

Communication On Progress 2016

Statement of continued support

We are please to confirm that Kum Hoi Engineering Industries Sdn Bhd (KHEI) reaffirms its support of the Ten Principles of the United Nations Global Compact (UNGC) in the areas of Human Rights, Labour, Environment and Anti-Corruption. We commit ourselves to the further development of those principles within our sphere of influence.

Our participation was prompted by basic principles of UNGC in the way we conduct our business. We felt that the principles are aligned to our own principles of conduct. We are proud to share homogenous ideas and be part of an international development towards the professional ethical conducts.

We will continue to support the UNGC Principles and look forward to report our progress again next year. In order to support public accountability and transparency concerning our efforts, we are committed to share this information with our stakeholders.

Yours sincerely,



Kevin Chan Kin Wai

Executive Director

17th May 2016

HUMAN RIGHTS

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

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

- **Assessment, Policy and Goals**

KHEI is committed to develop an organizational culture which supports internationally recognized human rights and avoid any involvement in the abuse of human rights. We provide an environment which supports and promotes equal opportunities, dignity and mutual respect. This is clearly stated in our Human Rights & Sustainability Policy.

- **Implementation**

KHEI practice no discrimination in race, age, gender and religion. All our employees are allowed to practice their chosen religion and belief without prejudice. Our employees are of different ethnics and they are all treated equally.

New employees are informed about Code of Conduct, Human Rights & Sustainability Policy and Employee Manual through induction trainings. Every employee can raise any employment issues and perceived violations with their respective superiors, managers or the Human Resource department.

Code of Conduct had been updated in May, 2016 by added information on Ethics, Intellectual property, antitrust and anti-bribery.

Also, we had educated our vendors on Supplier Code of Conduct and will continue to do so for new vendors.

As part of major supplier to a global specialist in energy management and automation in Australia, we are required to participate in Supplier's CSR Evaluation Program through EcoVadis. KHEI has been awarded a silver recognition level for our achievement.

In KHEI, we make sure our foreign workers have an appropriate accommodations and facilities during their stay and work in Malaysia.

- **Measurement of Outcomes**

During the reporting period, there are no complaints from employees regarding any violation of Human Rights in KHEI.

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

- **Assessment, Policy and Goals**

KHEI complies with the Malaysian law and ensure that all our foreign workers receive their benefits as stipulated in their respective contracts. Every endeavor is also made to ensure that their condition of employment is safeguarded.

We respect the rights of employees to freedom of association and collective bargaining. An open door policy has been established where employees can report grievances to their upper management and the Human Resource Manager.

We do not employ or condone any form of forced labour because we consider that as fundamental violation of human rights. Also, we are totally against the practice of child labour. No illegal deduction of wages.

All job applications are subject to detailed screening by our Human Resources personnel.

All employees in KHEI are given equal opportunities; hiring and promotion of employees are based on meritocracy and criteria like academic qualifications, skills and track record.

- **Implementation**

Our employees had been trained on Labour awareness training and will continue to train all newly recruit employees.

On second half of 2014, we had started the activity of Safety Orientation to train new employees and guide, effective them on the importance of using the safety equipment and aware the safety precautions while performing their duties.

In Year 2016, we had conducted safety awareness training quarterly.

A better working environment will develop happier employees; KHEI Sport and Recreation Club have organized more outdoor activities and events for KHEI employees. Last year, we had organized the badminton, bowling competition and team building. On June 4, 2016 team building to be held at Janda Baik (Pahang).

Measurement of Outcomes

No grievances or complaints were reported during this reporting period. KHEI did not receive report of any accident case involving loss of life.

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

- **Assessment, Policy and Goals**

Environmental Management System (ISO 14001) was adopted aiming at controlling the environmental impact of its activities. KHEI was certified with ISO 14001 in 2010 and since then we are committed to ensure that all our activities is safeguarded and does not harm or destroy the environment.

- **Implementation**

Since 2010, all concerned employees had to undergo training on all environment aspects. These include Chemical Control, Environmental Monitoring and Measurement, Forklift Training, Fire Drill Training.

In year 2016, chemical Spillage training was added.

The activities/programs 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
- Additional Noise Level Monitoring
 - ✓ This is conducted by appointed noise competent person if there is any change in process or equipment
- Audiometric Testing
 - ✓ The yearly testing on the audiometric was conducted by our appointed laboratory service provider
- Local Exhaust Ventilation Monitoring
 - ✓ The yearly monitoring was conducted by our appointed laboratory service provider

Appointed personnel of KHEI had attended the course of Environmental Professional in the Operation of Industrial Effluent Treatment Systems-Physical Chemical Processes (CePIETSO-PCP), Certified Environmental Professional in Scheduled Waste Management and Certified Environmental Professional in Scrubber Operation.

- **Measurement of Outcomes**

External audit on ISO 14001 was conducted in 03-04th March 2015.

ANTI CORRUPTION

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

- **Assessment, Policy and Goals**

KHEI does not condone or tolerate any corrupt practices, either by its employees or its suppliers; we address our intolerance towards corruption in our Human Rights & Sustainability Policy as well as supplier Code of Conduct.

- **Implementation**

Our employees had been trained on Anti corruption training and our suppliers had been briefed on the importance of Anti Corruption Policy. KHEI will continue to train all newly recruit employees and brief new suppliers to ensure that all employees and suppliers are fully aware and understand KHEI's strong stand against corrupt practices in all form. We take reasonable steps to ensure that our books, records and overall financial reporting are transparent.

- **Measurement of Outcomes**

No fraudulent or corruption activities were reported during this reporting period.

