

Beijing KDS PCB Co. Ltd.



KDS is a Chinese manufacturer of high-end printed circuit boards (PCB) for customers in China and overseas. Clients are major international automotive and consumer products manufacturers.

COUNTRY

China

SECTOR

Electronics manufacturing

EMPLOYEES

2007: 75 permanent, 300 temporary

2010: 342 permanent, 35 temporary

TURNOVER / NET PROFIT

2007: USD 15mIn / USD 2mIn

2010: USD 80.3mIn / USD 8.6mIn



BETTER BUSINESS

- In 2007 KDS began implementing environmental and social standards in their business practices, due to a production process that is labor-intensive and involves chemical processes. Working together with its stakeholders, KDS identified the policies, processes and systems required to improve their environmental and social standards.
- As a result, KDS obtained their social SA 8000 certification within 24 months at the approximate price of USD 93,000 (payback time for these costs was one year due to the financial benefits of certification);
- KDS also re-designed and implemented an Environmental Management System (EMS) based on the IFC Performance Standards. They also re-certified the EMS on ISO 14001.
- By the end of 2009, after having achieved certification, business performance had improved significantly.

BUSINESS RESULTS

- **Increased productivity** – due to higher employee retention and a more efficient labor force.
- **Improved employee satisfaction** – as better labor policies reduced overtime by 80%.
- **Increased market share** – by gaining two new major international clients.

- **Access to finance** – as certification reduced the company's risk profile, making it easier to obtain capital.
- **Cost reduction** – as a result of fewer audits by international clients. Down from 28 audits in 2008 to only eight audits in 2009).

RISKS

- **Reduced labor risks** – KDS is now better equipped to deal with common People's Republic of China labor issues like endemic overtime, non-payment of social security premiums and a high percentage of temporary labor.
- **Reduced risk of accidents or fatalities** – Working environment improved leading to a reduction in incidents.
- **Reduced cash-flow risk** – ISO 14001 certification allowed production to continue in an area where 80% of all industry was shut down during the 2008 Beijing Olympics.

Through its financing, FMO promotes the implementation of best practices in environmental, social and good governance (ESG) standards.

FMO

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