



**KCE ELECTRONICS  
PUBLIC COMPANY LIMITED**  
Registration No. BOR. MOR. JOR. 68

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## THE 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 United Nations Global Compact.

KCE has been a member of the United Nation Global Compact (UNGC) since 2007. KCE's operations and strategies have been continued to align with the UNGC's ten principles in the areas of Human Rights protection, Labour practices, Environmental responsibility and Anti-Corruption.

We are submitting our annual Communication on Progress (COP) which covers the period of 2014.

This COP is reported in accordance with the published guidelines on disclosure with separate sections on commitment, systems, actions and performance. In 2014, there was an increase in actions to advance the human right and labour principles, particularly in the area of anti-corruption. We describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations of KCE.

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 the opportunities to learn and act across all issue areas and to extend our experiences to all stakeholders, as well.

This COP will be available both on the Global Compact website and KCE website: [www.kcethai.in.th](http://www.kcethai.in.th).

(Mr. Bancha Ongkosit)

Chairman

KCE Electronics Public Company Limited

## Communication on Progress 2014

### HUMAN RIGHTS

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

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

KCE is dedicated and committed to upholding the United Nations' Universal Declaration of Human Rights and all other international, regional and/or local laws that apply to KCE such as the Thai Labour Standards : Corporate Social Responsibility of Thai Business (TLS 8001-2010), the Labour Protection Act, B.E. 2541 (1998) and its amendments, the Labour Relations Act, B.E. 2518 (1975) and its amendments, the Social Security Act, as well as the Workmen Compensation Insurance Act.

#### POLICIES AND SYSTEMS

- To ensure that KCE is constantly improving its commitments to the UN's Universal Declaration of Human Rights, KCE has continually reviewed and revised its policies and strategies to support human rights. Top Management shall define the policy on social and labour accountability by a written document and formal declaration, expressing the intention to confirm the requirement of Human rights, employment conditions and working condition standards.
- KCE appointed an Employee & Welfare Committee, which comprised of employer and employee representatives to be responsible for carrying out activities related to the application to the requirement of the Thai Labour Standards.
- KCE shall conduct appropriate measures on occupational safety and health covering all areas of types of work, which may be harmful to worker's health and safety, in accordance with laws and occupational safety and health standards. In order to prevent harms and to decrease risk factors, KCE arrange safe working environment and provide the followings for the workers;
  - a) An opportunity to participate in the management of occupational safety and health.
  - b) An opportunity to get an access to the information concerning hazards which may arise from working process or working environment.

- c) Knowledge and awareness of rules, regulations, code of practice or guideline concerning occupational safety and health.
  - d) Trainings on occupational safety and health focusing on issues which are newly assigned or re-assigned to perform the work.
  - e) Safety equipment which is in accordance with safety standards and suitable for working conditions of each worker.
- KCE shall not engage in or support any discrimination in respect of employment, payment of wage and remuneration, providing welfare and opportunity for training and development, promotion, termination of employment or retirement and so on, due to national extraction, race, religion, language, age, sex, marital status, personal attitude on gender or sexual orientation, invalidity, HIV/AIDS, AIDS patients, trade union membership, employees committee, political affiliation or personal opinion.
  - KCE ensures that corporate social responsibility, of which human right is the core component, being an integral part of the company's strategy and that KCE continue to run businesses with responsibility for community.
  - KCE shall provide for and maintain the procedure to evaluate and select supplier or subcontractors who conform to the requirement of the Thai Labour Standards, in regard to human rights.

## ACTIONS

- KCE elected a new Committee for the Safety, Health and working environment (HR announcement # 032/2014 dated May 29, 2014), effective from June 1, 2014 to May 31, 2016. The main responsibility is to set the safety policy, develop working plan, monitor the procedure and report the achievement in order to improve the working environment to comply with safety standard and pertaining law.
- KCE appointed an Environment Management Representative (EMR) (HR announcement # 026/2014 dated May 3, 2014). The objective is to pursue the environment management in the most effectively manner and implement a solid measure in accordance with the ISO 14001's requirement.

- KCE appointed KPI Evaluation Committee on January 31, 2014. The committee is responsible for the KPI effectiveness in performance evaluation, from the organization level, department, section through individual level.
- KCE appointed the Educational Fund for Employee's Children Committee, on March 18, 2015. The employee who completed one year service and earned income at a lower than certain amount is entitled to apply for the Children fund.
- The Company's policies and objectives are delivered through "continuous training"; including the Occupational safety and health, Technical and professional education, specific knowledge and skills training and basic training courses to all employees as appropriate to the job and career path. (See Appendix 2)
- KCE has continued its commitments to CSR activities (See Appendix 3)

Activity #1: Build a check dam and make an artificial Salt licks at Thap-LAN National Park, Prachinburi Province, February 22, 2014

Activity #2: Offering Lunch and donate consumer goods, cloths, medicine and recreation activities at the Half Way Home for Women, Pathumthani Province, March 22, 2014.

