

CDW Holding Limited



ADVANCING OUR JOURNEY OF SUSTAINABILITY

SUSTAINABILITY REPORT 2018

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ABOUT THE GROUP

CDW Holding Limited (“CDW”) is listed (Stock Code: BXE) on Singapore Exchange Limited (“SGX”). 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 subsidiaries¹ (collectively the “Group”) are headquartered in Hong Kong, the People’s Republic of China (“PRC”), with operations located in different parts of PRC (including Hong Kong), Japan and Korea. The Group specialises in manufacturing 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 in the table below:

Business Segment	LCD Backlight Units	LCD Parts and Accessories	Office Automation	Others
Operating subsidiaries	TM Hong Kong; CD Shanghai; TM Japan	TM Hong Kong; TM Pudong ³ , 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	A Bio ² ; CLS; TWB; GSP
Quantity of products sold	8.3 million units	n.a.	n.a.	n.a.
Revenue (US\$m)	38.4	25.3	25.2	1.3
Share of Group revenue (%)	42.6%	28.0%	27.9%	1.5%

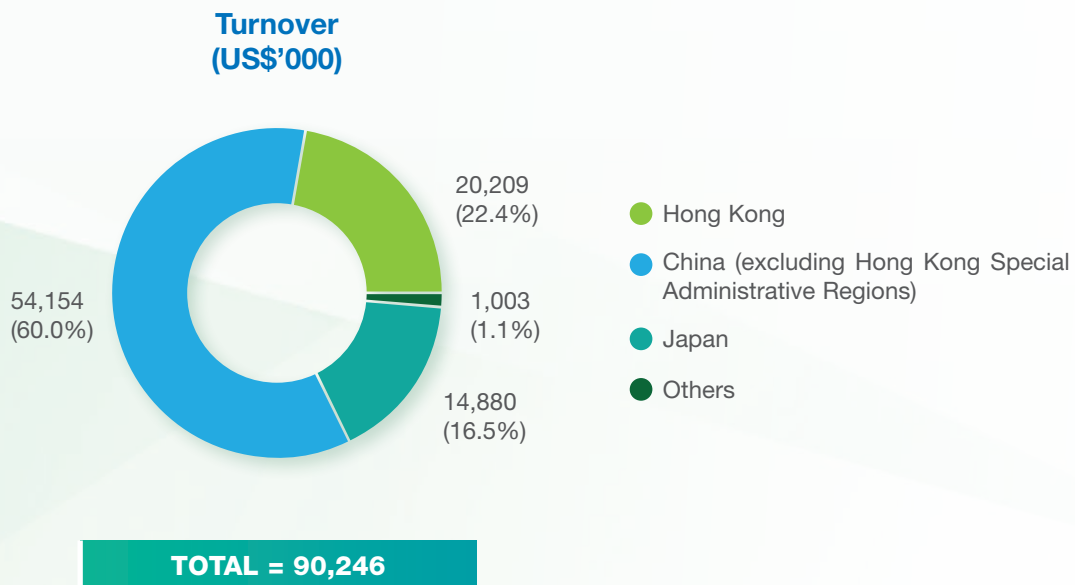
¹ The operating subsidiaries of CDW include: Tomoike Industrial (H.K.) Limited (“TM Hong Kong”), Crystal Display Components (Shanghai) Co., Limited (“CD Shanghai”), Tomoike Precision Machinery (Dongguan) Co., Limited (“TM Dongguan”), Tomoike Industrial Co., Limited (“TM Japan”), Tomoike Electronics (Shanghai) 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”), A Biotech Co., Limited (“A Bio”), CDW Life Science Limited (“CLS”), TWB Co., Limited (“TWB”), and GSP Enterprise Inc. (“GSP”) as of 31 December 2018.

² In 2018, A Bio was changed from a subsidiary to an associate of the Group for better development. A Bio will continue to perform research and development on antibodies-related products with the co-operation of GSP.

³ TM Pudong transferred its business to TM Shanghai and was sold in August 2018.

ABOUT THE GROUP

In the reporting year, the total liabilities and total shareholders' equity of the Group were 31.4 and 57.5 million US dollars respectively. The net profit for the reporting year was 0.8 million US dollars. In 2018, the Group acquired 95% equity interest in GSP for research and development of an antibodies library and A Bio was incorporated in Korea for application of biotechnology to research and develop antibodies-related products. In addition, the Group had consolidated its operation of LCD Parts and Accessories segment in order to reduce the manufacturing and operational overhead by transferring the business of TM Pudong to TM Shanghai. Both companies are the Group's wholly owned subsidiaries, and TM Pudong was subsequently sold to an independent third party. The turnover across different geographical segments of the Group is illustrated in the graph below:



“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 become the leading global outsourcing partner for niche precision components for the mobile communication, consumer and information technology equipment market.

ABOUT THIS REPORT

As the second Sustainability Report (the “report”) published by CDW, this report continues to disclose the policies, practices, targets and performances of the Group in terms of the material environmental, social and governmental factors that the Group has identified. The report aims at enabling all stakeholders to understand the progress and sustainability directions of the Group. It has been uploaded to the websites of SGX and CDW (www.cdw-holding.com.hk).

REPORTING BOUNDARY

The report focuses on the operation of CDW’s business segment of LCD backlight units between January 2018 and December 2018 (the “reporting year”). The reporting boundary covers the manufacturing facility in Shanghai managed by Crystal Display Components (Shanghai) Co., Limited (the “CD Shanghai”), which is consistent with the reporting boundary in the Sustainability Report 2017. While the report does not fully cover the Group’s operations, CDW plans to consistently refine the internal data collection process and gradually expand the scope of disclosure in the coming reporting years.

REPORTING STANDARD

The 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”) issued 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). The disclosures in this report seeks to achieve the GRI’s Reporting Principles for defining report quality – accuracy, balance, clarity, comparability, reliability, and timeliness.

To ensure the reporting quality and credibility, CDW commissioned a professional consultancy, Carbon Care Asia, to conduct stakeholder engagement, carbon assessment and report compilation. 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 section.

CONFIRMATION AND APPROVAL

Information documented in this report is based on official documents, statistics, and operational information of and collected by CDW and CD Shanghai according to Group’s policies. The report has received the Board of Directors’ approval on May 31 of 2019.

