

**CDW Holding Limited**

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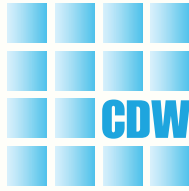
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CDW Holding Limited



# BUILDING ON SUSTAINABILITY

SUSTAINABILITY REPORT 2017

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# ABOUT THE GROUP

CDW Holding Limited (“CDW”) has been listed on the Singapore Exchange Limited (Stock Code: BXE). Led by a Japanese management team, CDW is a precision components specialist serving the global market focusing on the production and supply of niche precision components for mobile communication equipment, game box entertainment equipment, consumer and information technology equipment, office equipment and electrical appliances. CDW and its subsidiaries<sup>1</sup> (collective as the “Group”) are headquartered in Hong Kong, with operations located in different parts of China (including Hong Kong), Japan and Korea. The Group serves consumer electronics, with producers of mobile phones, office equipment and electronic appliances as the key types of customers.

The Group’s principal activities are divided into 4 business segments: LCD Backlight Units, LCD Parts and Accessories (including original equipment manufacturer (“OEM”) business), Office Automation, and Others (including food and beverage, as well as life science businesses). Details of the business segments and their economic performances are listed below:

In the reporting year, the total liabilities and total shareholders’ equity of the Group were 27.6 and 60.9 million US dollars respectively. The net profit for the reporting year was 1.7 million US dollars. The Group repurposed its factory in Dongguan for its new OEM business; the Group’s restaurant in Shanghai was closed; a new subsidiary, CLS, was incorporated in Japan in January to offer research and marketing services related to biotechnology.

The Group upholds the core value of knowledge, production capability and superior quality, with the aim to provide professional services and fulfil customers’ needs, as well as to become their most reliable business partner ultimately. CDW’s mission is to be the leading global outsourcing partner for niche precision components for the mobile communication, consumer and information technology equipment market.

## SEGMENT INFORMATION

Segment	LCD Backlight Units	LCD Parts and Accessories	Office Automation	Others
Operating subsidiaries	TM Hong Kong; CD Shanghai; TM Dongguan; TM Japan	TM Hong Kong; TM Pudong; TM Dongguan; TM Japan; SMT Hong Kong; SMT Dongguan; MT Wuxi	TM Hong Kong; TM Shanghai; TM Japan; WH Hong Kong; WH Dongguan; GCY Shanghai	CLS; TWB
Total number of employees	515	343	441	11
Quantity of products sold	21.4 million units	N/A	N/A	N/A
Revenue (US\$mn)	59.8	20.7	22.1	1.5
Share of Group revenue (%)	57.4	19.9	21.3	1.4

<sup>1</sup> The operating subsidiaries of CDW include: Tomoike Industrial (H.K.) Limited (“TM Hong Kong”), Crystal Display Components (Shanghai) Co., Limited (“CD Shanghai”), Tomoike Precision Machinery (Dongguan) Co., Limited (“TM Dongguan”), Tomoike Industrial Co., Limited (“TM Japan”), Tomoike Electronics (Shanghai) Co., Limited (“TM Pudong”), S.M.T. Assembly Limited (“SMT Hong Kong”), Dongguan Dali S.M.T. Assembly Limited (“SMT Dongguan”), Minami Tec (Wuxi) Co., Limited (“MT Wuxi”), Tomoike Precision Machinery (Shanghai) Co., Limited (“TM Shanghai”), Wah Hang Precision Machinery (H.K.) Limited (“WH Hong Kong”), Wah Hang Precision Machinery (Dongguan) Limited (“WH Dongguan”), Shanghai Gu Chang Yu Printing Technology Co., Limited (“GCY Shanghai”), CDW Life Science Limited (“CLS”), and TWB Co., Limited (“TWB”), as of 31 December 2017.

# ABOUT THIS REPORT

This is the first Sustainability Report published by CDW. By reporting the policies, practices, targets and performances of the Group in terms of the material environmental, social and governmental factors, it allows all stakeholders to understand the progress and development direction of the Group.

The report has been uploaded to the websites of the Singapore Exchange Limited (the “SGX”) and CDW ([www.cdw-holding.com.hk](http://www.cdw-holding.com.hk)).

## REPORTING BOUNDARY

This report focuses on the operation of CDW’s business segment of LCD backlight units between January 2017 and December 2017 (the “reporting year”). The reporting boundary covers the manufacturing facility in Shanghai managed by Crystal Display Components (Shanghai) Co., Limited (“CD Shanghai”). While this report does not cover all of the Group’s operations, the aim of CDW is to consistently upgrade the internal data collection procedure and gradually expand the scope of disclosure.

## REPORTING STANDARD

This report is prepared in accordance with the ‘comply or explain’ provisions of SGX-ST Listing Rules 711A (“LR 711A”) on sustainability reporting, as well as the guidance set out in the Practice Note 7.6: Sustainability Reporting Guide (“PN 7.6”) launched by the SGX. The five reporting components prescribed by the SGX-ST Listing Rules 711B (“LR 711B”) underline the key structure of this report. It takes reference from the sustainability reporting framework provided by Global Reporting Initiatives (“GRI”), the GRI Standards (version 2016 and 2018). GRI’s Reporting Principles for defining report quality – accuracy, balance, clarity, comparability, reliability, and timeliness – form the backbone of this report.

To ensure the reporting quality and credibility, CDW commissioned a professional consultancy, Carbon Care Asia, to conduct the processes of report preparation, stakeholder engagement, and carbon assessment. In addition to the ‘required disclosures’ provided by GRI, selected topic-specific disclosures are included for enhanced reporting. A complete GRI-SGX Content Index is inserted in the last chapter for reader’s easy reference.

## CONFIRMATION AND APPROVAL

Information documented in this report is sourced from the official documents, statistical data, as well as management and operation information of and collected by CDW and CD Shanghai according to the policies of the Group. The report has received the Board of Directors’ approval in December of 2018

## OPINION AND FEEDBACK

CDW values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the report, please contact the Group via the following channels:

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# BOARD STATEMENT

In October 2018 the Intergovernmental Panel on Climate Change (IPCC) issued a special report, which draws the global attention to the consequence of failing to limit global warming to 1.5°C above pre-industrial temperatures. The critical environmental, economic and social impacts posed by climate change simply cannot be ignored. We believe that sustainability is part of the solution.