Activity #3: Offering robes to monks and maintenance of the wall surrounding the temple building At Wat Tan-Riang, Tambon Bau-Ngam, Amphoe Damneon Saduak, Ratchaburi Povice, May 17, 2014.

Activity #4: Offering Lunch, donate consumer products, medicine and conduct a recreation activity at the Bang Pakong Disabled Person Welfare Center, Chachoengsao, November 15, 2014.

## PERFORMANCE

- No complaints from employee was filed to the Ministry of Labour during 2014.
- KCE was awarded an "Excellent Establishment on Safety, Health and working environment" Certificate, by the Department of Labour Protection and Welfare, Ministry of Labour, in 2010, 2011, 2012 and 2014.
- KCE was certified the achievement of the requirement of the Thai Labour Stadarads – Corporate Social Responsibility, TLS 8001-2010 Certificate Completion level, issued by The Department of Labour Protection and Welfare, Ministry of Labour, issued on 8 February 2013. The certification is valid to 7 February 2016.

- KCE was awarded the AIDS-response Standard Organization Certification, “ASO Thailand – Silver”, from The Department of Labour Protection and Welfare, Ministry of Labour and the Department of Disease Control, Ministry of Public Health, issued on 8 August 2013. The certification is valid to 8 August 2015.
- KCE was awarded an “Excellent Establishment on Labour Relations and Welfare” Certificate, by the Department of Labour Protection and Welfare, Ministry of Labour, issued on 20 September 2014.
- The Human Resource & Organization Development department has continually arranged various training programs for employees throughout the year, resulted in an increase in the total number of training hours and the number of multi-skilled operators:

	2012	2013	2014
Total number of training hours	23.94	23.75	30.14
% of Multi-skilled operators	60.00%	64.44%	69.26%

## **LABOUR**

Principle # 3:	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle # 4:	Business should elimination of all forms of forced and compulsory labour.
Principle # 5:	Business should effect the abolition of child labour.
Principle # 6:	Business should the elimination of discrimination in respect of employment and occupation.

The Thai Labour Standards: Corporate social responsibility of Thai Business (TLS 8001-2010) is written within the provisional scope of the Constitution of the Kingdom of Thailand, provisions of the labour laws concerning labour protection, occupational safety, health and environment, labour welfare, and labour relations. Moreover, related conventions of the International Labour Organization and of the United Nations are also brought into account.

KCE recognizes that employees are our greatest asset. To ensure that we are able to recruit, hire, and retain the 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 respects the right of a worker to establish or become a member of a trade union or other committees in the company, and the right of worker to bargain collectively, without imposing obstacles or any kinds of sanctions on such activities.
- KCE shall not engage in or support the use of forced and compulsory labour in any forms.
- KCE shall not hire or give support to hire a young worker under 15 years of age.
- KCE shall not engage in or support any discrimination in respect of hiring, employment, payment of wage and remuneration, providing welfare and opportunity for training and development , promotion, termination of employment or retirement

#### **POLICIES AND SYSTEMS**

- Union-neutral policy: An employee representative will not be subjected to discrimination, displacement or dismissal, or other illegal actions.
- The Company management provides facilities to the Union or employees' representative in regards to carrying out their functions:
  - collect annual union member fee via payroll deduction
  - time-off with pay for union activities: Union committee meeting, Union Annual General Meeting (AGM)
  - arrange for meeting venue outside the company for the Union's AGM
  - provide partly financial support for union activities
  - allow Union's activities during the regular working hours, as requested
  - Provide bulletin board to post the Union notices
- HR administration policy, addressing the issues of the human rights:
  - The HR policy takes in to the account of the company's strategy and conform to the business ethics and the equitable treatment of employees.
  - The HR policy has a clear, transparent and fair procedure.
  - The Company will recruit and hire a person who is suitable to the job, base on skills and experiences and other qualifications as required.

- The Company will pay wage and remuneration according to the Company's pay structure, which is based on the job responsibility, economics and the wage rate of the current market.
- The Company support HR development, as well as, self development, so that employees are knowledgeable and continually increase their efficiency in the responsible duties.
- There is no requirement that workers lodge financial deposit with the company.
- KCE recognizes the importance of the workforce and prohibits any form of forced or compulsory labour. Workers in debt bondage or in other forms of forced labour are not engaged and, where found, provide for the removal.
- The policy for pregnant employee is announced, that pregnant employees are prohibited to work in situations deemed as detrimental to the pregnant, the health and safety to woman, and is prohibited to work during 22.00 – 6.00 hr., to work overtime, to work on holidays so that they can take care of their health.
- The minimum wage age provisions of Thai Labour law is of 15 years of age. However, KCE prohibits employee under the age of 18 year.
- In the recruitment procedure, adequate verification method for age will be employed to ensure the validity of the age.
- 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.
- Grievance procedures regard discrimination, where found.
- 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.
- The recruitment and selection process for employment are based on non discrimination policy and the guideline of Thai Labor Standard

- 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.
- The recruitment and the selection process of employees of KCE are based on non-discrimination policy and the guideline of Thai Labour Standards
- 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 earning 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's employees are not discriminated against because of gender, race, origin, background, religion, marital status, sexual orientation, disability or age.

