 survival kits of rice, food, drinking water and other necessary items for flood victims in Ladprao, Don Muang, Vibhavadee Road, Phaholyothin Road and Lumluka, Prathumthani.
- Scholarship donations of 50,000 Baht to Wat Ban Wang Tarn School, Amphur Tungsaliang, Sukhothai Province.
- Gift donation of 50,000 Baht to disadvantage children in area near Lat Krabang Industrial Estate.
- Scholarship awards for " Thai Youth and Thai Society ", the Art Competition project conducted by Manarom Hospital, Bangkok.
- Restoration of School buildings, provision of lunch to students, donation of school and sport equipment and 50,000 Baht to Ban Nern Pattana, Amphur Nongphai, Petchaboon Province.
- School and community New Year Gift Projects.

KCE worked to develop a corporate standard regarding human rights of the employees. KCE aims to set its employee wages and labor practices and other issues as spelled out in the Universal Declaration of Human Rights and other international human rights standards.

Outcomes

- KCE Workforce represents the Company's most valuable assets. Staff development both professionally and personally are encouraged so that KCE employees can attain the highest level of competence.
- KCE employees received fair treatment with salary and benefits comparable or better in those in the same industry.
- Each employees receives an Employee Handbook which defines rules, regulations, procedures, and welfare for KCE's employee.

- The KCE welfare committee looks after the employees' benefits with subcommittee for housing, life and health insurance, transportation, scholarship for employees' children and food services.
- KCE also offers " Employee Stock Option Program " as an incentive for the employees' contribution and to help motivate employees' dedication to reach the Company's goal

In 2011, 2010, the benefits and activities offered to KCE employees are :

- Provident Fund
- Health Insurance, Accident Insurance & Group Insurance
- Various bonuses that include : Shift Bonus, Attendance Bonus-for employees who are not absent, leave, late in the month more than the number of days required. And Monthly bonus for staff whose salary is not over Baht 12,000.
- Stipend to assist with cost of living for all employees
- Housing benefit for all KCE employees.
- Free general physical and medical examinations are provided annually for employees
- Laboratory blood tests are offered twice yearly as a preventive measure for those working with chemicals.
- Twenty-four hour first-aid nursing service is also available at every plant
- Financial assistance for : funeral cremation, weddings and gifts for those hospitalized.
- The right to leave e.g. Personal leave, Sick leave, Annual leave, Maternity leave, Ordination leave, etc.
- Lectures on health topics such as Birth Control, etc.
- Free rice and low cost consumer product sale monthly.
- Courses and training to develop alternative skills and extra income such as mirror art and production of organic fertilizer.
- Religious Ceremony and Merit-making for New Year
- Safe Driving with No Alcohol Project for Songkran Holiday
- Thai Religious Ceremony on Songkran Day
- Religious Program : Offering Candles and Robes for Buddhist Monk 2011 at Wat Noi Suwannaram, Samutprakarn
- Corporate Activity – Walk Rally at Kaolon, Nakornnayok Province
- A marathon in the honor of his Majesty the King on December 5th.
- Training and seminars on White Factory Project to rid of drugs usage.

- KCE employees received training and education for safety, health, environment and other work related issues to foster development and improvement of knowledge, skills and to maximize the potential of the employees.

In 2011, 2010 , the training courses for the employees included, but not limited to, the following:

- Training on the "Thai Labour Standard TLS 8001-2010" with the Company's administration in establishing the Thai Labour Standard System, where all employees must be informed of the regulations corrective and in the same manners.
- Courses on "Internal Auditing TLS 8001" to standardize internal auditing process in accordance with Thai Labour Standard TLS 8001-2010.
- Training Course "Role, duties and responsibilities of the working committee and superintendent on energy management " provided annually by experts in area of energy conservation.
- Training Course " How to control unexpected events: management and problem solving "
- Courses on KPI (Key Performance Index) to help staff at all level to have the knowledge and clear understanding of the concept and able to implement KPI to measure the performance of individual's work.
- Corrective and Preventive Technique by 8D course to improve Quality Control System through problem analysis and corrective action as well as preventive action annually.
- Workshop on " Seven Habits of Highly Effective People" is held twice yearly for product supervisors and managers to facilitate develop of 7 principles; vision, leadership, interpersonal relationship, communication, empathy, teamwork and creativity.
- Course on " Request to Change Working Group through the Home Service System " (a system that manages KCE internally) for all employees to have a better understanding on how to operate the Home Service System. The training is for senior supervisor and supervisor level.
- Courses on " Procedures to Request for Work Leave Application on the Home Service System" for all employees to be able to use the service in a correct manner.
- Problem-solving and decision making
- Teaching skills
- Organizational problem solutions through TQM.