We are fully aware that sustainability risks and opportunities matter to investors and stakeholders just as much as other risks and strategies. To meet the growing interest in sustainability among investors and stakeholders, CDW is proud to present its first sustainability report. Our goal is to highlight the board's inclusion of sustainability issues as an integral part of CDW's corporate governance, and to set out strategic responses to the sustainability risks posed to CDW in a transparent and effective manner.

When preparing for this report, we conducted stakeholder engagement exercises with internal and external stakeholders. With feedback collected from stakeholder questionnaires, we identified and prioritised critical sustainability topics with materiality analysis. This set of material topics had been confirmed by the board, including six critical topics, and eight important topics. The results show that our stakeholders are particularly concerned about customer privacy, anti-corruption endeavours, as well as compliance with both socio-economic and environmental regulations. It is hardly surprising that the material topics identified resonate with that of the Ten Principles of the United Nations Global Compact. We recognise that our responsibilities go beyond our products to creating benefits for people and communities that are affected by our operation. In-depth description of our management approaches and practices in the critical topics forms the core components of this report.

Taking into account the materiality analysis result, the board has further assessed the operations and identified potential sustainability risks with relevant responses and opportunities. Posed by increasing expectations of socially responsible conduct, changing values of customers, and the more substantial challenges of climate change, such risks are discussed in greater detail in each relevant section. The board will continue to include risk assessment in the strategic planning of CDW in order to drive actions in the Group.

At CDW, sustainability means more than compliance. We have adopted group-level policies that govern our practices in relation to quality assurance, environmental management, whistleblowing mechanism and information security. While we have not yet formulated a sustainability strategy, the establishment of a sustainability committee is on our agenda, which will help us better monitor the Group's sustainability practices and steer our business development towards a sustainable future.

Our vision is to become a global leader on sustainability directions in the precision component industry. We must remain flexible and responsive to changing customer demands, to respond proactively to the risks facing our industry. We firmly believe that our long-term success is inextricably linked to our environmental, social and governance performance. We aspire to foster ever-stronger ties with our partners at all levels to pave the way for a more sustainable world. This report will hopefully serve as a bridge that connects our team to all stakeholders in joining our efforts to achieve our vision.

**Makoto YOSHIKAWA**

*On behalf of the Board of Directors of  
CDW Holding Limited*

# SUSTAINABILITY GOVERNANCE

CDW's Board of Directors has established the Audit Committee, the Nominating Committee, the Remuneration Committee and the Investment Committee. The Group has established the Information Security Committee to monitor the use of customer information and to protect customer privacy through its subsidiaries. The Environmental Management Committee has been established in CD Shanghai at the initiative of the General Manager, to coordinate the environmental impact assessment, internal controls and environmental risk management, as well as operational planning. CDW is reviewing its current policies in order to subscribe to Core Conventions of International Labour Organisation.

CD Shanghai's operations have been accredited with ISO 9001 Quality Management and ISO 14001 Environmental Management. As one of the products of CD Shanghai is for the assembling of in-vehicle display, it also subscribes to the requirement of International Automotive Task Force (IATF 16949: 2016 accredited). In the future, the Group is planning to establish a Sustainability Committee by restructuring the Group's managerial functions to better respond to the socio-environmental challenges.



# STAKEHOLDER ENGAGEMENT

As a key in the management of CDW, stakeholder<sup>2</sup> participation helps the Group review potential risks and business opportunities. Communicating with stakeholders and understanding their views allow the Group to better fulfil their needs and expectations with its business practice and manage different stakeholders' opinions. The Group constantly communicates with key internal and external stakeholders via various channels. This ensures that they have the opportunity to learn about the Group's development and operation directions and offers the Group the chance to listen to them in order to identify the priority of issues and develop corresponding policies.

## Material sustainability topics in the reporting year

To formulate the Group's sustainability strategy and direction and to identify material sustainability topics for the Group and its stakeholders, the Group commissioned an independent consultancy to conduct a management interview. Combining the results of the interview and expert advice, the Group selected six critical issues to focus on in this report.

## MAIN MEANS OF STAKEHOLDER ENGAGEMENT

CDW	Stakeholders		Means of Communication
	Internal	Board of Directors	Senior Management
Executive employees		Direct mails, written reports, hotlines (e.g. whistleblowing hotlines)	
General employees		Direct mails, staff social events, hotlines (e.g. whistleblowing hotlines), notice boards	
Shareholders		Direct mails, Annual General Meetings, SGXNet	
External	Investors	Direct mails, interviews, presentation, SGXNet, investor relations consultancy	
	Customers	Direct mails, written reports, interviews, presentation, regular meetings, education & training, SGXNet	
	Suppliers	Direct mails, written reports, interviews, presentation, regular meetings, SGXNet	
	Banks	Regular meetings, visits/ study trips, SGXNet	
	Local community groups	Community service activities	
	Regulatory agencies	Seminars, SGXNet	
	Others <sup>3</sup>	SGXNet	

## PROCEDURES FOR MATERIALITY ANALYSIS

1. Identifying Relevant Topics	2. Collecting Stakeholder Feedback	3. Assessing Material Topics	4. Validation
<p>Management Interview: discussed management approach to identify material factors and sustainability risks</p> <p>Expert review: identified 27 relevant topics</p>	<p>Online questionnaire: links to bilingual online survey were dispatched to 272 internal and external stakeholders; 112 valid responses were collected (valid response rate 41%)</p>	<p>Developed materiality matrix (see figure below); assessed the materiality of topics based on the survey results</p>	<p>CDW Board of Directors confirmed the material topics for sustainability reporting of 2017</p>

