



2019 Environmental, Social and Governance Report

Contents

About the Group	3
About this Report	4
Board Statement	5
Sustainability Governance	6
Sustainability Risks and Opportunities	6
Stakeholder Engagement	7
Caring for Employees	10
Operating Responsibly	16
Protecting the Environment	18
GRI-SGX Content Index	22



About the Group

Combine Will International Holdings Limited (“Combine Will”) is listed on Singapore Exchange Limited (Stock Code: N0Z). Based in Dongguan, Guangdong Province in the People’s Republic of China (the “PRC”), Combine Will is an original design manufacturer (“ODM”) and an original equipment manufacturer (“OEM”). It serves the global market with a broad spectrum of services in the design and supply of premium products, toys, consumer products, industrial plastic injection and die-cast moulds, and machine sales.

Combine Will and its subsidiaries (collectively the “Group”) are headquartered in Dongguan, China, with manufacturing facilities and offices located in different parts of the PRC (Dongguan, Guangzhou, Heyuan and Shenzhen in Guangdong Province, Wuzhou in Guangxi Province, Shanghai and Hong Kong) and Indonesia (Sragen). The Group serves the sectors of toys, consumer products and fast-food chains in Asia, the Middle East (United Arab Emirates), America (the United States) and Europe (Germany and others), with manufacturers of automobile, consumer and household products industries, particularly of mould and die-cast products and automobile parts, as the key types of customers.

Between January 2018 and December 2018 (the “reporting year”), the total liabilities and total equity of the Group were 722.3 and 640.3 million Hong Kong dollars (HK\$) respectively. The total quantity of products provided was 380 million pieces and the net revenue was HK\$1,563.3 million.

The Group’s principal activities are divided into three business segments: ODM/OEM, moulds and tooling, and machine sales. Details of the business segments and their economic performances are listed below:

Segment	ODM/OEM	Moulds and Tooling	Machine Sales
Revenue (HK\$ million)	1,360.5	55.9	146.9
Share of Group revenue (%)	87.0%	3.6%	9.4%

The Group’s suppliers for machine sales comprise equipment manufacturers from Japan, Germany, Taiwan and Mainland China. For manufacturing activities, the Group also procures raw materials and mechanical parts from suppliers operating in Hong Kong and Mainland China.

The Group commenced the production in its new plant in Sragen, Indonesia in November 2017 and the construction of phase 3 is expected to complete by mid-2019. The new manufacturing facility in Cangwu County Industrial Park (Guangxi Province, the PRC) commenced pilot production in November 2018 with first shipment in the first quarter of 2019.

Combine Will aspires to be a world-class corporation which sets the standards in the manufacturing of plastic, die-cast and electronics products. The Group upholds the core values of integrity, teamwork, progressiveness and innovation, with the aim to become a leader and key supplier of choice for business partners in providing quality ODM/OEM services.

4 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

About this Report

This is the second Sustainability Report (the “report”) published by Combine Will. The report captures the sustainability policies, practices, targets and performances of the Group, encompassing material economic, environmental and social topics. It enables stakeholders to learn more about the progress and development direction of the Group towards sustainability. The report has been uploaded to the websites of the Singapore Exchange Limited (the “SGX”) and Combine Will (www.combinewill.com).

Reporting Scope

The report focuses on the operations of the ODM/OEM businesses of the Group in the manufacturing facilities in Dongguan¹ and Heyuan², Guangdong Province, and Sragen³, Indonesia, in the reporting year. The operation in Indonesia is a new addition to the disclosures in this reporting year. While the report does not cover all of the Group’s operations, it is the aim of Combine Will to consistently enhance its internal data collection and gradually expand the scope of disclosure in the coming years.

Reporting Standards

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”) 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 2016 and 2018. The disclosures in this report seek 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, Combine Will has commissioned a professional consultancy, Carbon Care Asia, to conduct stakeholder engagement and the processes of report preparation. 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 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 Combine Will according to the policies of the Group. This report has received the approval of the Board of Directors (the “Board”) in [Date] 2019.