OPINION AND FEEDBACK

CDW values the opinion of stakeholders for continual improvement in sustainability performances. If you have any questions or suggestions regarding the content of the report, please contact CDW Holding Limited via the following channels:

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BOARD STATEMENT

While rapid innovation and reducing costs have increased access to digital products and technology, it also led to the ballooning of electronic and electrical waste. Each year, close to 50 million tonnes of e-waste is produced, making it the fastest growing waste stream. Notwithstanding e-waste's detrimental nature to health and environment, proper handling and reduction of e-waste also present opportunities for harvesting valuable materials and building a more circular system in electronics industry.

Committed to advancing sustainability, the Group is aware of its role in reducing electronic waste and has adopted an open approach to reorganising its production processes. By simplifying the product design, valuable materials can be saved to lessen the burden on raw materials. This serves to lower the overall environmental impact of the entire value chain of our products.

The input of our stakeholders is essential to achieving our goals in relation to sustainability. We believe that operational success hinges on the maintenance of a regular dialogue with stakeholders. By engaging external sustainability consultancy, we have launched annual stakeholder engagement exercises and with the focus this year on factory staff based in Shanghai. With their feedback and consultancy analysis, we further refined the material focuses of sustainability issues. The results serve to guide us in formulating a more relevant sustainability strategy with timely response to stakeholders' concern.

The Group is prepared to face uncertainties, risks and opportunities ahead, and has in place a risk management system to identify risks and prepare for mitigation measures. The future of automation technology can fundamentally change the business model of our industry. In response, the Group will continuously enhance employee training to keep abreast of emerging technologies and to ensure the safety and wellbeing of employees.

The Group is now preparing for the formal establishment for a sustainability committee with external expert advice. This new governance structure will be responsible for the formulation of sustainability policies and commitments and overseeing the implementation of strategies. We believe that this will allow us to engage in sustainability initiatives more effectively and thereby achieve better performance in environmental and social aspects.

Makoto YOSHIKAWA

*Chief Executive Officer
CDW Holding Limited*

SUSTAINABILITY GOVERNANCE

The Audit Committee of CDW's Board of Directors is responsible for overall sustainability management of the Group. In addition, the Information Security Committee of the Group is instituted to monitor the use of customer information and to protect customer privacy through its subsidiaries. In CD Shanghai, the General Manager has been coordinating the Environmental Management Committee to execute the environmental impact assessment, internal controls, environmental risk management, and operational planning.

CD Shanghai's operations have been accredited with ISO 9001 Quality Management and ISO 14001 Environmental Management. Since a key product of CD Shanghai is supplied to assemble information display used in automobile, CD Shanghai operates in line with the requirements of International Automotive Task Force (IATF 16949: 2016 accredited). After reviewing CDW's current policies, the Group is considering to subscribe to Core Conventions of International Labour Organization. The Group has commenced the planning of establishing a Sustainability Committee to cope with the emergent socio-environmental challenges.

SUSTAINABILITY

RISKS AND OPPORTUNITIES

CDW considers risk management as an integral part of daily management processes and good corporate governance. The Group's Risk Management Policy sets out the way to respond to imminent risks in an efficient and responsible manner. The Group recognizes that risk management is the responsibility of everyone working at CDW. Taking into account the potential impacts of material sustainability topics on operation and strategic planning, the Group has identified some potential risks and opportunities with the support of external consultants.

Risks	Responses and Opportunities
<p>Talent attraction and retention</p> <p>Hiring and retaining skilled employees is a challenge for manufacturing industry. Loss of skilled employees not only makes the operations vulnerable but it also affects the morale and confidence of internal stakeholders. CDW's production facilities in China are located in areas where labour shortage is increasingly apparent.</p>	<p>Employment System and Procedures</p> <p>CDW recognises that fair employment system and practices, supported with learning and development opportunities are key pillars for engaging talents. The Group has devised annual plan on training and education in support of employee performance development.</p>
<p>Product Responsibilities</p> <p>Considering the Group serves a selective range of key customers in its LCD backlight unit segment, prompt reaction to the changes in product specification from customers is of strategic importance. Any product defect or non-compliance issues may result in loss of customer trust. Meanwhile, since the Group relies on specific suppliers, it is the Group's responsibility to assure technical capabilities of existing suppliers.</p>	<p>Product Quality Assurance</p> <p>Apart from regulatory compliance, securing materials and supply-chain products of optimal quality are essential to operations. The Non-Conforming Product Control Procedure provides executional process of product assurance. Corrective and preventive actions will be undertaken, which include product rework, procedural optimisation and staff training. The Group is developing new products to cater for changing demands of the customers.</p>
<p>Customer Privacy</p> <p>The Group collects personal data of customers and suppliers in its business activities. There is security risk in how businesses collect, handle, and store personal data given the rapid change of cyber technologies. Any loss or breach of customer privacy can result in not only financial loss but also non-financial damage.</p>	<p>Data Protection Measures</p> <p>The Group has implemented a number of measures to safeguard customer privacy, such as setting standards and providing guidance for employees to follow concerning editing, storage, modification and disposal of customer information.</p>

SUSTAINABILITY RISKS AND OPPORTUNITIES

Risks	Responses and Opportunities
<p>Climate Change</p> <p>Greenhouse gas (“GHG”) emissions from manufacturing facilities pose risk to current and future operations of the Group in various geographic locations. Increasingly stringent local and international requirements in corporate carbon disclosures are affecting the climate readiness of the Group.</p> <p>Manufacture of LCD backlight unit is an energy-intensive process. Fossil-fuel based energy consumption carries substantial carbon footprint. More frequent heat stress can reduce productivity and comfort level of employees in the working environment.</p>	<p>Energy and Resource Efficiency</p> <p>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>Alternative Energy Sources</p> <p>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>Regional Water Stress/ Drought</p> <p>Growing concern for global water stress is changing businesses’ behaviours towards responsible consumption of water. As the production units of CDW consume a significant amount of distilled water during production, introduction of new policies such as water tariffs could be a key challenge to the Group.</p>	<p>Water Management</p> <p>To reduce pressure on freshwater resources in the surrounding communities, the Group has established procedures for recycling and reusing the withdrawn water. As part of the Environmental Management System of CD Shanghai, the Group actively monitors its water consumption..</p>