## ACTIONS

- The Union was in cooperation with Company's Management in various activities as follows:
  - An annual collective bargaining as forum to improve employment term and other benefits and welfares
  - Regular meeting
  - Participation in the company's activities, as well as CSR activities
- KCE appointed Employee Committee and Welfare Committee on January 11, 2012 (HR announcement # 005/2555). The committee composed of 6 representatives from employee and 5 representatives from employer. The Committee is responsible for proposing a provision of comfortably accessible and adequate welfares for workers, consider the Grievance from employee and resolve any conflicts, if any.

In 2014, there were 3 meetings and the topic discussed were as follows:

- The general Business situation
- KPI evaluation issue
- The company recreation activities

- Trade Union activities arrangement
  - Vacation entitlement
  - The Annual working calendar
  - The Annual physical check up
  - The employee uniform
  - General disciplinary procedures
  - Promotion procedure and criteria used
  - Safety equipment
  - Miscellaneous issues: bus service, canteen, car parking
- In February 2014, the collective bargaining were conducted to address issues of working condition and welfares. The negotiation reached an agreement for both parties.
  - KCE has always been supportive of the freedom of association and the effective recognition of the right to collective bargaining.
  - 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 agree upon it before signing.
  - Regularly review timecard, payroll and production records in respect of incorrect record keeping, incorrect or non-payment of wage and excessive overtime hours and verify their accuracy through worker interviews.
  - KCE employee manual defines work hours. The overtime procedure has a provision for employee to sign if he/she agrees to render more than 8 hours on duty. Those on overtime are given premium in pay according to the labour law, travel allowance from and to their home and meals allowance.
  - KCE announces child labor policy employees, related suppliers and subcontractor to follow accordingly In its contract with supplier, the company requires from its suppliers a declaration that they do not employ child labor
  - An Employee Satisfaction survey was conduct in 2014, the result was summarized at an average Of 63%, increased from 57% in 2013, representing high level of satisfaction. The least score category was considered for action plan for improvement.

- The Company keep communicating with employees in order to get feedback, needs and problem occurred, through various channels;
  - Reports from the supervisor
  - Employee satisfaction survey
  - Grievance by employee, via personal consultation, telephone, intranet, e-mail or comment box
- In 2014, the "Talent Management" program was introduced; it is mainly the personnel development planning and already incorporated in SAP system. Its principle is on the competency management which will further create career planning and development plan for individual personnel, including succession plan for key positions.
- KCE treat subcontract labour fairly with the same standard as KCE staffs, in terms of complicit to human right, competency development, training, safety & health and working environment, incentive pay and etc.
- KCE participated in the accreditation of Thai Labour Standard project of the Ministry of Labour Department since 2010. Recently, the Company was certified the achievement of the requirement of the Thai Labour Standards: Corporate Social Responsibility, TLS 8001-2010 Certificate Completion level, issued by The Department of Labour Protection and Welfare, Ministry of Labour, issued on 8 February 2013. The certification is valid to 7 February 2016.
- Moreover, the Company has been honorably awarded "Excellent Establishment on Labour Relations and Welfare" Certificate, by the Department of Labour Protection and welfare, on August 20, 2014.

## PERFORMANCE

- 60 % of employee represented by the union.
- List of established Associations:
  - Labour Union
  - Employee and Welfare Committee
  - Safety, Health and Working environment Committee
  - 5' S Team
  - Thai Labour Standard Committee
  - Educational Fund for Employee's children Committee

- KPI Committee
  - Environment Management Representative (EMR)
- There was no conflict between employees and employer of the Company.
  - All employees earned greater than the stipulated minimum wage.
  - KCE does not employ child labour, all our employees are over 18 years old.
  - 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.
  - Neither employees nor the Union filed the case regarding unfair treatment against the Company to the Ministry of Labour, in accordance with the Labor Relations Act, B.E. 2518 (1975).
  - Employee's complaint was at the average of less than 1% a year.
  - In 2014, KCE employed a total of 838 employees. All KCE employees were above 18 years of age and no employees were between 15-18 years of age.

	<u>Age 18+ yrs.</u>		<u>Age 15-18 yrs.</u>		<u>Handicap</u>	
	Men	Woman	Men	Woman	Men	Woman
2013	418	387	None		4	1
2014	438	400	None		3	2

## 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. KCE committed to support a precautionary approach to environmental challenges and will undertake initiatives to promote greater environmental responsibility, as well as, encourage the development and diffusion of environmentally friendly technologies. KCE demonstrates our commitments 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.

