

Communication On Progress 2013**Statement of continued support**

Kum Hoi Engineering Industries Sdn Bhd (KHEI) became a signatory of the United Nation Global Compact (UNGC) in 2009. Due to some unavoidable circumstances, it was unable to prepare and submit the Communication On Progress (COP) Report on the due date. We therefore take this opportunity to renew the company's commitment to the Ten Principles of UNGC.

This COP sets out our KHEI's policies and actions to continual integrate the 10 Principles into our business strategies, culture, processes and daily operations. We are also committed to share this information with all our stakeholders.



Kevin Chan Kin Wai
KHEI Executive Director
1st June 2013

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure they are not complicit in human rights abuses

- 1) Our commitments and support to both Principles are reflected by our Human Rights & Sustainability Policy, which is attached
- 2) All our key suppliers are also required to adhere to the Principles on Human Rights. This is set out in the Supplier Code of Conduct, which is also attached
- 3) KHEI's working environment is also characterized by an organizational culture which supports and promotes equal opportunities, dignity and mutual respect
- 4) Our employment policies are non-discriminatory as reflected by a workforce that comprises all Malaysian ethnic groupings, in particular, Malays, Chinese, Indians and others. We welcome feedback from our staffs who are encouraged to communicate their concerns and to offer suggestions on improving our Human Rights records. They can do so by way of suggestion boxes. They can also raise employment issues and perceived violations of the Code with their respective superiors, managers or the Human Resources department
- 5) Increasing the awareness of staff on Human Rights. Towards this end, we are now organising a Human Rights awareness training workshop for our staff, both senior executives and support staff, during the second half of 2013

No violation of Human Rights have been reported in KHEI at the time of writing this COP

Labour

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

KHEI's endeavours to align itself with Principles 3-6 are also reflected in our Human Rights & Sustainability Policy, Supplier Code of Conduct as well as our Employee Manual. A large number of our employees are non-Malaysian nationals, coming from Bangladesh, Myanmar and Nepal. Malaysian national laws do not permit them to organise unions or participate in union activities. KHEI has to comply with the national legislation.

Notwithstanding, KHEI is mindful of the need to ensure that all our foreign workers receive their benefits as stipulated in their respective contracts. Every endeavour is also made to ensure that their conditions of employment are safeguarded. For this purpose, KHEI consults closely with a leader chosen by each country group of foreign workers, namely, a leader for the Bangladeshi workers, the Myanmar workers and Nepal workers.

We wish to reiterate that:

- 1) We consider forced labour as a fundamental violation of human rights. We are therefore against this practice
- 2) All foreign workers benefit from contracts which state that in line with the regulations of their respective embassies, they have to register 104 hours of overtime per month and to comply with the Malaysian national employment laws, however, the workers are free to decide whether they wish to increase their emoluments by working overtime. The choice is entirely theirs
- 3) KHEI does not condone or support the employment of children. This is reflected in our employment policy. All job applications are subject to detailed screening by our Human Resource personnel. This procedure serves to ensure that children are not employed by KHEI
- 4) KHEI is an equal opportunities employer and does not support or practice discriminatory practices. The performance of all employees, regardless of race, gender and religion, are reviewed annually, in the context of each worker's job description, which is documented in our ISO procedures

Furthermore,

- 1) Our staff are encouraged to share their concerns and suggestions on labour rights and employment issues with their respective superiors, managers or the Human Resources department
- 2) We are now organising a Labour awareness training workshop for our staff, both senior executives and support staff, during the second half of 2013

We should also add that occupational safety and health of all our workers command the highest priority. Our objective is to reduce factory accidents to 0% accident per year as set in our Quality Objective (ISO 9001). We, accordingly, have:

- 1) A documented procedure on Emergency Preparedness and Response
- 2) A Safety and Health Committee which is committed to finding ways to enhancing safety in our workplace. The Committee comprises a representative of the employer and employee representative as well as the "country leaders" representing the Bangladesh, Myanmar and Nepal workers respectively.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility;

Principle 9: Businesses should encourage the development and diffusion of environmental friendly technologies

KHEI's endeavours to align itself with Principles 7-9 are also reflected in our Human Rights & Sustainability Policy, Supplier Code of Conduct as well as environmental performance (ISO 14001).

KHEI is committed to ensuring that all its activities safeguard and not harm or destroy the environment. KHEI, therefore, only engages environmentally sustainable practices.

In 2010, KHEI was certified with ISO 14001. In line with this, all concerned employees had to undergo training on all environment aspects. These include Chemical Control, Environmental Pollution and Waste Control, Emergency Preparedness and Response, Environmental Monitoring and Measurement, Forklift Training and Fire Drill Training.

The activities/programmes to monitor environmental protection that have either been completed or underway are:

- Waste Water Treatment Plant
 - ✓ The weekly monitoring on the final discharge was conducted by our appointed laboratory service provider
- Boundary Noise Level Monitoring
 - ✓ The yearly monitoring on the boundary noise was conducted by our appointed laboratory service provider
- Air Emission Monitoring and Dark Smoke Monitoring
 - ✓ These of 3 months and 6 months respectively were conducted by our appointed laboratory service provider
- Sewage Final Discharge Point
 - ✓ This is conducted yearly by our appointed laboratory service provider

Anti-Corruption

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

KHEI does not condone or tolerate any corrupt practices, either by its staff or its suppliers. This is clearly set in our Human Rights & Sustainability Policy as well as Supplier Code of Conduct.

In order to ensure that staff and suppliers are fully aware and understand KHEI's strong stand against corrupt practices in all form, a training workshop will be conducted for this purpose in the second half of 2013