STAKEHOLDER ENGAGEMENT

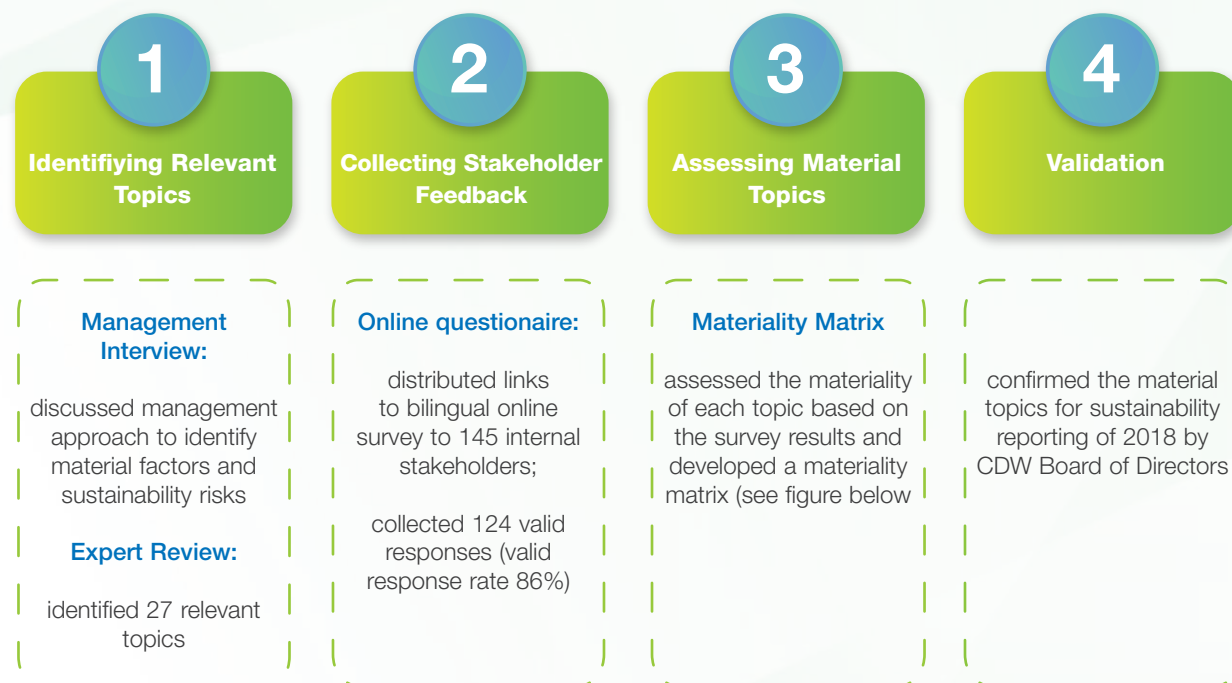
Understanding and responding to the needs and ideas of stakeholders are key to achieving business sustainability and satisfactory outcomes for stakeholders. The Group's stakeholders are those who are materially influencing or affected by the Group's business. Stakeholders' inputs lead the Group in shaping priorities and activities.

The Group constantly engages its key internal and external stakeholders through multiple channels, for instance, direct mails, written reports, presentation, regular meetings, hotlines (e.g. whistleblowing hotlines), Annual General Meetings, and announcements on SGXNet. In response to the changing needs and demands from local regulatory agencies and community groups, the Group also regularly organizes meetings, seminars, community visits, study trips, and community service activities to engage these groups of external stakeholders.

MATERIALITY ANALYSIS

Stakeholders' feedback guides the Group to review potential risks and opportunities and formulate corresponding sustainability strategy. CDW has engaged an external consultancy to conduct materiality assessment in the procedures shown below. Building upon the materiality analysis results of 2017 reporting, the assessment has identified the material topics for CDW and different stakeholder groups.

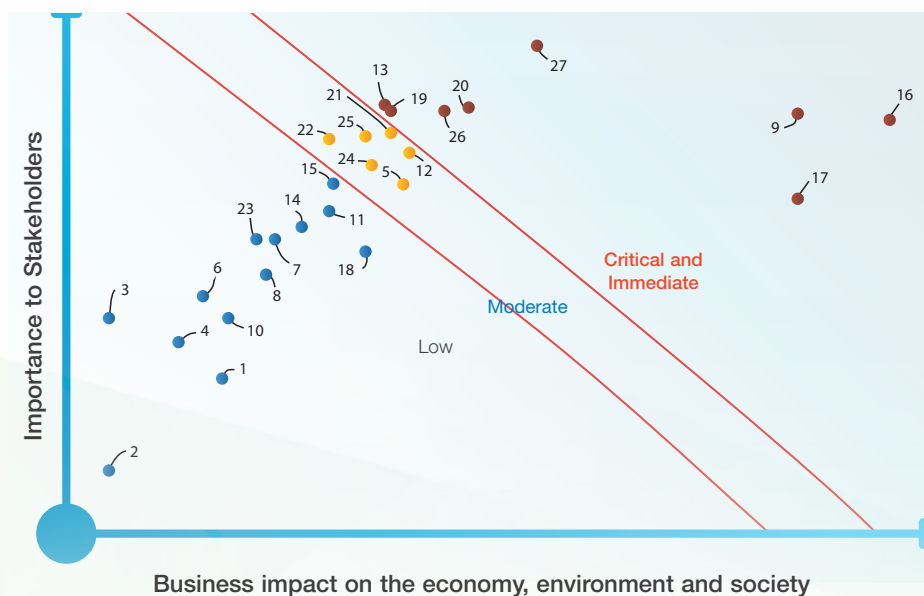
PROCEDURES FOR MATERIALITY ANALYSIS



STAKEHOLDER ENGAGEMENT

Eight critical issues and six moderate issues in the areas of economy, environment and society have been identified, which are to be addressed on in this report.

2018 Materiality Matrix



Topics		Critical Factors	Moderate Factors
Economy	1 Economic Performance		
	2 Market Presence		
	3 Indirect Economic Impacts		
	4 Procurement Practices		
	5 Anti-corruption		◆
	6 Anti-competitive		

Environment	7 Materials		
	8 Energy		
	9 Water and Effluents	◆	
	10 Biodiversity		
	11 Emissions		
	12 Waste		◆
	13 Environmental Compliance	◆	
	14 Supplier Environmental Assessment		

Topics		Critical Factors	Moderate Factors
Society	15 Employment System		
	16 Occupational Health & Safety	◆	
	17 Training & Development	◆	
	18 Diversity & Equal Opportunity		
	19 Non-discrimination	◆	
	20 Child Labor	◆	
	21 Forced or Compulsory Labor		◆
	22 Local Communities		◆
	23 Supplier Social Assessment		
	24 Customer Health & Safety		◆
	25 Marketing & Labeling		◆
	26 Customer Privacy	◆	
	27 Socioeconomic Compliance	◆	

To gain a more thorough understanding of the expectations and interests of a wider range of the stakeholders, the Group is considering to develop an engagement strategy based on the AA1000 Stakeholder Engagement Standard to ensure engagement activities are carried out on a systematic and regular basis.