## **POLICIES AND SYSTEMS**

- 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, the private sector and the general public.
- KCE applies the precautionary principle and seeks to minimize the environmental impact of its activities. Social and environment impact assessments and reviews are carried out regularly in accordance with international standards and industry requirements.
- KCE aims at collaborating with stakeholders for protection of environment quality and values by using every effort in the utilization of energy and natural resources for a sustainable life and environment, working for the development and implementation of environmental friendly and clean technology and voluntary adopt environmental management systems and environmental standards, in addition, the Company must collaborate and exchange information with local, national and international environmental organizations to that end.
- KCE has maintained strictly environmental law and other regulatory requirements, including concerned environmental directives, such as RoHs, WEEE, REACH and etc.

- KCE has provided on-going induction and training on the environmental management awareness to provide employees with an insight into our environmental efforts at both operations and office levels.
- KCE will continuously improve our environmental performance by implementing the follows:
  - promote environmental awareness
  - integrate environmental consideration into the business process
  - develop and apply sustainable process and products
  - reduce our use of resources and strive to prevent pollution
  - monitor and evaluate environmental performance throughout the entire supply chain
  - engage in stakeholder dialogue and partnerships and report on our performance
  - comply with environmental legislation and relevant requirements
- The Company has promoted environmental awareness throughout the organization, Manager and employees have joined with the growing of the Mangrove Forest Project at Cultivation Department, 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 via electronic mail to minimize paper usage.
- Energy and natural resources are utilized effectively and efficiently. 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 agency, 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 product environmentally safe PCB products and work with our customers and raw materials suppliers to produce environmental friendly products, such as Lead-free and Halogen-Free products, as well as the use of environmental friendly packaging materials, the bubble sheet instead of plastic foam.

## ACTIONS

- During 2014, KCE satisfied the re-certification of the ISO 14001:2004
- During 2014, KCE performed 2 Internal audits, conducted 2 Management reviews and satisfied the surveillance audit performed by SGS (Thailand) for the ISO 16949:2009.
- Set up the environmental plans for 2014 as follows:
  - Reduce electricity usage to 6.150 KWH/ Sq ft., the operation has started since 2009 and responsible by the Energy conservation committee.
  - Reduce water usage to 0.113 m<sup>3</sup>/ Sq ft.
  - Reduce process scrap to target rate:
    - Inner Layer < 0.550%
    - Outer Layer < 4.200%
- Company arranged activities to promote and encourage the environmental policy in accordance with ISO 14001 practice as follows:
  - Plantation to increase green area" Project, by planting longed-life tree in the surrounding community
  - "Construction of a check dam and make an artificial salt lick" Project, to enhance the moistness for the soil, and throwing plant seeds to grow more tree in the forest and reduce the change of wildfire. In addition, the artificial salt lick will be an important source of food for wild animals in the forest.
  - Reduction in paper usage Project, including paper for copying, and encourage to use recycled paper. The team also seek cooperation from all departments in changing their behavior or adjust their work pattern to be in order. The result was satisfactory.
  - Promote energy saving in office area, by encouraging all departments to change their behavior in order to reduce electricity consumption.
- Promoted safety and environment awareness through fun activities during the Safety Week event.

## PERFORMANCE

- KCE was granted the re-certification of the ISO 14001:2004.
- KCE was successfully passed the surveillance audit of the ISO 16949:2009.

- In terms of environmental operation, the Company has achieved the objectives specified by the legal rules and regulations as well as the environmental management system.
- KCE was awarded the following:
  - ISO/TS 16949: 2009, valid from 13 July 2012 – 12 July 2015, certified since 18 July 2003
  - ISO 14001: 2004, valid from 28 Mar 2014 – 28 March 2017, certified since 28 March 2002 in regards to the Effective Environment Management System and Quality Management System.

#### Environmental Performance in 2014

	2014 Actual measurement		Per Law
	Jan - Jun	Jul - Dec	
<u>Air quality from the chimney</u>			
CO Emission (ppm)	554.00	389.37	690
No <sub>2</sub> Emission (ppm)	73.32	18.65	200
So <sub>2</sub> Emission (ppm)	n/a	n/a	60
Particulate (mg/Nm3)	10.57	24.18	400
<u>Noise quality</u>			
Average noise level 8 Hrs.	87.8		90
Maximum noise level	118.1		140
<u>Quantity of industrial waste</u>			Properly Buried or  Recycled  Managed by  licensed company
Non-toxic industrial waste (per year)	400 Tons/ year		
Toxic industrial waste (per year)	4,800 Tons/ Year		

### Principle# 10:

Business should work against corruption in all its forms, including extortion and bribery.

KCE managed its business with honesty, fairness, transparent and committed to responsibility to social and all stakeholders, in compliance with the accepted good corporate governance principles and business ethics.

KCE believes that the bribery and corruption issues 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 support relevant initiatives to combat corruption.