- The safety of the employees is utmost important and KCE implements strict safety policy. There have been various training and seminars for safety, health, environment and other work-related issues to foster development and improvement of knowledge and skills to maximize the potential of the employees.

KCE Safety Policy:

- Work Safety at KCE is every employee's responsibility; each individual at all levels must collaborate to contribute to the safety for oneself and others.
- KCE encourages and supports every form of safety-related activities such as training courses, motivation, improvement of workplace conditions and environment.
- Every supervisor and all work level above have the responsibilities to monitor the safety of the subordinates and to oversee that the safety rules are strictly adhered to.
- All employees will participate and cooperate with all the company's safety and occupational health project.
- KCE monitors and evaluates the results of the implementation safety and occupational health policy in order to ensure strict compliance and maximum effectiveness.

Safety Training

- Chemical Hazard Training
- Emergency Response Team (ERT)
- Fire Fighting and Fire Drill
- Safety officer training is offered annually for supervisor-level staff to educate staff regarding work safety; safety and relevant laws; prevention and control of accidents, occupational health risks, identification of incidence and illness from occupation or industry.
- Restriction of the use of certain hazardous substances, ELV (END of Life Vehicle) WEEE (Waste of electrical and electronics equipment) Course.
- Course on Emergency control of fire caused by short-circuited electricity to help trainees to control fires that are caused by electricity and flammable gas such as Acetone.
- Providing and training of PPE (Personal Protection Equipment).
- Forklift Skills and Safety Training
- Technical Development Project for operating personnel to conserve energy in the utilization of equipments such as water pumps and fans.
- Annual Radiation Safety for those working with radioactive material

- Free general physical and medical examinations are provided annually for employees.
 - Twenty four hours first-aid nursing service.
 - Monitoring work environment such as sound level, heat, lighting, and chemical concentration in workplace.
- To publish the position on human rights on the company's website. The position states that KCE will:
- Promote the protection of international human rights within our sphere of influence
 - Reach out to promote the right to health
 - Actively promote equal opportunities and diversity
 - Make a valuable difference by our example and presence
 - Contribute to the development of international standards on human rights for business.

It is our policy that when an extreme or high risk of human rights abuses is detected in the organization or in a business relationship, we will consider whether providing our services might contribute to such abuses in any way. We will engage with appropriate stakeholders to determine a suitable course of action, monitor the effectiveness of any subsequent measures and demonstrate our opposition to human rights abuses.

- KCE is aware of the responsibilities to the stakeholders, respects the stakeholders' legal rights and ensures that those rights are protected.
- KCE provides fair treatment and takes into account the interests of the stakeholders which include, but not limited to, various groups ; the shareholders, the employees, the management, the customers, the suppliers, the creditors, the community, the society, the government, the environment, the public, etc.
- KCE sets a clear policy on a fair treatment for each and every stakeholder. The rights of stakeholders that are established by law or through mutual agreements are respected.
- Any actions considered to be the violation of stakeholders' legal rights are prohibited. Any violation will be effectively redressed.
- KCE provides a mechanism that stakeholders can involve in improving the company performance to ensure the firm's sustainability.
- In order for stakeholders to participate effectively, all relevant information is disclosed to them in 56-1, the KCE Annual Report, and the Company's website: www.kce.co.th.
- KCE honors commitments to stakeholders; competes in business fairly and ethically provides fair and equal treatment to employees and assumes the responsibility to society. The policy is clearly stated in the Corporate Governance Handbook.

- KCE employees receive fair treatment with salary and benefits comparable or better to those in the same industry. Each employee receives an Employee Handbook which defines rules, regulations, procedure, and welfare.
- The KCE welfare committee looks after the employee's benefits with subcommittee for housing, life and health insurance, transportation, scholarship for employee's children and food services.
- The Company also offers "Employee Stock Option Program (ESOP)" as an incentive for the employee's contribution and to help motivate employees' dedication to reach the company's goal.