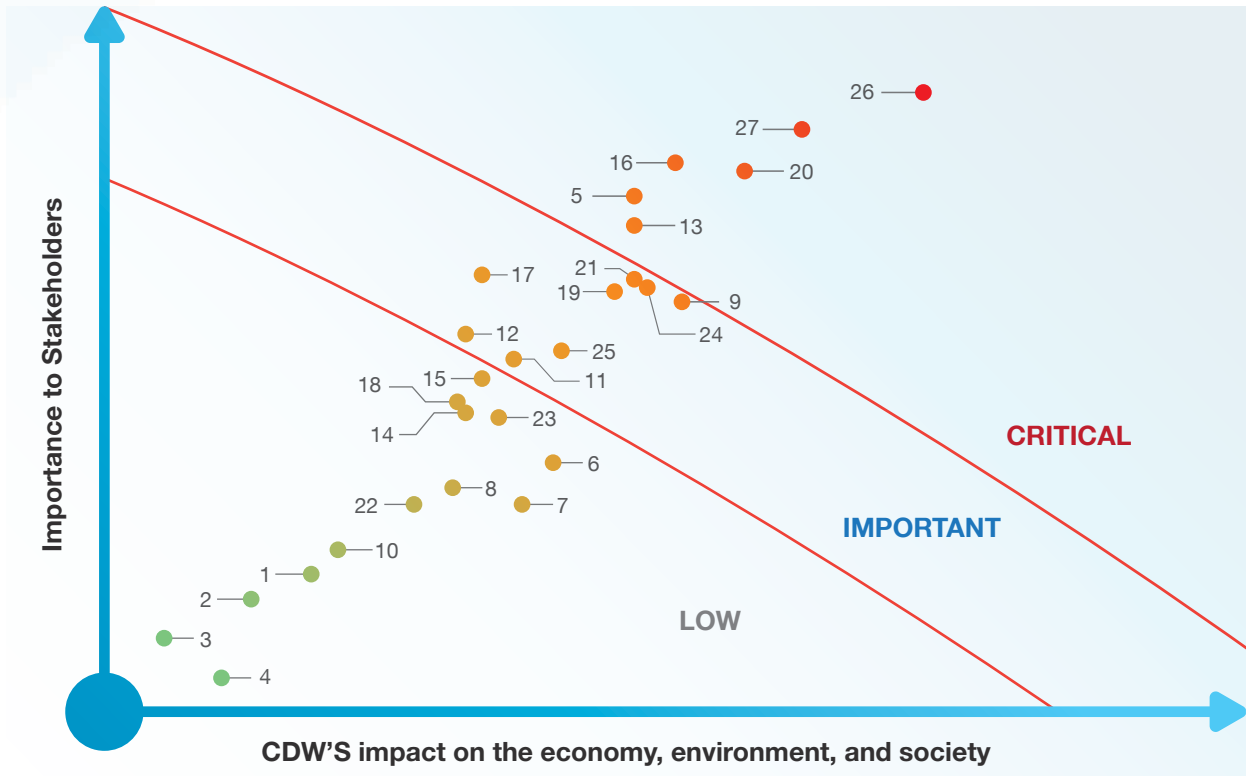
<sup>2</sup> Stakeholders refer to groups or individuals materially influencing or affected by the Group's business.

<sup>3</sup> Other external stakeholders include government agencies, academic institutes, media, employees' families, and professional bodies.



# STAKEHOLDER ENGAGEMENT

2017 MATERIALITY MATRIX OF CDW



Areas	No.	Critical Factors	No.	Important Factors
Economic	5	<b>Anti-corruption</b>		
Environment	13	<b>Environmental Compliance</b>	9	Water and Effluents
			12	Waste
			11	Emissions
Social	26	<b>Customer Privacy</b>	24	Customer Health and Safety
	27	<b>Socioeconomic Compliance</b>	21	Forced or Compulsory Labour
	20	<b>Child Labour</b>	19	Non-discrimination
	13	<b>Occupational Health and Safety</b>	17	Training and Development
			25	Marketing and Labeling

To ensure the effectiveness of stakeholder engagement, the Group dedicates itself to establishing communication mechanisms to enhance transparency, integrity and accuracy and

providing timely response. In the next reporting year, the Group will review its stakeholder engagement plan.

# BOUNDARIES OF MATERIAL FACTORS

The impact and influence of each material factor identified may have wider impacts beyond the business operations of CDW or the Group itself, and thus require considerations.

The table below summaries where impacts occur for each material factor. All topics are material within and outside of the Group. The Group will continue monitoring any significant changes in the boundaries of material factors.

Material Factors	Boundaries		Impacts addressed in this Report
	Within the Group <sup>4</sup>	Outside the Group <sup>5</sup>	
Customer Privacy	CDW and CD Shanghai	Customers	Ethical Operations, Page 10
Anti-corruption	Employees of CDW and CD Shanghai	Customers, suppliers	Ethical Operations, Page 10
Customer Health and Safety	CDW and CD Shanghai	Customers	Ethical Operations, Page 10
Marketing and Labeling	CDW and CD Shanghai	Customers, investors	Ethical Operations, Page 11
Socioeconomic Compliance	CDW and CD Shanghai	Customers, governmental bodies, regulatory agencies	Ethical Operations & Responsible Employer, Page 11, 13
Occupational Health and Safety	Employees of CDW and CD Shanghai	Regulatory agencies	Responsible Employer, Page 13
Child Labour	Employees of CDW and CD Shanghai	-	Responsible Employer, Page 13
Forced or Compulsory Labour	Employees of CDW and CD Shanghai	Regulatory agencies	Responsible Employer, Page 13
Non-discrimination	Employees of CDW and CD Shanghai	Regulatory agencies	Responsible Employer, Page 13
Training and Development	Employees of CDW and CD Shanghai	Regulatory agencies	Responsible Employer, Page 13-14
Environmental Compliance	CDW and CD Shanghai (e.g. ISO Management Office)	Regulatory agencies, local community, customers, suppliers	Environmental Efficacy, Page 15-16
Water and Effluents	CDW and CD Shanghai (e.g. General Affairs Department)	Professional bodies, regulatory agencies	Environmental Efficacy, Page 16
Waste	CDW and CD Shanghai	Professional bodies, regulatory agencies	Environmental Efficacy, Page 17
Emissions	CDW and CD Shanghai (e.g. Production Department)	Local community, customers, suppliers	Environmental Efficacy, Page 17-19

<sup>4</sup> The boundary for impacts within the Group aligns with the Reporting Boundary.

