

Stakeholders' Rights

KCE is aware of the responsibilities to the stakeholders, respects the stakeholders' legal rights and ensures that those rights are protected. The Company provides fair treatment and takes into account the interests of the stakeholders which include, but not limited to, various groups; the shareholders, the employees, the management, the customers, the suppliers, the creditors, the community, the society, the government, the environment, the public, etc. Recognizing the role of KCE as one of the major Thai manufacturing industrial leaders, KCE places the protection of the environment and safety as one of its priorities. The Company encourages active co-operation between the Company and the stakeholders in creating wealth, jobs and the sustainability of financially sound enterprise and ensures that all business decisions and actions comply with all applicable laws and regulations. Stakeholders of KCE are treated fairly in accordance with their legal rights as specified in relevant laws.

The Company sets a clear policy on fair treatment for each and every stakeholder. The rights of stakeholders that are established by law or through mutual agreements are respected. Any actions that can be considered in violation of stakeholders' legal rights are prohibited. Any violation will be effectively redressed. In the Year 2007, there are no legal issues regarding any of the stakeholders. The Company provides a mechanism that stakeholders can involve in improving the company performance to ensure the firm's sustainability. In order for stakeholders to participate effectively, all relevant information is disclosed to them in form 56-1, the KCE Annual Report, and the Company's website www.kcethai.in.th. The stakeholders can communicate through mail, email, telephone and the above mentioned website to the Company any concerns about illegal or unethical practices, incorrect financial reporting, insufficient internal control, etc. The rights and the confidentiality of any person who communicates such concerns will be protected.

KCE honors commitments to stakeholders; competes in business fairly and ethically: provides fair and equal treatment to employees and assumes the responsibility to society. The policies are clearly stated in the Corporate Governance Handbook.

- **Employees**

KCE Workforce represents the company's most valuable asset. Staff development both professionally and personally are encouraged so that KCE employees can attain the highest level of competence. KCE employees receive fair treatment with salary and benefits comparable or better to those in the same industry. Each employee receives an Employee Handbook which defines rules, regulations, procedure, and welfare for KCE's employees. The KCE welfare committee looks after the employee's benefits with subcommittee for housing, life and health insurance, transportation, scholarship for employees' children and food services. The company also offers "employee stock option program" as an incentive for the employee's contribution and to help motivate employees' dedication to reach the company's goal.

KCE Newsletter is published quarterly to provide communication within the company while KCE Gazette is accessible in the company's website.

The safety of the employees is utmost important and KCE implements strict safety policy. There have been various training and seminars for safety, health, environment and other work-related issues to foster development and improvement of knowledge, skills and to maximize the potential of the employees.

In 2008, the training courses for the Employees included, but not limited to, the following;

- Corrective and preventive Technique By 8D course to improve Quality Control System through problem analysis and corrective action as well as preventive action annually.

- Chemical Hazard Training – for safe -handling, storage and disposal of chemical
- ERT (Emergency Response Team) are conducted monthly
- Fire Fighting and Fire Drill are conducted once yearly.
- Safety officer training is offered annually for supervisor- level staff to educate staff regarding work safety; safety and relevant laws; prevention and control of accidents, occupational health risks, identification of incidence and illnesses from occupation or industry.
- ISO/TS 16949 training for all employees
- Failure Mode and Effect Analysis for Automobile Industry (FA-40)training annually.
- Continuous 5S for practical and Visual feedback Photography five times in 2008
- Restriction of the use if certain hazardous substances, ELV (END of Life Vehicle) WEEE(Waste of electrical and electronics equipment) Course
- Course on Emergency control of fire caused by short-circuited electricity to help trainees to control fires that are caused by electricity and flammable gas such as Acetone
- Document Control system
- Measurement System Analysis to meet the requirement of APQP system (Advance Product Quality Planning)
- Six Sigma Black Belt for Cost Saving Project
- PPE (Personal Protection Equipment) Trainings are conducted every 4 months.
- JSA- Job Safety Analysis weekly following the guideline for Hazard Identification & Risk Assessment
- Forklift Skills and Safety Training
- PCB handling instruction
- Storage training

- Radiation Safety for those working with radioactive material annually
- Course on Statistical Process Control: SPC, Level 1 and 2, to provide basic statistical knowledge that can be applied to work annually.