Procurement Management

- KCE believes in being fair and defined conduct ethics in dealings with all parties having a business relationship with the company.
- The procurement policy and the service acquisition process are clearly defined.
- The material purchasing procedure, the supplier and the subcontractor qualification procedure, the terms and conditions are set to ensure fairness between the Company and suppliers by way of transparent procurement system.
- The Company abides by the terms and conditions stipulated in contracts and make timely payments.
- KCE suppliers and subcontractors are selected through considerations of various conditions for procurement such as appropriate pricing, reliable response, safe, punctual and prompt delivery, technical support, and after sales services.
- Qualified suppliers with a rating equal to or lower than one for any of the necessary conditions will be listed for improvement requirement in the supplier improvement report.
- Supplier improvement report is sent to the supplier requesting for a corrective action within five working days with a follow-up by KCE purchase department, if there is no response within the specified period. If there is still no response, the supplier's response or correspondence rating is reduced by one level with a notification of such action to the said supplier.
- KCE also invites suppliers of important raw material for meetings at the company to consider terms and conditions, price, quality, logistics as well as other related issues to maximize efficiency.

Creditors

- KCE is committed to discipline in the operation of our business and ensure that all business decisions and actions comply with all applicable laws and regulations.

- The Company observes good standards of behavior and honoring all commitments made to creditors.
- The Company performs according to the terms of the loans and respect obligation towards creditors with prompt communication and information when deemed necessary.

Competitors

- KCE performs business transactions ethically and transparently.
- Business competitions are conducted fairly without illegal or unethical practices.
- KCE does not seek for secret information owned by the competitors in an unethical matter or unsuitably such as payment for the competitors' employee to leak valuable information.
- KCE also does not intentionally damage the competitor's reputation.

Awards

The Company has been awarded ISO 14001 which is the Certificate for Effective Environmental Management System from SGS Thailand, and the accreditation from ISO/TS 16949, the Certificate of Quality Management System of Technical Specification for Automotive Production and Relevant Service Part Organization.

Other Awards

- Award " Quality & Integration Supplier of The Year" from Jabil Circuit, Mexico
- Certificate " Green Partner " from SONY Corporation
- Certificate and Award " Supplier of The Year 2002" from Continental Temic, Germany
- Certificate and Award " Preferred Supplier" from SIEMENS VDO AUTOMOTIVE, Germany

LABOUR STANDARDS

Principle # 3: *Business should uphold the freedom of association and effective recognition of the right to collective bargaining.*

Principle # 4: *Business should support the elimination of all forms of forced and compulsory labour.*

Principle # 5 : *Business should support the effective abolition of child labour.*

Principle # 6 : *Business should support the elimination of discrimination in respect of employment and occupation.*

KCE recognizes that our employees are our greatest asset and to ensure that we are able to recruit, hire, and retain the most talented individuals in our organization. We strive to assist all of our employees in maintaining a balanced work life and to provide flexibility to employees on an individual basis.

- KCE supports the right and freedom of the employees by establishing committees with employees' representatives for employees' welfare and to benefits such as cafeteria, transportation, safety, health and environment as well as for corporate recreational activities , New Year celebration, and Employees' committee.
- Moreover, KCE recognizes the right to collective bargaining and allow the establishment of a Labour Union to represent the workforce in negotiation with the company and support the union's activities to maintain a good relationship between the workforce and administration.
- KCE conducted a training necessity analysis for specific roles within the organization. We arranged several training programs for our staff according to specific role's training needs.
- KCE is committed to the development of our staffs and the enhancement of our organizational capabilities through investment in learning and career development.

KCE complies with the relevant laws relating to employment and employment conditions. Subject to relevant laws where we operate, we fully respect the right of our people to freedom of association and representation either through trades unions, works, councils, or any other appropriate forum.

Outcomes

- Prior to employment, it is our policy to be transparent about the working terms and conditions. KCE employee's policies are specified within employment contracts. These contracts clearly state the actual working conditions and their rights. So, all employees are aware of its existence and agree upon it before signing.
- KCE offers equal employment opportunities to all. The people we recruit and promotion are selected on merit and suitability.
- KCE has an annual performance and career development review process which provides all employees with the opportunity to receive regular reviews, regardless of job, grade, gender, age or ethnic origin.
- KCE 's risk management demonstrates that there are no situations in current or planned business arrangements in which child labour is or is likely to be a factor. We have appropriate systems in place to ensure that we do not employ child labour.
- We have enhanced our ability to identify opportunities to influence others to abolish child labour and are considering further embedding this within our existing risk management systems.