<sup>5</sup> The boundary for impacts outside the Group takes reference from the key external stakeholders identified for this reporting year.

# SUSTAINABILITY RISKS AND OPPORTUNITIES

In light of the material sustainability issues identified from the stakeholder engagement exercise, the Group identifies the risks and opportunities in its social, environmental and economic challenges.

The Risk Management Policy set out by the Group focuses on identifying efficient and responsible measures in response to imminent risks.

Risks	Responses/ Opportunities
<p><b>Product Responsibilities</b> Product safety and health requirements are based on the safety standard requirement of the target market. Product defect and product safety issues may result in loss of trust from customers. As the Group serves a selective range of key customers in its LCD backlight unit segment, sustaining their trusts and values are of high importance. The operations and market positions of the Group can be adversely affected by issues about product responsibilities.</p>	<p><b>Product Quality Assurance</b> The Group established and implemented the Non-Conforming Product Control Procedure. In case any non-conforming product is identified, the Group shall isolate the product concerned from the sales inventory. Corrective and preventive actions will then be undertaken, which include product rework upon confirmation by client, procedural optimisation and staff training.</p>
<p><b>Technology</b> The Group can be outpaced in technology development of the industry. Heavier automation in production line and more cost-effective way of quality management advanced in the free market are pushing the Group to continuously reform its production system. The Group relies on specific suppliers, while the technical capacities of these existing suppliers are not sufficient.</p>	<p><b>Product Development and Research</b> The Group continues to strengthen its research and development capacity to maintain its technological leadership in the industry and to explore new market segment. CDW is also exploring broader spectrum of customer needs in search for opportunities to diversify its customer portfolio. New products and marketing plans are being developed to cater for changing demands of the customers.</p>
<p><b>Socially Responsible Conducts</b> In the age of more transparent media and public communication, any form of misconduct of established businesses can go spread rapidly at the expense of companies' public image. Malpractice in employment (e.g. discrimination, harassments, child labour, or forced labour) can significantly reduce morale and lead to talent drain. Incidents of socioeconomic non-compliance (e.g. corruption and labour issues) threaten business reputation, dispel investors, and affect customer trust, which may also result in lengthy litigation and monetary sanctions.</p>	<p><b>Corporate Social Responsibility Management</b> The Group can set up an active monitoring system to identify the changing social norms, legal requirements, and administrative regulations in different areas of operations. The Sustainability Committee to be established by the Group will steer the strategic management of business conduct and corporate social responsibility activities, so as to provide timely responses to changing needs of the stakeholders and local communities.</p>
<p><b>Occupational Hazards</b> Workers in the production line are at risk of exposure to chemicals known to be hazardous to human health. Regular practices of hazard identification and provision of personal protective equipment are essential to protecting the health and safety of the employees.</p>	<p><b>Safety Management System</b> The Group can implement a safety management system to control the risk associated with occupational health and safety hazards, so as to further reduce the rate of work-related injuries and ill health. Work safety education and staff wellbeing activities are regularly organised.</p>

# SUSTAINABILITY RISKS AND OPPORTUNITIES

Risks	Responses/ Opportunities
<p><b>Talent Loss</b> Employees are key contributors to value creation in the industry. Manufacturers face increasing challenges in recruiting and retaining qualified employees.</p>	<p><b>Employer Branding</b> The Group has put in place policies and an annual plan for training and education and to enhance employee welfare by adjusting its human resources policies.</p>
<p><b>Climate Change</b> GHG emissions from manufacturing facilities constitute a significant source of risk to current and future operations. International trends of stringent regulatory requirements to combat climate change would pose regulatory risk to the Group. Manufacture of LCD backlight unit is an energy-intensive process. Fossil-fuel based energy consumption creates significant environmental impacts. More frequent heat stress caused by climate change can reduce productivity of employees and put further pressure on energy consumption for extra use of air conditioning. Rise in sea-levels increases flood risks to the Group's production facility, which is located in the coastal area (i.e. Shanghai).</p>	<p><b>Energy and Resource Efficiency</b> The Group strives to enhance energy and resource efficiency and adopt new technologies to reduce the operating costs and GHG Emission. The Environmental Management System has been deployed to monitor the emissions, consumption, and waste materials of the production facility.</p> <p><b>Alternative Energy Sources</b> The Group may benefit from opportunities offered by new types of energy supplies around the operation areas, and be able to utilise policy incentives for energy efficiency and renewable energy.</p>
<p><b>Regional Water Stress/ Drought</b> The Group's production process consumes a significant amount of ultra-pure water. Reduction of water use is a major challenge to the Group, while increasing global water stress could pose operational risks.</p>	<p><b>Water Management</b> The Group has established procedures for recycling and reusing the withdrawn water to reduce pressure on local water sources. In the Environmental Management System of CD Shanghai, water consumption is closely monitored.</p>
<p><b>Pollution and environmental contamination</b> Regulatory controls on pollutants have been increasingly tightened. As the production process involves the use of chemicals, there are risks of contamination in the surrounding communities.</p>	<p><b>Pollution Control System</b> The Group has been proactively managing its level of potential pollution in the production process. We maintained communication with local stakeholders and have set up an emergency response plan.</p>

# ETHICAL OPERATIONS



CDW complies with ethical standards in its business operation and value chain. The main products of CD Shanghai are LCD backlight units for in-vehicle information display and for various models of gaming device. CD Shanghai has established a set of quality assurance procedures to ensure the protection of customer privacy and customer rights. It also follows CDW's Whistle-blowing Policy to prevent corruption in its operational practices.

