

**Communication On Progress 2019**

Statement of continued support

We are pleased 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,



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Kevin Chan Kin Wai

Executive Director

16<sup>th</sup> MAY 2019

## 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 gold 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**

*Description of how the company monitors and evaluates performance.*

- i. Periodic review of Human Rights adherence by senior management.
- ii. To date, we have no incidents of legal case or human rights violation. We will follow the rule of law in the country we are operating.
- iii. We have social / ethical audit conducted by Ecovadis to ensure the requirements are continuously lived up to.

## 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 2018, various topics of safety briefing had been conducted to existing staffs to increase safety awareness level, which included PPE, manual handling, electric safety, first aid, how to use fire extinguisher, and etc.

A better working environment will develop happier employees; KHEI Sport and Recreation Club have organized outdoor activities and events for KHEI employees. Last year, we had organized sport game (galatic laser), participated PJ half malathon on July 2018. Visited Pusat Penjagaan Kanak-Kanak Cacat Taman Megah (PPKKCTM) and Persatuan Kebajikan Amal Da Ai Malaysia on May 2018. In addition, we had also organized Betong 3 days 2 night trip on Sep 2018.

### **Measurement of Outcomes**

*Description of how the company monitors and evaluates performance.*

- Periodic review of labour rights within the company by management.
- There are no records of breaking any labour laws and Code of Ethics.
- Work Accident Summary for Year 2018:
  - Number of employees = 629
  - Total hours work = 1,569,984

### Injury Summary:

- Total all disabling injuries / illness = 0
- Total non-disabling = 10
- Frequency rate = 6.37
- Severity rate = 20.38

iv. Youngest employee in 2018 is 18 years old and the eldest is 78 years old.  
Out of 629 employees in 2018, 87% is male while 13% is female, with a total of 9 ethnics in Kum Hoi Engineering Industries Sdn Bhd

## 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, chemical spillage training.

In year 2018, scheduled waste training had been conducted for all related department.

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 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**

*Description of how the company monitors and evaluates performance.*

- External audit of environmental performance was conducted in 14<sup>th</sup> – 15<sup>th</sup> March 2019 annually.
- Conduct internal audit annually on ISO 14001 by internal audit team.
- Designated area for general waste and schedule waste is allocated, our people are educated in this program through monitoring, follow up and training.
- Environment performance is reported to top management annually during Management Review Meeting.
- Our reduction of paper usage program had revealed 3% savings in year 2018 after we create awareness among the staff by using recycle paper or print double-sided.

## 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**

*Description of how the company monitors and evaluates performance.*

- We have not encountered any incidents relating to corruption / bribery and extortion.
- Yearly financial audit reports conducted by external auditors means any sign of bribery is identifiable through audit either bribery or corruption.