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 consideration. The table below summarizes where impacts occur for each material factor. All topics are material within⁴ and outside⁵ of the Group. The Group will continue monitoring any significant changes in the boundaries of material factors.

Material Factors			Boundaries							
			Employees	CDW and CD Shanghai	Suppliers	Customers	Regulatory agencies/ governmental bodies	Professional bodies	Community/NGOs	Shareholders/ Investors
26	Customer Privacy	Operating Responsibly, Page 12, 14		◆		◆	◆			◆
5	Anti-corruption	Operating Responsibly, Page 13-14	◆		◆	◆	◆			◆
24	Customer Health and Safety	Operating Responsibly, Page 11, 14		◆		◆				◆
25	Marketing and Labeling	Operating Responsibly, Page 12, 14				◆				◆
27	Socioeconomic Compliance	Operating Responsibly & Caring for Employees, Page 12, 16					◆			◆
16	Occupational Health and Safety	Caring for Employees, Page 15-17					◆			◆
20	Child Labour	Caring for Employees, Page 16-17	◆		◆					◆
21	Forced or Compulsory Labour	Caring for Employees, Page 16-17					◆			◆
19	Non-discrimination	Caring for Employees, Page 16-17	◆				◆			◆
17	Training and Development	Caring for Employees, Page 17	◆							◆
13	Environmental Compliance	Protecting the Environment, Page 18-22			◆	◆	◆		◆	◆
9	Water and Effluents	Protecting the Environment, Page 21-22							◆	◆
12	Waste	Protecting the Environment, Page 21-22					◆		◆	◆
11	Emissions	Protecting the Environment, Page 18-20, 22			◆	◆			◆	◆
22	Local Communities	Engaging the Community, Page 23							◆	◆

⁴ The boundary for impacts within the Group aligns with the Reporting Boundary.

⁵ The boundary for impacts outside the Group takes reference from the key external stakeholders identified for the reporting year.

OPERATING RESPONSIBLY

CDW endeavors to uphold the principles of business integrity and ethical operations in its business activities. As a responsible and reliable producer, CDW aims to offer products that are safe and of consistent quality to its customers. CDW has in place a range of policies and quality assurance procedures to ensure that the products produced and sold by CD Shanghai (mainly LCD backlight units for information display used in automobile and for various models of gaming device) comply with the applicable regulatory requirements and customers' expectations.

CUSTOMER HEALTH AND SAFETY

Targets for 2018	Status	Progress in 2018
80% of LCD backlight units for information display used in automobile are assessed against specification of health and safety standards;	Achieved	Assessed 100% in accordance with customers' requirements during the reporting year.
At least 96% passing rate of in-process inspection;	Achieved	Recorded a passing rate of 96.7% during the reporting year.
Over 96% qualification ratio under first acceptance check	Achieved	Recorded a qualification ratio of 98.61% during the reporting year.
Fewer than three times of customer complaints each month	Achieved	Recorded one incident of customer complaints over the reporting year.
Zero incident of non-compliance with regulations concerning the health and safety impacts of LCD backlight units produced	Achieved	No cases of such non-compliance incurred during the reporting year.

In line with the Strategic Control Procedures of Products Implementation and Non-conforming Product Procedure, CD Shanghai has put in place a range of measures to ensure product safety and quality. As part of the procedures, the ISO Management Office of CD Shanghai is responsible for observing and communicating relevant regulatory standards to customers during product development. CD Shanghai stipulates proper assembly of products in the production process to prevent product safety incidents in the production lines and storage facilities, and during transportation.

Guidelines on product safety are communicated to employees in production line through training. In the event of any raw material, production process or product subjects to product quality or safety issues, the Quality Control Department is obliged to initiate investigation and implement corrective actions.

Distribution of business partners by geographic location	
China (excluding Special Administrative Regions)	44
Hong Kong	1
Japan	4
Other geographic locations	0
Overall	49

Product quality is closely tied with procurement practices and supply chain management. To closely monitor the performance of suppliers, CDW has established a supplier rating, reporting, and verification system. Suppliers are required to render production part approval process (PPAP) verification reports. Japan-based manufacturers remain to be the Group's major suppliers due to the specific standard and high quality required by the Group's customers.

OPERATING RESPONSIBLY

CUSTOMER PRIVACY

Targets for 2018	Status	Progress in 2018
100% control rate of technical documents provided by customers	Achieved	Technical documents were recorded with relevant inventories (such as a coded List of Technical Drawings).
100% completion rate in the identification of customer properties	Not applicable	No customer properties was managed by CD Shanghai during the reporting year.
Zero substantiated complaints ⁶ received concerning breaches of customer privacy	Achieved	No cases of substantiated complaints incurred during the reporting year.

Data privacy and data security are cornerstones of customer trust. It is the Group's priority to safeguard customer privacy and information security. CDW has a set of measures designed to protect data that it handles across its operations. The Group's provisional Information Security Policy underlines commitment and approach to protecting customer privacy.

In conjunction with the Information Security Policy, the Document Control Procedures and the Record Control Procedures of CD Shanghai clarify the appropriate conduct of employees in circumstances such as editing, storage, modification and disposal of customer specification documents. CD Shanghai's Quality Manual sets out the standards of operations to prevent loss, damage or improper use of information of customers and external suppliers. In written contracts with customers, CD Shanghai pledges to exercise the duty of safeguarding customers' confidential information and intellectual property rights, including business secrets and know-hows.

At CD Shanghai, there were no incidents of substantiated complaints⁶ concerning breaches of customer privacy during the reporting year, whether from external or internal parties; nor were there incidents of identified leaks, thefts, or losses of customer data.

CUSTOMER COMMUNICATION

Targets for 2018	Status	Progress in 2018
Zero incident of non-compliance concerning marketing communications and product information labelling	Achieved	No cases of incidents incurred during the reporting year.

