

K-ONE TECHNOLOGY BHD

Report for:-

UNITED NATIONS GLOBAL COMPACT

Assessment Date	:	12 th May 2015
Assessment Criteria	:	Communication on Progress in Human Right, Labour, Environment and Anti Corruption.
Assessment Team	:	Martin Lim, Edwin Lim, Lim Yong Hui, Goo Kok Khian, Daniel Mosess and Ong Sook Cheng

General

Period covered by Communication on Progress (COP)

From: 12th May 2014 To: 12th May 2015

Statement of continued support by the Chief Executive Officer (CEO)

Please provide a statement of your company's chief executive expressing continued support for the Global Compact and renewing your company's ongoing commitment to the initiative and its principles (Please include name and title of the chief executive at the bottom of the statement).

H.E. Ban Ki-moon

Secretary-General
United Nations
New York, NY 10017
USA

12th May 2015

Dear Honorable Secretary-General

In K-One, our commitment to the Global Compact's ten principles remains firm. Our vision and mission is to be one of the leading global design, development and manufacturing organizations of electronic end products built upon values which are socially responsible and sustainable. Towards this end, we believe the Global Compact's principles are embedded within our company's business practices, policies and operations to achieve sustainability objectives. Our sustainability objectives cover environment resources, waste reduction, development/purchase of sustainable materials and the communication of such objectives to be practised by our supply chain.

K-One's commitment and reaffirmation to the UN Global Compact's 10 principles is an extension of the Group's vision and core values to build a responsible and sustainable attitude in our corporate social engagements, business practices, policies and culture. We want to deliver value not just financially but also in terms of non-business interests such as caring social responsibility, environmental preservation, good work ethics and attitude, conducive working environment, health and safety, just to name a few.

We are effectively communicating our company's policy and procedures with regard to our adherence to the Global Compact's ten principles to all employees and related parties, including business partners, suppliers and other stakeholders where appropriate. We provide regular training to employees and other interested parties to promote awareness related to environmental, health and safety as well as corporate social responsibility.

Looking ahead, as part of our efforts to operate with the gentlest environmental footprint possible, we will explore new ways that we can apply our technology along with the innovative attitude of our employees to improve social and environmental concerns, in line with local and international standards.

Yours sincerely
Martin Lim
Group CEO
K-One Technology Bhd

Human Rights Principles

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

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

Assessment, Policy and Goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment).

Description of policies, public commitments and company goals on Human Rights.

- *Respect for freedom of speech*
- *No discrimination on race, age, gender, religion and disability in hiring*
- *Full implementation of minimum wage policy stipulated by the Malaysian government*
- *Compliance to all local Employment/Labor Act policies.*

Implementation

Description of concrete actions to implement Human Rights policies, reduce Human Rights risks and respond to Human Rights violations.

- Quarterly staff dialogues with 2-way communication
- Education of good health and safety practices for all level of staff
- Provision of adequate facilities such as canteen and water which are hygienic
- Staff are not allowed to work overtime which exceeds that stipulated by the local Labor Act

Measurement of outcomes

Description of how the company monitors and evaluates performance.

- Staff dialogue with 2-way communication are held quarterly to gauge feedback
- External professional conducted training in First Aid cum CPR for offices and factories staff in May 2014.
- Suggestion Box collects feedback for management review for further improvement

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

- No hiring of staff below 16 years old
- No compulsory overtime
- Timely payment of salaries
- No illegal deduction of wages

Implementation

Description of concrete actions taken by your company to implement labour policies, reduce labour risks and respond to labour violations.

- All hired staff are above 16 years old
- Working of overtime needs to be applied and requires approval of supervisor/manager
- All salaries are paid latest by last day of the month
- Pay slips are provided to staff to indicate details of their wages

Measurement of outcomes

Description of how the company monitors and evaluates performance.

- Compliance with Employment Act 1955, Malaysia
- Overtime work complied with Employment Act 1955, Malaysia (not more than 104 hours per month)

Environmental Principles

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

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection

- *To provide hassle-free integrated one-stop technology solutions which are of quality, cost competitive, on-time delivery and environmentally friendly to customers in the communication, computer, consumer electronics, automotive and health-care industries*
- *To design, develop, manufacture and market products that are safe for their intended use and do not adversely affect the environment*
- *To promote conservation, preservation of environment and prevention of pollution through management of significant environmental aspects*
- *To meet or exceed all applicable legal and other requirements such as customer requirements through continuous improvement of our Quality and Environmental Management System with commitment of all staff*

Implementation

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents

- *Perform Aspect & Impact analysis for new production line and equipment set up*
- *Bi-Monthly review on consumption of resources such water, electricity, paper and packaging materials with reduction goals*
- *Development of green materials in product and compliance tests such as XRF test.*
- *Used recycle paper for internal distribution documents to promote 3R practice.*
- *Implement conflict mineral reporting template in the supplier qualification process.*

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance

- *Achieved to reduce 50% of electricity consumption in Y2014 as compared to Y2013.*
- *Achieved to reduce 53% of water consumption in Y2014 as compared to Y2013.*
- *Audited & developed 4 suppliers in Y2014 to comply with environmental practices.*
- *Comply with RoHS 2, REACH and conflict mineral requirements for products required by customers.*

Anti-Corruption Principles

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

Assessment, Policy and Goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment).

Description of policies, public commitments and company goals on anti-corruption.

- Generally do not need to deal with any bureaucracy where there are corruption risks
- Do not deal with any supplier that has monopoly over any goods or services
We address our intolerance towards corruption or bribery in our Employees' Handbook.
- We regard bribery as a major misconduct. In our Handbook, bribery covers acceptance of bribes, directly or indirectly by the employee himself or through members of the employee's family.
- We also have policies such as Unethical/Unlawful Conduct Reporting Policy & Procedures that addresses bribery.
- All these contribute to the creation of an ethical environment that makes corruption/bribery unacceptable

Implementation

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

- The Unethical/Unlawful Conduct Reporting Policy & Procedures provide an effective means to individuals for reporting unethical/unlawful conduct which includes but not limited to taking or soliciting bribes.
- Our Board of Directors closely oversees the senior management's activities and with the assistance of the internal and external auditors, secures assurance concerning the state of our organization's system of internal control.
- We take reasonable steps to ensure that our books, records and overall financial reporting are transparent.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

- Monitoring controls by auditing high risk transactions which includes but not limited to auditing all transactions posted to Gifts/Entertainment general ledger accounts
- Under the Unethical/Unlawful Conduct Reporting Policy & Procedures, a Quarterly Report of Unethical/Unlawful Conducts and an Annual Report of Unethical/Unlawful Conducts are kept
- We evaluate our anti-corruption/anti bribery effort through the number of bribery complains reported. There are no cases reported in 2013