¹ The manufacturing facility in Dongguan, Guangdong Province, is operated by the subsidiary of Lian Zhi Toys Gift (Dongguan) Co., Ltd. (“DGLZ”).
² The manufacturing facility in Heyuan, Guangdong Province, is operated by the subsidiary of Loong Run (He Yuan) Toy Co., Ltd. (“HYLR”).
³ The manufacturing facility in Sragen, Indonesia, is operated by the subsidiary of PT. Combine Will Industrial Indonesia (“CWII”).



Opinion and Feedback

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

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Board Statement

Our corporate mission is to become a model corporate citizen in the plastic, die casting and electronics products manufacturing industry. To achieve sustainability, we focus on providing training opportunities for all employees, offering a safe, fair and harmonious workplace, and caring for the local communities.

A well-defined sustainability governance structure helps the Group carry out its corporate social responsibility duties and measures in a systematic approach. At Combine Will, we adopt a two-track system by having a Group Corporate Social Responsibility (CSR) Department and a factory-level Social Responsibility Unit as part of the Operations. These structures are responsible for supervision of sustainability progress and the implementation of relevant measures.

Issues associated with sustainability bring risks and opportunities to different aspects of the Group's business. To mitigate and prevent these risks, the Group CSR Department regularly evaluates the various risks and reports to the management. A key challenge identified relates to the recruitment and retaining of labours. Corresponding measures have been drawn up and implemented.

Stakeholder engagement is a key step in our sustainability efforts because it helps us form a holistic view on how to best allocate our resources to improve our environmental and social performances. During the reporting year we took the initiative to expand our scope of stakeholder engagement. Communicating with stakeholders regularly also allows us to prioritise tasks, and to identify and meet their expectations in a constantly changing environment.

As reflected in our stakeholder engagement survey, issues related to the employment system are priorities to the Group. We undertake to treat all employees with respect and creating a fair and safe working environment where their potential can be unleashed. We believe that only by nurturing the personal and professional development of employees could the Group succeed as a whole.

Going forward, to strengthen our sustainability governance, the Group will assign a member from the Board of Directors to oversee sustainability matters so that a stronger link between the management and the sustainability governance structure can be established.

Dominic Tam

Executive Chairman and Chief Executive Officer



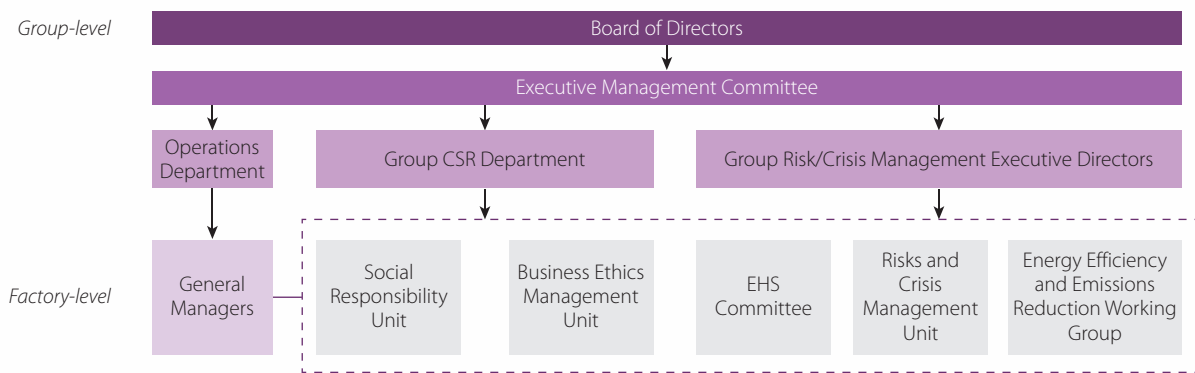
6 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Sustainability Governance

The Executive Management Committee appointed by Combine Will’s Board of Directors have the overall responsibility of overseeing sustainability matters of the Group, with the support of the Operations Department, the Group CSR Department and the Group Risk/Crisis Management Executive Directors. The Executive Management Committee identifies sustainability strategies to create sustainability values to the Group and its stakeholders, alongside to evaluate the effectiveness of risk management and internal control systems, and compliance with regulatory requirements.