Customers' rights to fair information is essential to maintaining satisfactory partnerships. Although the existing customers of CD Shanghai are managed by the Group's office in Japan, CD Shanghai has been 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 of the People's Republic of China, the Trademark Law of the People's Republic of China, and the 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 which resulted in a fine, a penalty, or a warning against the Group.

⁶ 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 against CDW that has been recognised as legitimate by CDW.

OPERATING RESPONSIBLY

ANTI-CORRUPTION

Targets for 2018	Status	Progress in 2018
Zero confirmed incidents of corruption	Achieved	There were no cases of anti-corruption reported or under investigation.
80% of employees received communication and training about anti-corruption policies and procedures	On-going	All employees received relevant communication during the reporting year during new employee orientation. During the reporting year, 544 new employees attended the orientation.

Operating in a fair, honest, ethical and legal manner has always been essential to CDW's business conducts. CDW does not tolerate or condone any forms of corruption, including bribery, extortion, fraud and money laundering. The CD Shanghai's Staff Manual outlines anti-corruption requirements on employees. Any requests for off-the-book commission rebates in business transactions with external parties are prohibited.

As stated in the Whistle-blowing Policy and Procedure, the Group welcomes employees or any other stakeholders to raise concerns on possible improprieties or non-compliance without fear of obstructive or retaliatory action. All complaints and allegations shall be sent to the Audit Committee for appropriate follow-up actions and investigation. The Audit Committee should inform the complainant of the timeline for a final response, recommendations on remedial or legal action and results of the investigation process.

To raise awareness on corruption, the Group's training for new employees covers related corporate policies and procedures. In the reporting year, CD Shanghai communicated with and provided training on anti-corruption policies and procedures for employees and business partners:

	Number and percentage of internal stakeholders communicated		Number and percentage of internal stakeholders trained	
Board Members	3	100%	3	100%
Middle Management	55	100%	55	100%
Entry-level/General Staff	0	0%	0	0%
Overall	58	11%	58	11%

OPERATING RESPONSIBLY

	Number and percentage of business partners communicated	
Suppliers	42	100%
Customers	4	100%
Bank/Professional service providers	3	100%
Other business partners	N/A	N/A
Overall	49	100%

During the reporting year, there were no confirmed incidents of corruption or any legal cases regarding corruption brought against CD Shanghai or its employees.

Moving forward, CDW is going to enhance its operations and continues to work with CD Shanghai on the following set of targets for responsible operations:

Targets for 2019	
Customer Privacy	<ul style="list-style-type: none"> • Provide relevant training to existing employees at least once a year
Anti-corruption	<ul style="list-style-type: none"> • Provide relevant training to existing employees at least once a year
Customer Health and Safety	<ul style="list-style-type: none"> • Fewer than three times of customer complaints each month • Provide relevant training to existing employees at least once a year
Marketing and Labelling	<ul style="list-style-type: none"> • Provide relevant training to existing employees at least once a year

CARING FOR EMPLOYEES

A talented and engagement workforce is key driver to business growth and long-term viability. As a responsible employer, CDW is committed to ensuring a safety and quality workplace, where labour rights and development opportunities are respected. CDW and CD Shanghai have therefore instituted a set of policies, guidelines and measures in place to support employee performance.

Employees of CD Shanghai are based in the production facility in Shanghai. CD Shanghai has outsourced the function of product development to another subsidiary of the Group in Japan. The product development team in Japan consists of six engineers. As of 31 December 2018, there were in total 511 employees working at CD Shanghai, and all of the employees were on full-time basis. CD Shanghai has seen a slight increase (by 9%) in number of employees compared to the year 2017.



Permanent	Temporary
26	15

Permanent	Temporary
225	245

Total employees in Shanghai
511

Total employees in the group
1,289

OCCUPATIONAL HEALTH AND SAFETY

Targets for 2018	Status	Progress in 2018
To improve the occupational health and safety management system	Achieved	Received accreditation of Certificate in Work Safety Standardization (2018 version) for Light Industry from the State Administration of Work Safety in China.
Zero tolerance for significant safety accident	Achieved	On-going health and safety initiatives and monitoring.
To increase participation in health promotion training	On-going	Conducted safety training with employees and organised sports activities for employees during the reporting year.
To facilitate employees' participation in the review of the occupational health and safety management system	Achieved	Enrolled representatives of each department at CD Shanghai to complete a comprehensive evaluation survey on safety management system during the reporting year

CARING FOR EMPLOYEES

CDW seeks to provide a safe and healthy environment for its employees. The Group's Risk Management Policy prescribes a range of health and safety initiatives. It provides a clear framework for safety risk management with the aim to identify, prevent and mitigate risks that pose harm to the safety, health and well-being of every employee.

CD Shanghai conducts inspections on a regular basis to identify tasks exposed to high risks of occupational hazards and formulate appropriate measures. Code printing works has been identified for tasks associated with high safety risk, such as code printing works, CD Shanghai provides personal protective equipment, nutrition allowance, annual body check-up and regularly safety training, and enhances air ventilation system.

To enhance employee awareness, in the reporting year, all employees at CD Shanghai received safety training on safety laws and regulations, CD Shanghai's safety policies and procedures, handling emergencies, and risk identification and assessment results. To gain insights into improving the safety management system, CD Shanghai invited representatives of all departments to participate in an evaluation survey and rate a number of aspects, revolved around the structure and responsibility, compliance, education and training, equipment and facilities, occupational health and safety, major risks, and emergencies and incidents.

The manufacturing facility in Shanghai has been accredited with a Certificate in Work Safety Standardization for Light Industry from the State Administration of Work Safety in China. The Group acts in accordance with laws and regulations concerning occupational health and safety, such as Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Regulation on Work-Related Injury Insurance of the PRC. During the reporting year, there were no reported cases of work-related injury and work-related ill health.

LABOR RIGHTS

Targets for 2018	Status	Progress in 2018
Continue to eliminate child labour in labour practices	Achieved	No incidents in relation to labour practices incurred during the reporting year.
Continue to eliminate all forms of forced or compulsory labour	Achieved	
Prevent incidents of discrimination against the employees on any grounds	Achieved	
Score 75 out of 100 in employee satisfaction	Achieved	Rated 90% satisfactory rate in employee satisfaction survey during the reporting year.
Adopt over 10 suggestions from employees	Achieved	Adopted 10 suggestions on human resources and resource allocation from seven different departments at CD Shanghai.