### POLICIES AND SYSTEMS

- Committed to the Anti-corruption policy, the Directors, management executives and all employees of the company will not accept all forms of corruptions, covering all areas of business and all related sections in the organization.
- The Company's Directors is responsible for setting up a policy and ensure that an efficient system to detect the corruption is in place.
- The Company's code of conduct and the Business ethics must emphasize on the anti-corruption.
- The Company's Financial Statements are reviewed quarterly and audited by a qualified external auditor, whom is fully independent.
- All information presented in the financial reports is correct, complete and reliable. It was prepared in accordance with the generally accepted accounting principles and appropriate standard.
- KCE strives to give all parties an equal treatment consistently with the SET framework by avoiding favoritisms or situations where conflicts of interest may arise.
- The Directors, management executives and all employees must comply with the Company's Code of Conduct, where the sensitive issue is involved.
- Whistle blowing: the Company has a policy to receive information regarding wrongdoing, violation of the law, regulation or Good Corporate Governance principles or corruption, directly through the Audit Committee.

## ACTIONS

- KCE's Board of Directors appointed a Corporate Governance Committee on September 17, 2013. The CG Committee is responsible for managing and controlling the company operations in accordance with the company's good corporate governance, policies and related laws.
- On 18th November 2013, the Company signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption (CAC). The Company is currently working towards the certification process
- During 2014, the Company has been carried out the following tasks:
  1. Assess the Risk from fraud, under the following procedure and steps:
    - Identify fraud risk and classify the risks base on category of fraud
    - Assess fraud risk rating:

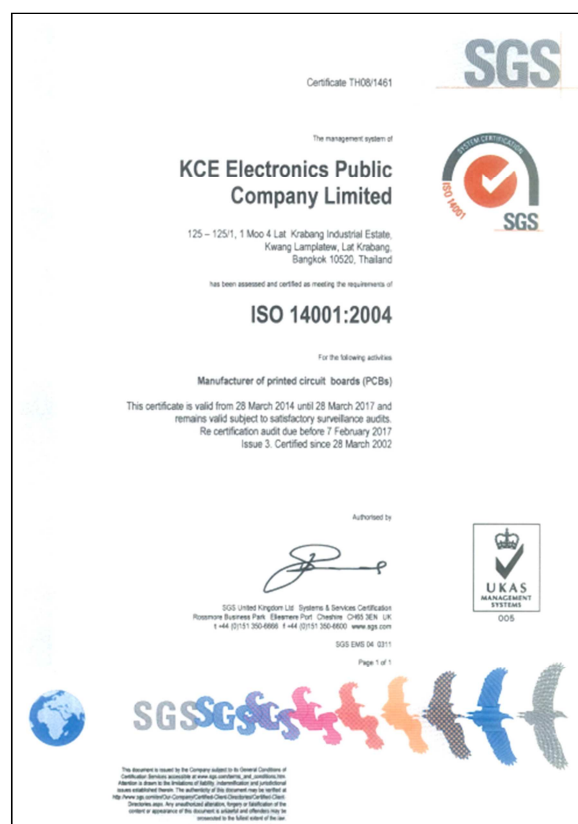
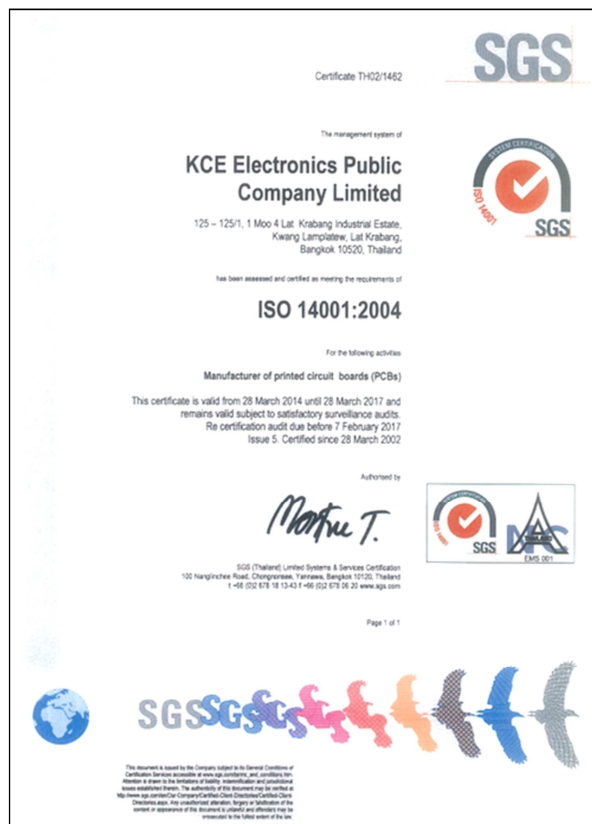
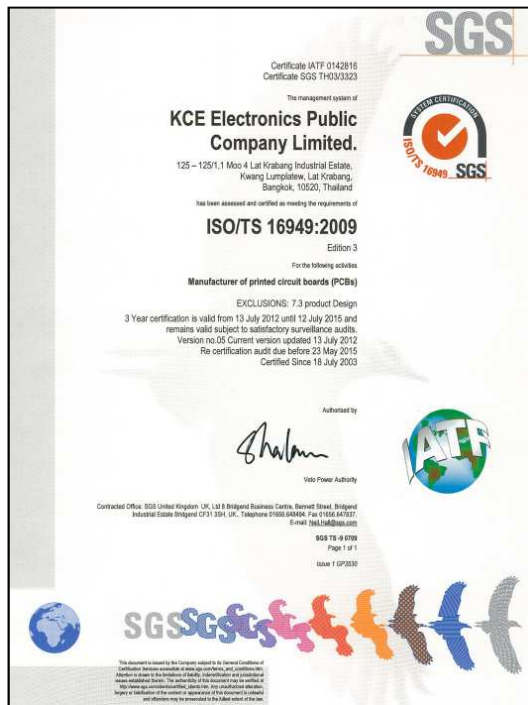
Rate risks based on the likelihood of occurrence and the significant of the risks
    - Assess mitigate controls:
      - Identify control
      - Determine control effectiveness
      - Determine current residual risk
      - Draft fraud risk register
    - Conduct a workshop to validate the significant fraud risks and related controls
    - Obtain Fraud risk register
    - Develop fraud risks monitoring mechanism for continuous montoring of fraud risks
  2. Develop Fraud policy and Anti-Corruption policy
  3. Conduct fraud risk awareness training workshop and class for all management, HR group and selected supervisor and personnel, to ensure that the principles in the policies are communicated effectively to all level of employees.
  4. Development of ethical culture and fraud awareness, by a series of initiatives using different format (e.g. e-mail, posters, training material) in the fraud awareness activities throughout the year.
- The company filed the documents for certification to the CAC by March 27, 2015.

