



**KCE ELECTRONICS
PUBLIC COMPANY LIMITED**

Registration No. BOR. MOR. JOR. 68

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STATEMENT OF SUPPORT FOR THE GLOBAL COMPACT

In 2007, KCE Electronics Public Company Limited (KCE) became a member of the United Nation Global Compact . KCE's operations and strategies follows the ten principles in the areas of human rights, labour, the environment and anti-corruption.

This is our first Communication on Progress (CoP) and covers the period from 2007 to 2008. We are pleased to reaffirm our support for the United Nation Global Compact and to report substantial and sustained progress during a period of continued growth for KCE.

We have reported this CoP in accordance with the published guidelines on disclosure with separate sections on commitment, systems, actions and performance. We have chosen this year to report in a more narrative format as we believe this provides readers with a more accessible insight into our progress.

We are 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.

To this end, the CoP will be available both on the UNGC global and KCE website www.kcethai.in.th . We welcome feedback and comment.

(Mr. Bancha Ongkosit)

Chairman & Managing Director

Communication On Progress (COP)

KCE Electronics Public Company Limited is very pleased to submit the first Communication on Progress (COP) report which covers our accomplishments throughout the year 2008. This report describes our continuing commitment to the UN Global Compact Principles. We have made progress on all issues: strengthening the principles related to environment, community and further develop our performance in other areas covered by employment and human rights and anti-corruption with the goal to attain sustainable success.

Furthermore, KCE implements the Global Compact principles into its business within its sphere of influence. We actively supports the proliferation of the Global Compact by providing case studies and giving presentations related to Global Compact activities, through international events and KCE networks.

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. 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.

KCE treats our employees and clients without distinction 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 has continued its previous year's 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 .
- Fund Donation for the School construction for Baan Pha Gee School, Mae Salong District, Chiang Rai.
- Granted scholarship to the students at Baan Na Takut School.
- Granted scholarship to the KCE employees' children.
- School and community New Year Gift Projects.
- Annual Blood donation by the employees of the Company to the Red Cross Foundation with the Industrial Estate of Thailand.

- Donation of food, clothes, stationeries and other necessary items for orphans at Wat Bot Woradit, Ang-thong Province.
- Donation of various necessary items to orphans at Wat Suan Kaew through the Lat Krabang Industrial Estate Donation Project.
- Donation of clothes and other necessary items for orphans and HIV patients at Wat Phrabart Nampu, Lopburi Province.

In 2008, 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 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 2008, the training courses for the employees included, but not limited to, the following:

- Chemical Hazard Training-for safe-handling, storage and disposal of chemical.
- Emergency Hazard Training
- 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 if 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).
- JSA (Job Safety Analysis weekly following the guideline for Hazard Identification & Risk Assessment.
- Corrective and preventive Technique by 8D course to improve Quality Control System through problem analysis and corrective action as well as preventive active annually.
- Forklift Skills and Safety Training

- To foster workplace policy by establishing the following 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.
 - 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 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; through mail, email, telephone, and company's website www.kcethai.in.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 employees receives an Employee Handbook which define 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.

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 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 must agreed upon it before signing.
- KCE has the highest understanding of professional equity, by believing that our success is not based on abilities of a couple of 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 has always been supportive of the freedom of association and the effective recognition of the right to collective bargaining.
- 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.

- 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 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 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.
- KCE offers equal employment opportunities to all. The people we recruit and promotion are selected on merit and suitability.
- 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.
- KCE started to conduct 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.
- 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.
- KCE is committed to the development of our staffs and the enhancement of our organizational capabilities through investment in learning and career development.
- 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.

ENVIRONMENT

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

Principle # 8 ***Business should undertake initiatives to promote grater 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 continues to dedicate ourselves to a variety of environmental initiatives through donations, in-kind research, memberships, and active participation.

Outcomes

- 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 on July 5th-6th, 2008.
- 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 2008

Item	Frequency	Parameter / Test Item	Period	Analysis Result
Air	Twice /Year	- Air in workplace	February-October 2008	Accept
	Twice / Year	-Air emission from stack	February-October 2008	Accept
	Twice / Year	-Total Dust	February-October 2008	Accept
	Twice /Year	-Total Suspended Particulate (TSP)	February-October 2008	Accept
Sound Level	Once /Year	-Sound Level in workplace	October 2008	Accept
Light	Once /Year	-Light in workplace	October 2008	Accept
Heat Stress	Once /Year	-Level of Heat Stress in workplace	October 2008	Accept
Waste Water	Twice /Month	-pH -Metal Content	January-December 2008	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.