CDW is committed to upholding its corporate social responsibility to respect human rights and ensure a discrimination-free workplace. The Group does not permit any forms of human right violations, including labour rights violations. CDW respects the Minimum Age Convention and the Worst Forms of Child Labor Convention of the International Labor Organization.

CD Shanghai is against employing anyone under the age of 16 and any forms of forced or compulsory labor. The Staff Manual specifies guidelines regarding overtime

work, compensation and resignation. The Quality Manual underlines the importance of creating a work environment free of discrimination and psychological pressure. There were no reported incidents of discrimination in CD Shanghai in the reporting year.

Looking 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.

CARING FOR EMPLOYEES

TRAINING AND DEVELOPMENT

Targets for 2018	Status	Progress in 2018
Over 96% of completion rate in training	Achieved	Recorded 100% completion rate during the reporting year
Over 98% of passing rate in regular performance and career development review	Achieved	Recorded 100% passing rate during the reporting year.
Expand the scope of programs and assistance to employees for their professional development	In progress	Expanded the scope of training program by introducing ESD training to employees based on customer's requirement.

Investing in employee learning and development is a key driver of talent engagement and retention. Through training and development opportunities, employees are able to acquire knowledge and skills to enhance self-competencies and job satisfaction in terms of career growth and development. The Training Control Procedures specify the employee development approach.

CD Shanghai evaluates the performance of employees against training objectives and effectiveness of training. Each department of CD Shanghai assesses its own training needs and identifies how its employees across different levels may benefit from internal and external training programmes. As a result of these reviews, an annual training plan was developed and implemented.

2018 Training Highlights

Internal	External
Orientation Client Management Safe operations ESD Information Security	ISO 9000 ISO 14001 IATF 16949

	Average Training Hours	Percentage of employees receiving regular performance and career development reviews
Male	16	100%
Female	106	100%
Senior Management	39	100%
Middle Management	10	100%
Entry-level/General Staff	940	100%
Overall	99	100%

Targets for 2019	
Occupational Health and Safety	<ul style="list-style-type: none"> To improve the occupational health and safety management system To increase training opportunities on occupational health and safety for employees in a relevant manner
Labour Standards	<ul style="list-style-type: none"> To score 80 out of 100 in employee satisfaction
Training and Education	<ul style="list-style-type: none"> To expand the scope of programs and assistance to employees for their professional development

PROTECTING THE ENVIRONMENT

Recognising the risks and opportunities presented to businesses and communities by climate change, CDW endeavours to reduce the environmental impacts of its operations. In line with applicable laws and regulations concerning environmental protection, CD Shanghai has articulated a host of policies and procedures, which set out the ways to minimising the impacts its activities brought to the surrounding environment and communities, and utilising resources in a responsible and efficient manner:



CARBON AND AIR EMISSIONS

Targets for 2018	Status	Progress in 2018
To achieve reduction in GHG emissions against the base year	Partially achieved	Achieved reduction in direct GHG emissions, while the energy indirect GHG emissions have not been reduced due to the increased electricity use

Recognising that greenhouse gas ("GHG") emissions, or carbon emissions, have impending impacts on climate change and global warming, companies around the globe have been aligning their strategy and operations in reducing carbon footprint.

To gain a better understanding of CD Shanghai's carbon footprint, CDW engaged an external professional consultancy to quantify the GHG emissions from its operations in Shanghai through carbon assessment. The assessment was conducted with reference to international and local standards, including ISO 14064-1 and guidelines⁷ released by the National Development and Reform Commission (NDRC) of the People's Republic of China. It enables CDW to identify emissions hotspot, and develop carbon management strategy and actions.

⁷ 'Guidelines for Accounting and Reporting Greenhouse Gas Emissions - China Machinery and Equipment Manufacturing Enterprises (Trial)'

PROTECTING THE ENVIRONMENT

Carbon Emissions			
Scope	Emission Source	2018	2017
		tonnes of CO ₂ equivalent ⁸ (tonnes CO ₂ -e)	
Scope 1: Direct GHG Emissions	Combustion of fuels in stationary sources	18.7	26.7
	Combustion of fuels in mobile sources	120.8	129.3
	Fugitive emissions from refrigeration equipment ⁹	102.1	102.1
	Sub-total	241.6	258.1
Scope 2: Energy Indirect GHG Emissions	CO ₂ emissions from the generation of purchased electricity	1,932.0	1,755.5
	Sub-total	1,932.0	1,755.5
Scope 3: Other Indirect GHG Emissions	Business Travel	5.8	4.8
	Sub-total	5.8	4.8
Total GHG Emissions		2,179.4	2,018.4
GHG Emissions Intensity (in tonnes CO ₂ -e per thousand units of products)		0.26	0.09

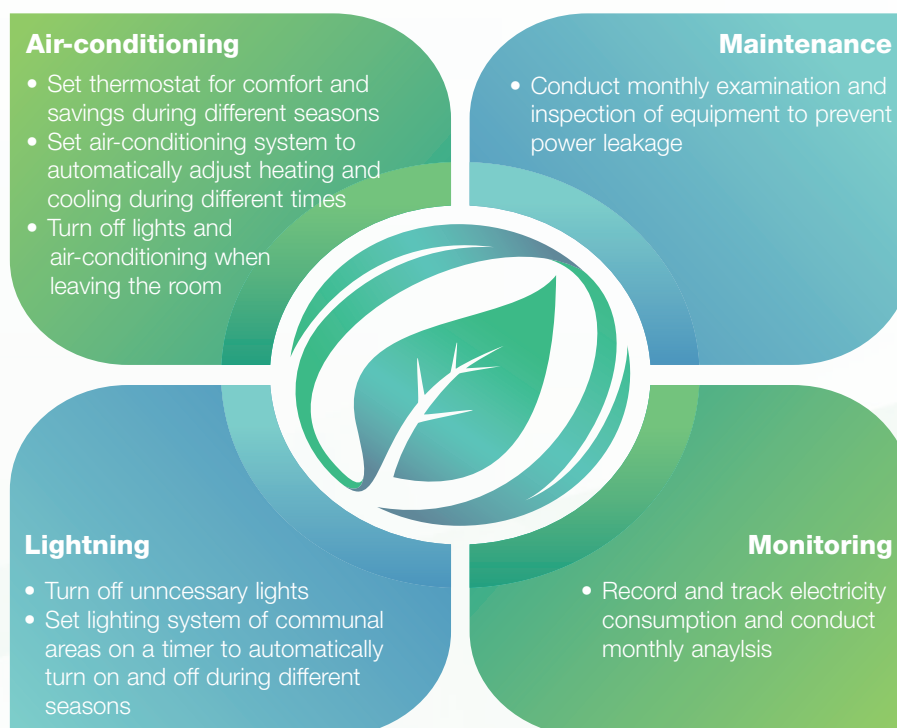
In 2018, total GHG emissions of the Shanghai manufacturing facility were approximately 2,180 tonnes CO₂-e. A slight increase of 8% was observed compared to 2017. It was mainly due to an increment of purchased electricity. The primary source of GHG emissions was Scope 2 energy indirect emissions which was mainly contributed by the generation of purchased electricity, accounting for nearly 89% of the total.