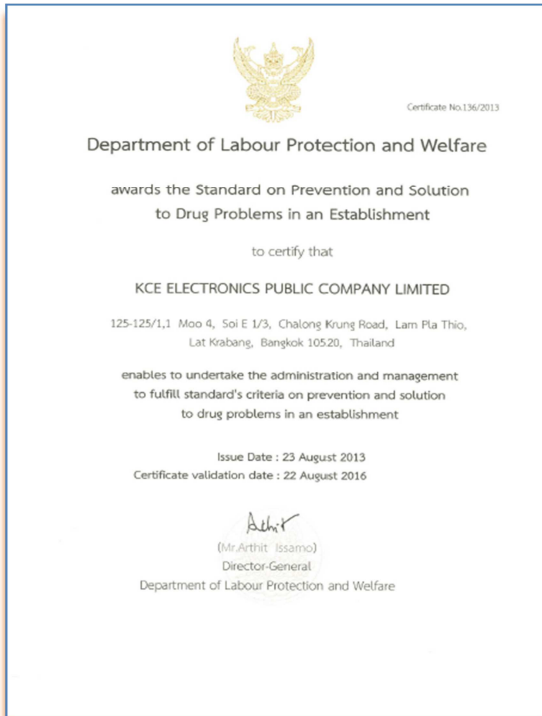
- At the orientation for new employee, the company describes KCE business ethics and all employees must sign for their acceptance to strictly comply with the employee's code of conduct.

## PERFORMANCE

- There was no fraud reported by the internal auditor.
- The 2014 Audit Committee's report confirmed that:
  - The company's financial report, for the year ended 31 December 2014, was prepared in accordance with the generally accepted accounting principles are accurate, complete and reliable, with a reasonable application of accounting policy.
  - The company's internal control systems are adequate and appropriated.
  - All related party transactions are part of the company's normal course of business with regular commercial terms, sensible and fair conditions and for the maximum benefits to the Company.
  - The Company is fully complying with the Public Company Act and Stock Exchange of Thailand's regulations, as well as other laws pertaining to the Company's business.
- Business code of conduct and practical guideline completed in 2014.
- The Company has filed an application to the Private Sector Collective Action Coalition Against Corruption (CAC) and it is expected that the company will get the certification within April 2015.

## Appendix 1: Certificates/ Awards







KCE was awarded an “Excellent Establishment on Safety, Health and working environment” Certificate, by the Department of Labour Protection and Welfare, Ministry of Labour, in 2014.