Other benefits and activities offered to KCE employees are:

- Free general physical and medical examinations are provided annually for employees.
- Laboratory blood tests are offered twice yearly as a preventive measure for those working with chemicals.
- Twenty four hour first-aid nursing service is also available at every plant
- Professional training programs are offered to KCE employees to enhance work efficiency through Human Resource Development Seminar and Training Courses which include-discipline, team building, teamwork and leadership.
- “Special lecture on Birth Control”
- Courses and training to develop alternative skills and extra income such as mirror art and production of organic fertilizer.
- Low cost consumer product sale monthly.

In 2008, KCE employee participated in the following activities :

- Religious Ceremony and Merit-making for New Year
- Safe Driving with No Alcohol Project for Songkran holiday.
- Thai Religious Ceremony on Songkran day.
- No Smoking Project
- Contest for Best 5S Motto
- Safety Exhibition on Safety Day
- Recreational activities at Banito Resort at Amphur Bangsapan, Prajuabkirikan Province , on the July 5th-6th, 2008.

To foster workplace safety at KCE, the following safety policy has been established :

KCE Safety Policy

1. Work Safety at KCE is every employee's responsibility; each individual at all levels must collaborate to contribute to the safety for oneself and others.
2. KCE encourages and supports every form of safety- related activities such as training courses, motivation, improvement of workplace conditions and environment.
3. Every supervisor and above has the responsibility of monitoring the safety of the subordinates and to oversee that the safety rules are strictly adhered to.
4. All employees will participate and cooperate with all the company's safety and occupational health project.
5. KCE will monitor and evaluate the results of the implementation safety and occupational health policy in order to ensure strict compliance and maximum effectiveness.

- Customers

KCE strives to achieve customer satisfaction by providing quality products and delivering exceptional service to our customers. KCE has a policy to provide products that meet or exceed the customer's expectation. KCE believes in strong ethical standards and carries out our business with uncompromising integrity and honesty in all respects. KCE protects our customers and maintains the trust placed in us by ensuring that all information relating to our customers business affairs remains confidential at all time.

Quality Policy

“ KCE commits to provide products and services to meet or exceed agreed requirements for all of our customers through continuous improvement and by doing it right the first time.”

- **Supplier**

KCE believes in being fair and defined conduct ethics in dealings with all parties having a business relationship with the company. The procurement policy and the service acquisition process are clearly defined. The material purchasing procedure, the supplier and the subcontractor qualification procedure, the terms and conditions are set to ensure fairness between the Company and suppliers by way of transparent procurement system. The Company abides by the terms and conditions stipulated in contracts and make timely payments. There have been no disputes with the KCE suppliers or competitors in 2008.

- **Creditors**

KCE is committed to discipline in the operation of our business and ensure that all business decisions and actions comply with all applicable laws and regulations. The Company observes good standards of behavior and honoring all commitments made to creditors. The Company performs according to the terms of the loans and respect obligation towards creditors with prompt communication and information when deemed necessary. Billing date, documents and conditions for payment are clearly informed to KCE creditors.

- **Competitors**

Business transactions at KCE are performed ethical and with transparency. Business competitions are conducted fairly without illegal or unethical practices.

- **Shareholders**

KCE continually strives for superior performance, taking into account the current and potential risk environment. It is our duty to ensure transparency in KCE's operation and to do our utmost to safeguard KCE's assets and to uphold our reputation. KCE performs duties with honesty, integrity and fairness for the benefit of major and minor shareholders as well as other related parties to:

- Manage for stable long-term sustainable growth while maximizing shareholders' wealth.