⁸ 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

⁹ 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

PROTECTING THE ENVIRONMENT

To reduce carbon emissions from energy use, CD Shanghai has formulated the Energy and Resource Management Procedures as guidelines on energy saving practices, revolved around:



Considering the impacts that air pollutants have on the ecosystem and human health, CDW seeks to monitor the air emissions emitted from its business activities on an on-going basis. In the reporting year, air pollutants generated from the operations of CD Shanghai were:

Air Emissions			
Type of Air Pollutant	Emissions (kg)		
	2018		2017
	Mobile and stationary sources	Mobile source only	Mobile source only ¹⁰
Nitrogen oxides	463.6	444.8	457.6
Sulphur oxides	17.6	15.6	17.0
Particulate matters	9.4	8.4	9.3

During the reporting year, CDW did not produce, import, or export any ozone-depleting substances in its operations.

¹⁰ Figures have been reinterpreted.

PROTECTING THE ENVIRONMENT

WATER AND EFFLUENTS

Targets for 2018	Status	Progress in 2018
To reduce the total water consumption and total water discharge	In progress	Closely monitoring of water consumption to maintain hourly water consumption at production facility at less than or equal to 0.01 tonnes.
To identify water-related impacts	In progress	Established management approach to manage resource use.
To develop internal standards and guidelines to manage effluent discharge	Achieved	Established an environmental law monitoring system reviewing relevant national and regional laws (such as Regulations of Shanghai Municipality on Drainage Administration)

The Energy and Resource Management Procedures outlines practices to ensure proper use of water. The General Affairs Department is responsible for the installation, servicing and maintenance of water supplies system. Monitoring of water consumption and inspection of water supplies system are conducted on a regular basis. In the reporting year, CD Shanghai's manufacturing facility withdrew 47.3 mega liters of freshwater¹¹ in total.

The CD Shanghai's Pollution Control Procedures outlines the guidelines on effluent discharge. CD Shanghai does not permit storage of chemicals, oil products and wastes near the sewage pipe network, or dumping of chemical wastes therein. Departments in production line shall not discharge industrial or domestic effluents into rainwater pipelines. Domestic effluents are discharged into municipal sewage treatment system. To closely monitor the quality of effluent discharge and ensure compliance, CD Shanghai commissioned a qualified third-party environmental testing agency to conduct annual testing at discharge points in accordance with the Environmental Monitoring and Measurement Management Procedures.

¹¹ There had been no changes in water storage in 2018.

WASTE

Targets for 2018	Status	Progress in 2018
To maintain the current rate of recycling	Achieved	Maintained current rate of recycling
To closely monitor any potential spills of chemicals from production facility	Achieved	On-going monitoring of chemical waste storage, with no spills incurred during the reporting year.
To reduce non-hazardous waste	Achieved	Recorded 27% reduction in the production of food waste and thin film.

If improperly treated or handled, hazardous and non-hazardous waste could pose serious threat the environment and human health. It is a priority to manage the waste produced in the Group's operations in line with the national regulations. CD Shanghai has established the Solid Waste Management Procedures prescribing standards on separation, collection, storage and outsourced treatment of waste.

The Environmental Management Committee oversees the process of waste management, from appointment and assessment of authorised contractors, collection and transport to treatment. Hazardous waste contractors must be authorised collectors recognised by the Environment Protection Bureau of the local government. Records of waste collection are kept by the Environmental Management Committee for five years. Recyclable non-hazardous waste were sorted and transported to the waste recycling station, which were documented in a Solid Waste Removal Record.

PROTECTING THE ENVIRONMENT

Type of Waste		Amount		Disposal Method
		2018	2017	
Hazardous Waste	Toner cartridge	4.4	0.8	Recycling
	Ink cartridge	1.0	2.0	
	Fluorescent tube	86.1	98.1	
	Grease trap precipitate	210	299	
Non-hazardous Waste	Thin films	6,800	7,500	Recycling
	Food waste	4,100	5,000	Composting

In the reporting year, a total of 301.5 kilogram hazardous waste was disposed of, which included toner/ink cartridges, fluorescent tubes, and grease trap precipitate. Non-hazardous waste, comprising thin films and food waste, recorded 10,900 kilogram.

ENVIRONMENTAL COMPLIANCE

Targets for 2018	Status	Progress in 2018
Zero incident of non-compliance with environmental laws and regulations	Achieved	Actively monitoring the applicable environmental laws, with no cases of non-compliance incurred during the reporting year.

The Group is fully aware of the importance to ensure environmental compliance. CD Shanghai's Environmental Management Manual specifies its obligations to meet the expectations of governmental regulators, local communities, and neighbouring enterprises. Environmental laws and regulations on emissions, wastes, and effluent discharges must be reviewed during the identification of important environmental factors.

It is the responsibility of the ISO Management Office to observe updates on environmental laws and regulations, evaluate the impacts on operations, and communicate to employees. To facilitate collection of feedback, it established an inventory of applicable environmental laws and regulations, and other administrative requirements.

The Group manages its environmental impacts brought by its operations in accordance with environmental laws and regulations, such as the Environmental Protection Law of the People's Republic of China, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. During the reporting year, there were no cases of non-compliance with environmental laws or regulations in CD Shanghai, and no significant spill was made.