Product deliveries of CDW rely on the integrity of its procurement practices. To provide quality products and services, it actively monitors the performance of its suppliers with a rating, reporting, and verification system. Suppliers are required to render production part approval process (PPAP) verification reports. The major suppliers of the Group continue to be Japanese-based manufacturers due to specific and high quality standard required by the Group's customers.

## PROTECTING CUSTOMER PRIVACY

The Group invests resources in maintaining its information security infrastructure, and seeks to protect the privacy of its customers. The provisional Information Security Policy sets out our management approaches to data security, and recommends the appointment of an information officer of the Group.

CD Shanghai's Quality Manual released in the reporting year has prescribed procedures to prevent loss, damage or improper use of information of customers and external suppliers. The editing, storage, modification and disposal of customer specification documents are governed by the Document Control Procedures and the Record Control Procedures. In written contracts with customers, CD Shanghai pledges to protect customers' intellectual property rights (including business secrets and know-hows) and exercise the duty of confidentiality towards

customer information. During the reporting year at CD Shanghai, there were no incidents of substantiated complaints<sup>6</sup> received concerning breaches of customer privacy, whether from outside parties and substantiated by CDW, or from regulatory bodies. There were also no incidents of identified leaks, thefts, or losses of customer data.

## ANTI-CORRUPTION

The Group's Whistle-blowing Policy and Procedure, together with CD Shanghai's Staff Manual, set out detailed arrangement for anti-corruption practices. The anti-corruption provision in the Staff Manual prohibits any requests for off-the-book commission rebates in business transactions with external parties. Employees are encouraged to report any suspected financial improprieties through the confidential whistle-blowing mechanism. There were no confirmed incidents of corruption or any legal cases regarding corruption brought against CD Shanghai or its employees during the reporting year.

## CUSTOMER RIGHTS

### *Customer Health and Safety*

CDW affirms customers' rights to health and safety, while CD Shanghai has executed product safety measures in accordance with its Strategic Control Procedures of Products Implementation. Aligned with the customers' specific requirements, the Group prescribes proper assembly of products to prevent health and safety incidents in the production line, the storage facilities and during transportation. In the development of new products, the ISO Management Office of CD Shanghai identifies and communicates the laws and regulations in relation to product safety, assesses and controls the features of product safety, as well as evaluates the potential impacts of alteration of production process on product safety.

<sup>6</sup> A substantiated complaint refers to written statement by regulatory or similar official body addressed to CDW that identifies breaches of customer privacy, or a complaint lodged with CDW that has been recognised as legitimate by CDW.

## **Marketing and Labelling**

Customers' rights to fair information is essential to maintaining satisfactory partnerships. Although the existing customers of CD Shanghai are managed by the headquarter or the Group's office in Japan, CD Shanghai has worked on monitoring client needs, evaluating market intelligence and feedback, as well as executing marketing plan. In the product development stage, CD Shanghai ensures effective communication with the customers to avoid misinformation.

The Group abides by laws and regulations in relation to ethical operations, such as the Contract Law, Trademark Law, and Patent Law of the People's Republic of China. During the reporting year, concerning product health and safety, information and labelling, as well as marketing and labelling, there were no cases of non-compliance with regulations or voluntary codes that resulted in a fine, a penalty, or a warning against the Group.

Going forward in 2018, CD Shanghai is going to follow up with a set of targets for ethical operations:

### Targets for 2018

<b>Customer Privacy</b>	<ul style="list-style-type: none"> <li>- 100% control rate of technical documents provided by customers;</li> <li>- 100% completion rate in the identification of customer properties;</li> <li>- Zero substantiated complaints<sup>6</sup> received concerning breaches of customer privacy;</li> </ul>
<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>- Zero confirmed incidents of corruption;</li> <li>- 80% of employees received communication and training about anti-corruption policies and procedures;</li> </ul>
<b>Customer Health and Safety</b>	<ul style="list-style-type: none"> <li>- 80% of LCD backlight units for in-vehicle information display are assessed against specification of health and safety standards;</li> <li>- At least 96% passing rate of in-process inspection;</li> <li>- Over 96% qualification ratio under first acceptance check (<math>\leq 4.5\%</math> rate of spoiled products, with 100% disposal rate of spoiled products)</li> <li>- Fewer than 3 times of customer complaints each month</li> <li>- Zero incident of non-compliance with regulations concerning the health and safety impacts of LCD backlight units produced</li> </ul>
<b>Marketing and Labelling</b>	<ul style="list-style-type: none"> <li>- Zero incident of non-compliance concerning marketing communications and product information labelling</li> </ul>

# RESPONSIBLE EMPLOYER



To retain talents and build up a sustainable workforce, the Group has implemented practices to prevent occupational hazards and to follow international labour standards. Training and education program has been planned out for CD Shanghai's employees. For the benefits of the employees, the Group abides by laws and regulations concerning labour practices, including the Labour Law and the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on

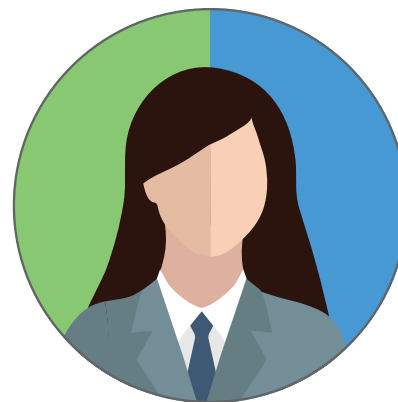
the Protection of Minors, as well as Measures of Shanghai Municipality for Payment of Wages by Enterprises.

Employees of CD Shanghai are based in the production facility in Shanghai, and CD Shanghai has outsourced the function of product development to the Group's another subsidiary in Japan. The product development team in Japan consists of 6 engineers. As of 31 December 2017, there were in total 469 employees working for CD Shanghai.