## Appendix 2: Training and Development

KCE has a policy for employee development program to enhance their knowledge and potential. In 2014 the training courses for the employees included, but not limited to, the followings;

No.	Course	Objective	Target Group	Date	Period (TL Hrs.)	No. of Trainee
<b>Safety</b>						
1	ERT (EMERGENCY RESPONSE TEAM)	To train Emergency Response Team	Emergency Response Team	Jul-Dec 2014	18.0	30
2	Fire Suppression Basis	1.To educate cause and prevention of fire 2.To educate how to use all fire suppression equipments.	All Employees	Feb & May 2014	14.0	56
3	Safety Officer in Executive Level	To comply with the rules.	Leader, Foreman, Officer, Supervisor, Engineer, Sr. Supervisor, Sr. Engineer	Oct 2014	12.0	40
4	Forklift Skills and Safety Training	1. To develop skills in using Forklift. 2. To educate for maintenance.	Warehouse , Material Control, FG Stock	Feb 2014	7.0	17
5	Safety for Working with X-rays.	To comply with the rules and educate how to prevent dangerous when working with X-rays.	X-ray Area Staff	Aug 2014	3.0	8
6	Job Safety Analysis	To understand the sign of danger and be able to apply to the work	Leader, Foreman, Officer, Supervisor, Engineer, Sr. Supervisor, Sr. Engineer	Feb - Mar 2014	18.0	207
7	Safety for Chemical Handling and Storage	1. To know various types of chemical and the symbol of each type 2.To educate the dangerous from chemical. 3.To how to prevent dangerous working with chemical.	Operator	Aug-Sep 2014	9.0	104
8	Annual Fire Drills and Evacuation.	1.To comply with the rules. 2.To educate how to survive and move from fire area.	All Employees	10 Dec 2014	1.0	1,800

9	Safety standard in the supply chain of Industry, from Terrorism, Disaster, Robbery	To support C-TPAT	Supervisor, Engineer, Sr. Supervisor, Sr. Engineer	Aug 2014	8.0	6
<b>Human Resource</b>						
10	Plant KPIs	To educate Plant KPIs which related to other Plant KPIs and individual ,KPIs.	Leader, Foreman, Operator	Oct-Nov 2014	18.0	210
11	Competency assessment	To educate the core competency and Leadership competency.	Manager	Apr. 2014	6.0	18
12	Knowledge regarding Social Security Fund, Self-sufficient of economy, drug abuse prevention	1. To educate basic information of Social Security benefits 2. To be able to apply the philosophy to work	All level of employee	Apr 2014	6.0	38
13	Functional Competency for KCE GROUP	1. To educate functional Competency for the group. 2. To implement Competency.	Sr. Supervisor/ Supervisor/Sr. Engineer /Engineer /Sr. Officer	Aug-Nov 2014	72.0	150
14	Recruitment by Competency based	To enhance the recruitment skill as professional in order to get the right candidate for the job	Sr. Engineer /Engineer /Sr. Supervisor, Supervisor	May 2014	6.0	37
15	Team Management	To understand the behavior in team working	All level of employee	Aug 2014	18.0	804
<b>Environment</b>						
No.	Course	Objective	Target Group	Date	Period (TL Hrs.)	No. of Trainee
16	Monitoring for energy management	To prepare the annual energy management report.	Conserve Energy Committee	Mar 2014	6.0	11
17	Technical training of new WTP & WWTP	To educate the new technique of water supply and Waste treatment system for the new plant	Sr. Engineer, Engineer, Sr. Supervisor, Supervisor	Sep 2014	5.0	10
18	Aspect Identification for Environmental system	To educate the aspect of identification environmental issue	Sr. Engineer, Engineer, Sr. Supervisor, Supervisor	Jun 2014	8	44
19	ISO 14001:2004 Awareness and Requirement	1.To educate environment management system. 2.To specify rule of environment management for ISO 14001:2004	Sr. Engineer, Engineer, Sr. Supervisor, Supervisor, Foreman, officer	Jun 2014	6.0	59

### Appendix 3: CSR activities

In 2014, the Company together with the employees have participated in the following activities to contribute to the community, religion and the public as follows:

**Activity Number 1:** Build a check dam and make an artificial Salt licks at Thap-LAN National Park, Prachinburi Province, February 22, 2014.

Number of participants : 40 persons

KCE Electronic PCL. has participated in a project of returning the balance to the nature, by building a check dam at Thap-LAN National Park, the area covering Amphoe Pakthongchai, Wang Nam khiao, Koraburi, Sengsang of Nakhorn Ratchasima province and Amphoe Nadee of Prachinburi province. The check dam will help storing water for use in case of the water shortage and adding moistness to the ground soil. The team also jointly reforest by shooting plant seeds into inaccessible areas, as a result the forest will be abundant and lessen the occasion of wildfire. Artificial salt lick was made as to the food resources for wild animals and enable villager to live in the forest for good.



**Activity Number 2:** Offering Lunch and donate consumer goods, cloths, medicine and recreation activities at the Half Way Home for Women, Pathumthani Province, March 22, 2014  
Number of participants : 41 persons

The Half Way Home for Women located at Tambon Rangsit, Amphoe Thanyaburi, Pathunthani Province, being under the Bureau of Social Welfare Services, Department of Social Development and Welfare, Ministry of Social development and Human security of Thailand. The Half Way Home for Women is the welfare center for a mental-disordered women who was previously treated in a Psychiatric hospital and other offices of the Department of Social Development and Welfare, and was sent to the Center due to no supporter, but cannot live with the family or the cousin do not take them home. The Half Way Home for Women provides them with the four requisites and help in the treatment and the rehabilitation of physical, mental and social aspect.