- KCE recognizes the importance of the workforce and prohibits any form of forced or compulsory labour.
- Adhering to the Thai Labour Law, KCE announces its yearly holidays, calendars of overtime schedules and working on holidays for all employees' acknowledgement.
- The policy for pregnant employees is announced by the company. Pregnant employees are prohibited to work in situations deemed as detrimental to the pregnancy, the health and safety to the woman. Pregnant employees are prohibited to work during 22.00-06.00 hr, to work overtime, to work on holidays so that the pregnant employees can rest and take care of their health.
- Pregnant employees are prohibited to do any of the following work:
 - Work connected with vibrating machinery or engines.
 - Work which moves along or goes off together with a vehicle.
 - The work of lifting, toting, carrying with both hands, carrying suspended from the ends of a pole across the shoulder, carrying on the head, dragging or pushing a heavy objectives .

KCE participated in the Thai Labor Standards Project organized by Department of Protection and welfare, Labor Ministry and received accreditation on 1st of June 2010.

The Company aims to comply with the Thai Labor Standards and has established the company's policy following the guideline provided by the Thai Labor Standards as follows:

- KCE prohibits employment of children under the age of 15 years old.
- KCE prohibited employee under the age of 18 years old to work in situations deemed as hazardous or in an environment that may be harmful to the employee's health.
- KCE will register and record the working hours of employees under the age of 18 years for inspection by related agencies.
- KCE announces child labour policy employees, related suppliers and subcontractor to follow accordingly.
- In 2010, KCE employed a total of 1,631 employees and in 2011, a total of 1,685 employees. All KCE employees were above 18 years of age with no employees between 15-18 years of age.
- The recruitment and the selection process of employees of KCE are based on non-discrimination policy and the guideline of Thai Labor Standard.
- KCE has the highest understanding of professional equity, by believing that our success is not based on abilities of a couple or individuals, rather it comes from real team work

practices. Diversity helps us attract and retain the best talent, be more creative, create a better work environment and provide our clients with the most informed counsel possible.

- All employees are awarded equal opportunities to develop the knowledge, skills and competence that are relevant to their job. KCE started to conduct a training needs analysis for specific roles within the organization.
- KCE seeks to disseminate to the staff, among other relevant information, applicable laws and regulations, international regulations ratified by the country on eradication of child labour and current debates about these issues.
- KCE's employees are not discriminated against because of gender, race, origin, background, religion, marital status, sexual orientation, disability or age.
- Every employees salary increase is depending on their performance and their added value of their work. All employees are accorded equal opportunities to develop the knowledge, skills and competence that are relevant to their job.
- We seek to eradicate discrimination, increase cross-cultural understanding and eliminate workplace violence and harassment. In addition to all above, KCE organizes in-service training which are learning languages, training first aid, rules of protocol, training occupational courses, and personnel developing courses, team work and regular social events, which are New Year party, Walk Rally, and other sport activities.

ENVIRONMENT

Principle # 7 : *Business should support a precautionary approach to environmental challenges.*

Principle # 8 *Business should undertake initiatives to promote greater environmental responsibility.*

Principle # 9 *Business should encourage the development and diffusion of environmentally friendly technologies*

KCE recognizes the importance of being a socially and environmentally conscious company and demonstrates this through a strong set of policies and objectives that shape the scope of the business and the way that it deals with clients and suppliers.

KCE is committed to establishment of Environment Management System through complying with the KCE Environment Management Policy as follows:

- The Company will continuously meet the legal requirement as well as contributes to the improvement of environmental issues.
- Reduction of waste materials

- Effective and efficient utilization of natural resources.
- Continuous assessment and evaluation of the environment management system, to review objectives, and targets to ensure success of the effectiveness of the system
- Promote and develop staff awareness and responsibility to the environment through communication, provision of relevant information and cooperation among staff, suppliers, customers, government agencies

KCE continues to dedicate ourselves to a variety of environmental initiatives through donations, in-kind research, memberships, and active participation.