## EMPLOYMENT CATEGORY

Permanent - Full-time	Temporary/Fixed-term - Full-time
47	0

Permanent - Full-time	Temporary/Fixed-term - Full-time
422	0



Permanent - Part-time	Temporary/Fixed-term - Part-time
0	0

Permanent - Part-time	Temporary/Fixed-term - Part-time
0	0

# RESPONSIBLE EMPLOYER

## OCCUPATIONAL HEALTH AND SAFETY

CDW cares about the health and safety of its employees. The Group's Risk Management Policy promotes appropriate risk management to prevent damage in the safety and wellbeing of all employees. CD Shanghai regularly checks for possible occupational hazards in the working environment, such as hazardous chemical substances for code printing works. To prevent work-related ill health, CD Shanghai arranges annual body checks for its employees and regular inspections of the air ventilation system. The manufacturing facility in Shanghai has been accredited with a Certificate in Work Safety Standardisation for Light Industry from the State Administration of Work Safety in China.

The Group abides by laws and regulations concerning occupational health and safety, such as the Prevention and Control of Occupational Diseases and the Regulation on Work-Related Injury Insurance. During the reporting year, there was one case of work-related injury and no work-related ill health was reported. The injury was due to an accident in switching light bulb. The injured worker was given immediate medical care and sufficient time for recovery. Compensation was offered in accordance with the regulations of Implementation Procedures of Shanghai Municipality on Industrial Injury Insurance.

## LABOUR STANDARDS

### *Eliminating Child Labour*

CDW supports the Minimum Age Convention and the Worst Forms of Child Labour Convention of the International Labor Organisation. As stipulated in the Staff Manual, CD Shanghai prohibits recruitment of employees under the age of 16.

### *Avoiding Forced or Compulsory Labour*

Employees at CDW are contracted on a voluntary and fair basis. To prevent forced labour, any overtime working arrangement requires prior mutual agreement between the employees and their supervisors. If overtime work is required, employees will be compensated with leave or allowance.

### *Non-discrimination*

The Quality Manual prescribes CD Shanghai to provide a workplace free of discrimination and psychological pressure. During the reporting year, there were no reported incidents of discrimination in CD Shanghai.

Although there are no discriminatory practices found in the Group, in the years ahead, the Group plans to conduct a review of provisions in the human resources policies to further the efforts of prohibiting child labour and forced labour, and to continue eliminating discrimination in recruitment and employment practices.

## TRAINING AND DEVELOPMENT

The Training Control Procedures instructs each department of CD Shanghai to identify the training needs of various functions and ranks of employees. Base on the needs, each department formulates and implements an annual training plan, followed by evaluation of the effectiveness of training. In addition, the Quality Manual prescribes training on ISO9001 practices and internal control. The provisional Information Security Policy requires the Group to conduct education and training related to information security to raise awareness of the issue. In the reporting year, regular internal trainings were organised for orientation and client management purposes, while external trainings were provided on ISO practices and production equipment.



# RESPONSIBLE EMPLOYER



## AVERAGE TRAINING HOURS

Male

**4** Hours

Female

**37** Hours

Entry-level/General Staff

**40** Hours

Overall

**34** Hours

Percentage of employees receiving regular performance and career development reviews

**100%**

for Male, Female, Senior Management, Middle Management, & Entry-level/General Staff

Going forward, the Group has set out social targets for its employment system:

### Targets for 2018

#### Occupational Health and Safety

- To improve the occupational health and safety management system
- Zero tolerance for significant safety accident
- To increase participation in health promotion training
- To facilitate employees' participation in the review of the occupational health and safety management system

#### Labour Standards

- Continue to eliminate child labour in labour practices
- Continue to eliminate all forms of forced or compulsory labour
- Prevent incidents of discrimination against the employees on any grounds
- Score 75 out of 100 in employee satisfaction

#### Training and Education

- Adopt over 10 suggestions from employees
- Over 96% of completion rate in training
- Over 98% of passing rate in regular performance and career development review
- Expand the scope of programs and assistance to employees for their professional development

# ENVIRONMENTAL EFFICACY

CDW dedicates itself to environmental protection in its operations. CD Shanghai has implemented the Environmental Management Manual, Solid Waste Management Procedures, Green Procurement Management Guidelines, Pollution Control Procedures, Energy and

Resource Management Procedures, and Environmental Monitoring and Measurement Management Procedures. By the end of the reporting year, CD Shanghai had achieved a series of environmental targets:

Targets for 2017	Status	Progress in 2017
Continuous improvement of the Environmental Management System by adopting eco-friendly materials	Achieved	100% raw materials used in new products fulfil the environmental requirements of the customers
Compliance on pollutant emissions, enhanced recycling and reuse of waste materials	Achieved	No reported non-compliance with environmental laws and regulations; and  100% recycle rate of waste materials and equipment (e.g. air conditioner, printer, computers, batteries, cleaning materials)
Raising awareness in environmental protection with 100% training participation rate	Achieved	100% participation in emergency response and fire safety training
Increased efficiency in the use of energy and resources	Achieved	Hourly water and electricity consumptions per employee were below prescribed targets <sup>7</sup>

<sup>7</sup> To keep average water consumption below 0.03 tonnes per hour, and average electricity consumption below 1.5 kilowatt per hour.

# ENVIRONMENTAL EFFICACY



## ENVIRONMENTAL COMPLIANCE

The Group abides by environmental laws and regulations, such as the Environmental Protection Law of the People's Republic of China, as well as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Law of the People's Republic of China on the Prevention and Control of Water Pollution, and Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. To facilitate environmental compliance, CD Shanghai's Environmental Management Manual specifies responsibilities to meet expectations of governmental regulators, local communities, and neighbouring enterprises on emissions, wastes, and effluent discharges. It requires that mandates of environmental laws and regulations must be considered in the identification of important environmental factors.

The ISO Management Office is responsible for establishing feedback channels, to collect, confirm and provide updates on environmental laws and regulations in a timely manner, to evaluate the impacts on operations, and to circulate the updates to employees through each department. An inventory of applicable environmental laws and regulations, and other administrative requirements has been composed as the basis for the feedback channel. During the reporting year, there were no cases of non-compliance with environmental laws or regulations in CD Shanghai, and no significant spill was observed.