Representatives of the Management and employee of the KCE Electronics PCL, donated money, various consumer products, clothing, medicine and other necessary items, including offering food to monks, offered snacks to the patients at the canteen and at the inpatient building. The team also organized a recreation activity to entertain them through playing games and offered some prizes; also taught the patients to make water balm for their personal use.

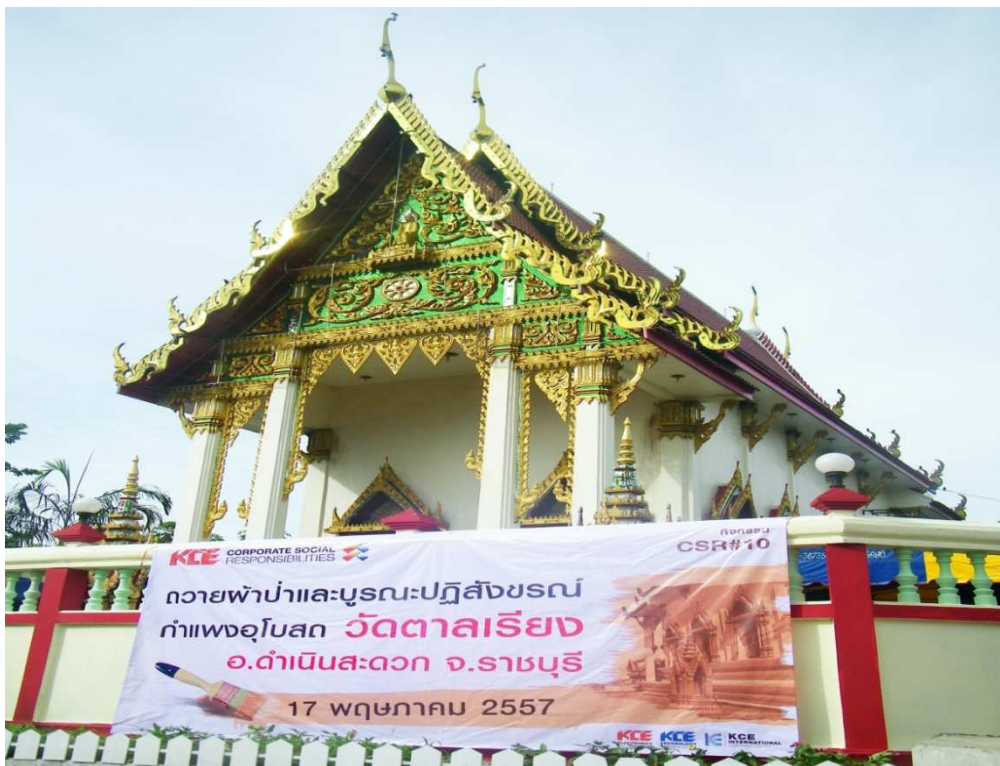




**Activity Number 3:** Offering robes to monks and maintenance of the wall surrounding the temple building at Wat Tan-Riang, Tambon Bau-Ngam, Amphoe Damneon Saduak, Ratchaburi Povince, May 17, 2014

Number of participants : 49 persons

With good faith and commitment of the Management and employee to preserve the Buddhism religion, KCE group has arranged an activity to offering robes and other needs to the monks, amounted to Baht 19,999, and offered requisites as well as consumer products to the Wat Tan-Riang at Amphoe Damneon Saduak, Ratchaburi Province. The group placed food offering trenches monk and help in maintenance the temple: by repainting the wall surrounded the temple building to look beautiful again and continue to be the religious center of the community.





**Activity Number 4:** Offering Lunch, donate consumer products, medicine and conduct a recreation activity at the Bang Pakong Disabled Person Welfare Center, Chachoengsao, November 15, 2014.

Number of participants : 40 persons

The Bang Pakong Disabled Person Welfare Center, Department of Social Development and Welfare, is located at 70 Moo 3, Tambon Song-Khlong, Amphoe Bang Pakong, Chachoengsao Province. Its mission is to support disabled men of age more than 18 years, who has disability in physical, mind, visualization, hearing or neurosis (behavior), including the multiple disabilities. Those who are from poor families or being handicapped man who is sick and cannot take care of himself, no supporter and homeless. The Welfare Center's duty is to develop potential and do rehabilitation in various aspects to encourage them to be on his own support.

The CSR committee members and employees of KCE Group has jointly in part to support the Disabled Person Welfare Center, by donating money and others items, e.g. clothing, accessories, medicine, consumer products that is necessary for men patients, and provide lunch to all patients at the canteen and at the inpatient building, for the ones who cannot get up from bed. The team also arranged some recreation activities for entertainment and gave away some prizes, in order to encourage them in the physical and mental rehabilitation and until the patient can spend a normal life in the society.