- Knowledgeably execute responsibilities with utmost care and professionalism.
 - Safeguard the Company's assets.
 - Disclose sufficient and accurate financial and non-financial information on the Company's operating and financial status
- **Environment**

High environmental standard is maintained strictly at KCE, complying with the associated law and regulatory requirements. Energy and natural resources are utilized effectively and efficiently with major investment in the waste treatment systems. All KCE plants are located within Industrial Estate where environment protection and impact to environment are conducted strictly. KCE commits to the environment policy as follows :

Environment Management Policy

KCE Electronics Public Company, manufacturer and exporter of Printed Circuit Board (PCB) is committed to establish 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.

Since 2002 the Company has been awarded ISO 14001 which is the Certificate for Effective Environmental Management System from SGS Thailand and the accreditation from ISO/TS 16949, the Certificate of Quality Management System of Technical Specification for Automotive Production and Relevant Service Part Organization, KCE adhere strictly to the standards and in 2008 was audited and approved by the accreditation committee on all the four surveys performed in January, March, July, and September 2008 that the Company has adhered to all the stipulations, meeting the standards of the Effective Environment Management System and Quality Management System.

KCE is dedicated to create more environmentally friendly products to produce Environmentally safe PCB products and work with our customers and raw material suppliers to produce environmentally friendly products such as Lead-Free and Hallogen- Free Products as well as the use of environmentally friendly packaging material by using bubble packaging product instead of plastic foam.

Recognizing the importance of the environment, in 2007 KCE became a member of the Global Compact established by the United Nations (UN) and commits to the 10 principles in respect to human rights, labour rights, the protection of the environment and anti-corruption as follows:

Human Rights

1. KCE supports and respects the protection of internationally proclaimed human rights; and
2. Will not condone to human rights abuses.

Labour Standards

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Elimination of all forms of forced and compulsory labor;
5. Effective abolition of child labor; and

6. Elimination of discrimination in respect of employment and occupation.

Environment

7. Support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmental friendly technologies.

Anti-Corruption

10. Work against corruption in all its forms, including extortion and bribery.

In year 2008, KCE conducted several activities for employees to participate in order to support the above policy such as the growing of the Mangrove Forest Project at Cultivation Department, Reservation Area 3 Petchburi, Prachuabkirikan Province on July 5th – 6th, 2008.

Society and Community

KCE values the importance of contributing to community, society, religion and culture, natural resources and the environment and that of the general public. The Company promotes a culture of being socially responsible for all staff levels.

In 2008, KCE together with the employees have participated in the following activities to contribute to the community, religion and the public :

- Scholarships donation for graduate students of Mahidol University.
- Fund Donation for the construction of the school building for Baan Pha Gee School, Mae Salong District, Chiang Rai.
- Donation to scholarship fund to the school children at Baan Na Takut School.
- School and community New Year Gift Projects.
- Donation to scholarship fund to the children of employees.

- Blood donation by the employees of the Company to the Red Cross Foundation with the Industrial Estate of Thailand.
- Donation of food, clothes, stationary and other necessary items for orphans at Wat Bot Woradit, Amphur Pa Mok, Ang Tong Province.
- Donation of various necessary items to orphans at Wat Suan Keaw through the Lat Krabang Industrial Estate Donation Project.
- Donation of clothes and other necessary items for orphans and HIV patience at Wat Phrabat Nampu, Lopburi Province.

The Company provides a mechanism to facilitate stakeholders involvement in improving the company performance to ensure the firm's continuous growth and success. In order for stakeholders to participate effectively, all relevant information is disclosed in the form 56-1, the KCE Annual Report, the Company's website, www.kce.hq.com , www.kcethai.in.th. The stakeholders can communicate through mail, email, telephone and the mentioned website to the Company any concerns about illegal or unethical practices, incorrect financial reporting, insufficient internal control, etc.

Communication Channels :

Electronic mails : kce_mail@kce.co.th

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