## ENVIRONMENTAL PERFORMANCES

### **Water and Effluents**

To regulate proper water use, the Energy and Resource Management Procedures prescribes regular water system checks and usage monitoring. The General Affairs Department conducts installation, servicing and maintenance of water supplies system. Monthly reports on water consumption are generated and monitored for irregularities. In the reporting year, CD Shanghai's manufacturing facility used 45.0 mega litres of freshwater<sup>8</sup> in total.

CD Shanghai's Pollution Control Procedures regulate the supervision of effluent discharge. It prohibits storage of chemicals, oil products and wastes near the sewage pipe network, or dumping of chemical wastes therein. The production departments are not allowed to discharge industrial or domestic effluents into rain water pipelines. Domestic effluents are discharged into municipal sewage treatment system. As required in the Environmental Monitoring and Measurement Management Procedures, CD Shanghai has commissioned a qualified third-party environmental testing agency to conduct annual monitoring of the effluent discharge points.

<sup>8</sup> There had been no changes in water storage in 2017.

# ENVIRONMENTAL EFFICACY

## Waste

The generation and treatment of both hazardous and non-hazardous waste could pose harm to the environment. CDW considers waste management as an important concern and strictly follows the national regulations to handle its waste. The Solid Waste Management Procedures of CD Shanghai prescribes practices of waste classification, collection, storage management, and outsourced treatment. Recyclable non-hazardous waste (e.g. paper products, plastic waste) are sorted and transported to the waste recycling station, which are documented in a Solid Waste Removal Record.

The Environmental Management Committee supervises the outsourced treatment of hazardous waste. The hazardous waste collection contractor must be approved by the Environment Protection Bureau of the local government. Record of hazardous waste collection needs to be kept for five years in the Environmental Management Committee. In the reporting year,

major non-hazardous waste includes thin films and food waste from the manufacturing facility of CD Shanghai, and major hazardous waste includes toner/ink cartridges, fluorescent tubes, and grease trap precipitate.

## Emissions

### GHG Emissions

Greenhouse gas (“GHG”) emissions, or carbon emissions, are closely related to climate change and global warming. As such, companies around the world are doing their part to develop their own carbon reduction measures and targets. In the reporting year, CDW engaged an external consultancy, Carbon Care Asia, to quantify the GHG emissions from its operations in Shanghai through carbon assessment. The quantification of GHG emissions<sup>9</sup> took reference from the Guidelines<sup>10</sup> released by the National Development and Reform Commission (NDRC) of the People’s Republic of China as well as ISO 14064-1. The assessment process allows CDW to better understand the use of resources and develop specific action plans to enhance efficiency and develop its carbon reduction target.

## SOLID WASTE RECORD

	Type of Waste	Amount (kg)	Disposal Method
Hazardous Waste	Toner cartridge	0.8	Recycling
	Ink cartridge	2.0	
	Fluorescent tube	98.1	
	Grease trap precipitate	299	
Non-hazardous Waste	Thin films	100	Recycling
	Food waste	5000	Composting

<sup>9</sup> The GHG assessment covers five types of GHGs, namely carbon dioxide (CO<sub>2</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and hydrochlorofluorocarbon (HCFC); whereas “operational control” is chosen as the consolidation approach for emissions.

<sup>10</sup> ‘Guidelines for Accounting and Reporting Greenhouse Gas Emissions - China Machinery and Equipment Manufacturing Enterprises (Trial)’



## GHG EMISSIONS

Scope	Emission Source	Emissions in 2017 (tonnes of CO <sub>2</sub> equivalent) <sup>11</sup>
<b>Scope 1: Direct GHG Emissions</b>	Combustion of fuels in stationary sources	26.7
	Combustion of fuels in mobile sources	129.3
	Fugitive emissions from refrigeration equipment <sup>12</sup>	102.1
	<b>Sub-total</b>	<b>258.1</b>
<b>Scope 2: Energy Indirect GHG Emissions</b>	CO <sub>2</sub> emissions from the generation of purchased electricity	1,755.5
	<b>Sub-total</b>	<b>1,755.5</b>
<b>Scope 3: Other Indirect GHG Emissions</b>	Business Travel	4.8
	<b>Sub-total</b>	<b>4.8</b>
<b>Total GHG Emissions</b>		<b>2,018.4</b>
<b>GHG Emissions Intensity</b> (in tonnes of CO <sub>2</sub> equivalent per thousand units of products)		<b>0.09</b>

In 2017, the total GHG emissions of the Shanghai manufacturing facility was approximately 2,018 tonnes of CO<sub>2</sub> equivalent, of which 87% is indirect emissions from the generation of purchased electricity. CDW will continue to assess, record and disclose its GHG emissions annually. CDW will use this reporting year's results as a baseline for comparison against results of the coming years, which will form the basis for planning its future reduction targets, measures and priorities.

To reduce carbon emissions from energy use, the Energy and Resource Management Procedures set out proper practices of electricity consumption.

The Production Department is required to conduct monthly examinations on equipment to prevent power leakage. The Financial Division monitors monthly trends in electricity consumption and analyses abnormal conditions.

### Air Emissions

Air pollutants such as nitrogen oxides (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>) have negative impacts on air quality, human health and the ecosystem. CDW has closely monitored the amount of air emissions from its operations and facilities. In the reporting year, emissions of air pollutants from the operations of CD Shanghai were:

Type of Air Pollutant <sup>13</sup>	Emissions in 2017 (kg)
NO <sub>x</sub>	143.7
SO <sub>x</sub>	5.1
Particulate Matter (PM)	2.5

<sup>11</sup> The emission factors are chosen from the NDRC Guidelines, the average emission factor of East China Regional Grid and ICAO's "Carbon Emissions Calculator" accordingly; and the source of the global warming potential (GWP) rates used is the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change.

<sup>12</sup> Although refrigerant R-22 used in the refrigeration equipment is not within the six GHGs covered in the Kyoto Protocol, emissions from its leakage is included in the assessment to provide a true and fair account of GHG-related information.

<sup>13</sup> The figures of NO<sub>x</sub> and SO<sub>x</sub> only include emissions from combustion of fuels in the mobile sources.