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

Targets for 2019	
Environmental Compliance	<ul style="list-style-type: none"> Zero incident of non-compliance with environmental laws and regulations To actively monitor the changing regulatory requirements
Water and Effluents	<ul style="list-style-type: none"> To reduce the total water withdrawal by 5% To identify water-related impacts with the annual risk assessment
Waste	<ul style="list-style-type: none"> To increase the current rate of recycling To reduce non-hazardous waste by 3%
Emissions	<ul style="list-style-type: none"> To achieve reduction in GHG emissions and carbon intensity by 2%

ENGAGING THE COMMUNITY

Looking beyond the Group's operations, employees, suppliers, customers, and local residents are members of the local community whom may be socially or environmental affected by the Group's activities. The Group believes that one of the ways it can contribute to communities is by acting as a responsible corporate citizen, with good governance and respect for human rights.

The Group strives to strengthen its communities by providing a safe workplace with development opportunities, upholding product safety and quality standards, and delivering environmental performance in line with laws and regulations. Where the communities are affected, the Group ensures they have the right to seek redress. They can raise their concerns through website and e-mail. All feedback will be distributed to relevant parties for handling when necessary.

Looking ahead, the Group will look into ways in engaging the local community to understand their expectations and needs, and formulate corresponding plan to manage impacts brought by the Group's operations.

GRI-SGX

CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
GRI 102: General Disclosures 2016				
Organisational Profile				
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	-	1-2	-
102-8	Information on employees and other workers	-	15	-
102-9	Supply chain	-	11	-
102-10	Significant changes to the organisation and its supply chain	-	2	-
102-11	Precautionary principle or approach	-	6-7	-
Strategy				
102-14	Statement from senior decision-maker	LR711B-1e	4	-
102-15	Key impacts, risks, and opportunities	PN7.6-3.3	6-7	-
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	-	2	-
Governance				
102-18	Governance structure	PN7.6-3.1	5	-
102-21	Consulting stakeholders on economic, environmental, and social topics	PN7.6-3.7	8	-
102-29	Identifying and managing economic, environmental, and social impacts	PN7.6-3.3	4, 6-9	-
Stakeholder Engagement		PN7.6-3.7		
102-40	List of stakeholder groups		10	-
102-42	Identifying and selecting stakeholders		8	-
102-43	Approach to stakeholder engagement		8	-
102-44	Key topics and concerns raised		9	-

GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
Reporting practice				
102-45	Entities included in the consolidated financial statements	-	1	-
102-46	Defining report content and topic Boundaries	-	3, 10	-
102-47	List of material topics	-	9	-
102-48	Restatements of information	-	1	-
102-49	Changes in reporting	-	-	None
102-50	Reporting period	-	3	-
102-51	Date of most recent report	-	-	28 Dec 2018
102-52	Reporting cycle	-	3	-
102-53	Contact point for questions regarding the report	-	3	-
102-54	Claims of reporting in accordance with the GRI Standards	LR711B-1d	GRI-referenced claim	
102-55	GRI content index	-	24-28	-
Material Topics				
GRI 205: Anti-corruption 2016				
103	Management approach disclosures	LR711B-1 b&c	13	-
205-2	Communication and training about anti-corruption policies and procedures	-	13-14	-
205-3	Confirmed incidents of corruption and actions taken	-	14	-
GRI 303: Water and Effluents 2018				
103	Management approach disclosures	LR711B-1 b&c	18, 21	-
303-1	Interactions with water as a shared resource	-	21	-
303-2	Management of water discharge-related impacts	-	21	-
303-3	Water withdrawal	-	21	-
GRI 305: Emissions 2016				
103	Management approach disclosures	LR711B-1 b&c	18, 20	-
305-1	Direct (Scope 1) GHG emissions	-	19	-
305-2	Energy indirect (Scope 2) GHG emissions	-	19	-
305-3	Other indirect (Scope 3) GHG emissions	-	19	-
305-4	GHG emissions intensity	-	19	-
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	-	20	-

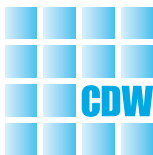
GRI-SGX

CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
GRI 306: Effluents and Waste 2016 (waste-related only)				
103	Management approach disclosures	LR711B-1 b&c	18, 21	-
306-2	Waste by type and disposal method	-	22	-
306-3	Significant spills	-	22	-
306-4	Transport of hazardous waste	-	21	-
GRI 307: Environmental Compliance 2016				
103	Management approach disclosures	LR711B-1 b&c	18, 22	-
307-1	Non-compliance with environmental laws and regulations	-	22	-
GRI 403: Occupational Health and Safety 2018				
103	Management approach disclosures	LR711B-1 b&c	15-16	-
403-1	Occupational health and safety management system	-	16	-
403-2	Hazard identification, risk assessment, and incident investigation	-	16	-
403-3	Occupational health services	-	16	-
403-9	Work-related injuries	-	16	-
403-10	Work-related ill health	-	16	-
GRI 404: Training and Education 2016				
103	Management approach disclosures	LR711B-1 b&c	17	-
404-1	Average hours of training per year per employee	-	17	-
404-2	Programs for upgrading employee skills and transition assistance programs	-	17	-
404-3	Percentage of employees receiving regular performance and career development reviews	-	17	-
GRI 406: Non-discrimination 2016				
103	Management approach disclosures	LR711B-1 b&c	16	-
406-1	Incidents of discrimination and corrective actions taken	-	16	-

GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
GRI 408: Child Labor 2016				
103	Management approach disclosures	LR711B-1 b&c	16	-
GRI 409: Forced or Compulsory Labor 2016				
103	Management approach disclosures	LR711B-1 b&c	16	-
GRI 413: Local Communities				
103	Management approach disclosures	LR711B-1 b&c	23	-
413-1	Operations with local community engagement, impact assessments, and development programs	-	23	-
413-2	Operations with significant actual and potential negative impacts on local communities	-	23	-
GRI 416: Customer Health and Safety 2016				
103	Management approach disclosures	LR711B-1 b&c	11	-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	11	-
GRI 417: Marketing and Labeling 2016				
103	Management approach disclosures	LR711B-1 b&c	12	-
417-2	Incidents of non-compliance concerning product and service information and labeling	-	12	-
417-3	Incidents of non-compliance concerning marketing communications	-	12	-
GRI 418: Customer Privacy 2016				
103	Management approach disclosures	LR711B-1 b&c	12	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	12	-
GRI 419: Socioeconomic Compliance 2016				
103	Management approach disclosures	LR711B-1 b&c	11-14, 16	-
419-1	Non-compliance with laws and regulations in the social and economic area	-	11-14, 16	-



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