Outcomes

- All KCE employees should be able to enjoy a work environment that is free from harassment and free from discrimination including that of race, colour, national origin, ancestry, religion, marital, age and gender. Any harassment or discrimination of employees or others at KCE undermines the integrity of our employment and our relationships. This conduct is unacceptable and will not be tolerated. KCE expects its stakeholders and clients to support these guidelines.
- KCE applies the precautionary principle and seeks to minimize the environmental impact of its activities. Social and environment impact assessments and reviews are performed regularly in accordance with international standards and requirements.
- KCE aims at collaborating with stakeholders for protection of environmental quality and environmental values, to use every effort in use of energy and natural resources for a sustainable life and environment, to work for the development and implementation of environmental friendly clean technologies, voluntary environmental management systems and environmental standards and to collaborate and exchange information with local, national and international organizations to that end.
- KCE has maintained strictly environmental law and regulatory requirement, including concerned environmental directives such as RoHS, WEEE, REACH, etc.
- KCE provides on-going induction and training on Environmental Management awareness to provide employees with an insight into our environmental efforts at both company and office levels.
- KCE will continuously improve our environmental performance, to promote environmental awareness and integrate environmental considerations into our business processes, to develop and apply sustainable processes and products, to reduce our use of resources and strive to prevent pollution, to monitor and evaluate environmental performance throughout the entire supply chain, engage in stakeholder dialogue and partnerships and report on our performance, and to comply with environmental legislation and relevant requirements.

- The Company has promoted environmental awareness throughout the organization. Managers and employees have joined with the growing of the Mangrove Forest Project at Cultivation Department, Reservation Area 3, Petchaburi.
- KCE started to reduce paper consumption and encourage its employees to use alternative products such as recycle paper and avoid unnecessary expenses. KCE encouraged the staff to correspond and communicate from electronic issues and minimize paper usage.
- Energy and natural resources are utilized effectively and efficiently. KCE has appointed energy management committee to participate in energy saving project. The target for electricity and water consumption are defined in the company. The Company has established waste water treatment plant and air emission prevention system to treat waste water and air before discharge.
- KCE is committed in contributing to the development of public policy and to businesses, government agencies, and international programs and non-government organizations' initiatives that will enhance environmental awareness and protection through the public release of selected research findings.
- KCE is dedicated to create more environmental friendly products to produce Environmentally safe PCB products and work with our customers and raw material suppliers to produce environmental friendly products such as Lead-Free and Halogen Free Products as well as the use of environmental friendly packaging material by using bubble packaging product instead of plastic foam.

Environmental Performance in 2010, 2011

| Item | Frequency | Parameter / Test Item | Period | Analysis Result |
|--------------------|--------------|------------------------------------|--|-----------------|
| Air | Twice /Year | - Air in workplace | February-October 2010 February-October 2011 | Accept |
| | Twice / Year | -Air emission from stack | February-October 2010 February-October 2011 | Accept |
| | Twice / Year | -Total Dust | February-October 2010 February-October 2011 | Accept |
| | Twice /Year | -Total Suspended Particulate (TSP) | February-October 2010 February-October 2011 | Accept |
| Sound Level | Once /Year | -Sound Level in workplace | October 2010, 2011 | Accept |
| Light | Once /Year | -Light in workplace | October 2010, 2011 | Accept |
| Heat Stress | Once /Year | -Level of Heat Stress in workplace | October 2010, 2011 | Accept |
| Waste Water | Twice /Month | -pH -Metal Content | January-December 2010, 2011 | Accept |

ANTI CORRUPTION

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

KCE believes that the bribery and corruption problems must be tackled by all levels of society. KCE's role as a private company is to act responsibly in all aspects of how KCE conducts business as well as actively supporting relevant initiatives to combat corruption.

KCE is committed to working against all forms of corruption and dedicated to developing clear and precise policies and procedures.

Outcomes

- KCE's financial statements are audited four quarters each year.
- KCE is committed to develop clear and precise policies and procedures that would prevent all forms of corruption in our supply chain.
- KCE strives to give all parties and equal treatment consistently with the set framework by avoiding favoritisms or situations where conflicts of interest may arise.
- KCE employees must follow KCE's Code of Conduct where sensitive information is involved.
- The Board of Directors are responsible for the company's and its subsidiaries' financial reports and the Board's statements are presented in the Company's annual report.
- All information presented in the financial reports is correct, in accordance with generally accepted accounting principles and standards, and has been audited by an independent external auditor.