# ENVIRONMENTAL EFFICACY

## Ozone-depleting Substances (ODS)

In the reporting year, CDW did not produce, import, use or export any ODS in its operations and facilities.

Looking ahead, the Group is planning to achieve the following environmental targets in the coming year in the operations of CD Shanghai.

Targets for 2018	
<b>Environmental Compliance</b>	- Zero incident of non-compliance with environmental laws and regulations
<b>Water and Effluents</b>	<ul style="list-style-type: none"> <li>- To reduce the total water consumption and total water discharge</li> <li>- To identify water-related impacts</li> <li>- To develop internal standards and guidelines to manage effluent discharge</li> </ul>
<b>Waste</b>	<ul style="list-style-type: none"> <li>- To maintain the current rate of recycling</li> <li>- To closely monitor any potential spills of chemicals from production facility</li> <li>- To reduce non-hazardous waste</li> </ul>
<b>Emissions</b>	- To achieve reduction in GHG emissions against the base year

# GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
<b>GRI 102: General Disclosures 2016</b>				
<b>Organisational Profile</b>				
102-1	Name of the organisation	-	1	-
102-2	Activities, brands, products, and services	-	1	-
102-3	Location of headquarters	-	1	-
102-4	Location of operations	-	1	-
102-5	Ownership and legal form	-	1	-
102-6	Markets served	-	1	-
102-7	Scale of the organisation	-	1	-
102-8	Information on employees and other workers	-	1 & 12	-
102-9	Supply chain	-	10	-
102-10	Significant changes to the organisation and its supply chain	-	1	-
102-11	Precautionary principle or approach	-	8-9	-
102-12	External initiatives	-	4	In review
102-13	Membership of associations	-	-	In review
<b>Strategy</b>				
102-14	Statement from senior decision-maker	LR711B-1e	3	-
102-15	Key impacts, risks, and opportunities	PN7.6-3.3	8-9	-
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behaviour	-	1	-
<b>Governance</b>				
102-18	Governance structure	PN7.6-3.1	4	-
102-21	Consulting stakeholders on economic, environmental, and social topics	PN7.6-3.7	5-6	-
102-29	Identifying and managing economic, environmental, and social impacts	PN7.6-3.3	6-7	-

# GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
Stakeholder Engagement		PN7.6-3.7		
102-40	List of stakeholder groups		5	-
102-41	Collective bargaining agreements		-	Information unavailable
102-42	Identifying and selecting stakeholders		5	-
102-43	Approach to stakeholder engagement		5-6	-
102-44	Key topics and concerns raised		6	-
Reporting practice				
102-45	Entities included in the consolidated financial statements	-	1	-
102-46	Defining report content and topic Boundaries	-	2 & 7	-
102-47	List of material topics	-	6	-
102-48	Restatements of information	-	-	Not applicable (first report)
102-49	Changes in reporting	-	-	Not applicable (first report)
102-50	Reporting period	-	2	-
102-51	Date of most recent report	-	2	Not applicable (first report)
102-52	Reporting cycle	-	2	-
102-53	Contact point for questions regarding the report	-	2	-
102-54	Claims of reporting in accordance with the GRI Standards	LR711B-1d	2	GRI-referenced claim
102-55	GRI content index	-	20-24	-
102-56	External assurance	PN7.6-3.8	-	In review



# GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
<b>Material Topics</b>				
<b>GRI 205: Anti-corruption 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	10-11	-
<b>205-3</b>	Confirmed incidents of corruption and actions taken	-	10	-
<b>GRI 303: Water and Effluents 2018</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	15-16, 19	-
<b>303-1</b>	Interactions with water as a shared resource	-	16	-
<b>303-2</b>	Management of water discharge-related impacts	-	16	-
<b>303-5</b>	Water consumption	-	16	-
<b>GRI 305: Emissions 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	15, 18-19	-
<b>305-1</b>	Direct (Scope 1) GHG emissions	-	18	-
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	-	18	-
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	-	18	-
<b>305-4</b>	GHG emissions intensity	-	18	-
<b>305-5</b>	Reduction of GHG emissions	-	-	Not applicable (first report)
<b>305-6</b>	Emissions of ozone-depleting substances (ODS)	-	19	-
<b>305-7</b>	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-	18	-
<b>GRI 306: Effluents and Waste 2016 (waste-related only)</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	15, 17, 19	-
<b>306-2</b>	Waste by type and disposal method	-	17	-
<b>306-3</b>	Significant spills	-	16	-
<b>306-4</b>	Transport of hazardous waste	-	17	-

# GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
<b>GRI 307: Environmental Compliance 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	15-16, 19	-
<b>307-1</b>	Non-compliance with environmental laws and regulations	-	16	-
<b>GRI 403: Occupational Health and Safety 2018</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	13-14	-
<b>403-1</b>	Occupational health and safety management system	-	13	-
<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	-	13	-
<b>403-3</b>	Occupational health services	-	13	-
<b>403-9</b>	Work-related injuries	-	13	-
<b>403-10</b>	Work-related ill health	-	13	-
<b>GRI 404: Training and Education 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	13-14	-
<b>404-1</b>	Average hours of training per year per employee	-	14	-
<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	-	13	-
<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews	-	14	-
<b>GRI 406: Non-discrimination 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	13-14	-
<b>406-1</b>	Incidents of discrimination and corrective actions taken	-	13	-
<b>GRI 408: Child Labor 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	13-14	-
<b>GRI 409: Forced or Compulsory Labor 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	13-14	-

# GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
<b>GRI 416: Customer Health and Safety 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	10-11	-
<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	-	11	-
<b>GRI 417: Marketing and Labeling 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	11	-
<b>417-2</b>	Incidents of non-compliance concerning product and service information and labeling	-	11	-
<b>417-3</b>	Incidents of non-compliance concerning marketing communications	-	11	-
<b>GRI 418: Customer Privacy 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	10-11	-
<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	10	-
<b>GRI 419: Socioeconomic Compliance 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1b&c	11 & 13	-
<b>419-1</b>	Non-compliance with laws and regulations in the social and economic area	-	11 & 13	-