In an effort to embed sustainability into all operations, it is the priority of the Group CSR Department to set the tone at the group level and initiate sustainability practices. It monitors the implementation and effectiveness of these practices through the factory-level working groups and units, such as the Social Responsibility Unit and the Business Ethics and Integrity Management Unit.

To strengthen its sustainability governance, the Group will assign a member from the Board of Directors to oversee sustainability matters, facilitating sustainability leadership and communication between the management and the existing governance structure.



Membership of the Group	ISO certifications
<ul style="list-style-type: none"> Toys Manufacturers’ Association of Hong Kong Hong Kong Diecasting and Foundry Association Dongguan City Association of Enterprise with Foreign Investment Dongguan Toy and Baby Products Association 	<ul style="list-style-type: none"> DGLZ and HYLK achieved ISO 9001 (Quality), ISO 14001 (environmental) and ISO 18001 (health and safety) certifications
	Corporate Sustainability Programs
	<ul style="list-style-type: none"> Ethical Toy Program of International Council of Toy Industries (ICTI) Sedex Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC)

Sustainability Risks and Opportunities

Effective risk management is an integral part of business viability and the Group’s long-term success. Sound corporate governance with risk management mechanism enables the Group to evaluate risks and future challenges in a dynamic natural, social and economic environment. The Risk Management section of the CSR Guidelines outlines the responsible procedures the Group should undertake. The factory-level Risk and Crisis Management Unit is responsible for implementing annual risk assessment and topic-specific assessment in case of emergencies.



The Group works closely with a professional consultancy to complement the Group’s Risk Management Framework in the identification of risks and opportunities, taking into consideration the potential impacts of material sustainability topics.

Risks	Responses/Opportunities
<p>Product Responsibility</p> <p>The Group serves a number of multinational companies that uphold high standards of product quality and responsibility. Sustaining their trusts and values is of paramount importance. Product safety and quality issues may damage brand image and loyalty. In addition, it is the responsibility of the Group to ensure its suppliers comply with regulatory requirements of social and environmental aspects.</p>	<p>Product Quality Assurance and Supply Chain Management</p> <p>The Group has established procedures on identifying and handling non-conforming products. Examples of preventive and corrective actions include product correction and reverification, procedural optimisation and employee training. The Group’s Supplier Management Guidelines outline the social and environmental responsibility of suppliers. Suppliers are evaluated through internal and third-party assessments on a regular basis.</p>
<p>Socially Responsible Conducts</p> <p>Misconducts concerning business ethics and integrity, and labour practices, can lead to loss of reputation and customer trust. Employment malpractices, such as discrimination, harassment, child labour, forced labour, or non-compliance with employment laws, could lead to talent drain, sanctions and litigation.</p>	<p>Corporate Social Responsibility Management</p> <p>To steer strategic CSR management, the Group will strengthen sustainability governance structure by appointing a member from the Board of Directors for the oversight of sustainability matters. To respond to the changing needs of social and legal environment, the Group will continue to observe social norms and applicable laws and regulations in which it operates.</p>
<p>Climate Change</p> <p>Carbon emissions from manufacturing facilities present physical and transition risks to current and future operations. Increasingly stringent regulatory requirements are affecting the Group’s climate readiness. More frequent heat stress and high temperatures can result in employee fatigue and lower productivity.</p>	<p>Energy and Resource Solutions</p> <p>Alongside implementing environmental management system in manufacturing facilities, the Group has developed a number of procedures and measures to manage its environmental impacts, such as carbon emissions, resource consumption and wastes. Investing in energy efficient technologies is one of the examples. The Group may also benefit from opportunities offered by new types of energy supplies in the operation regions, such as capitalising on policy incentives for energy efficiency and renewable energy.</p>

Stakeholder Engagement

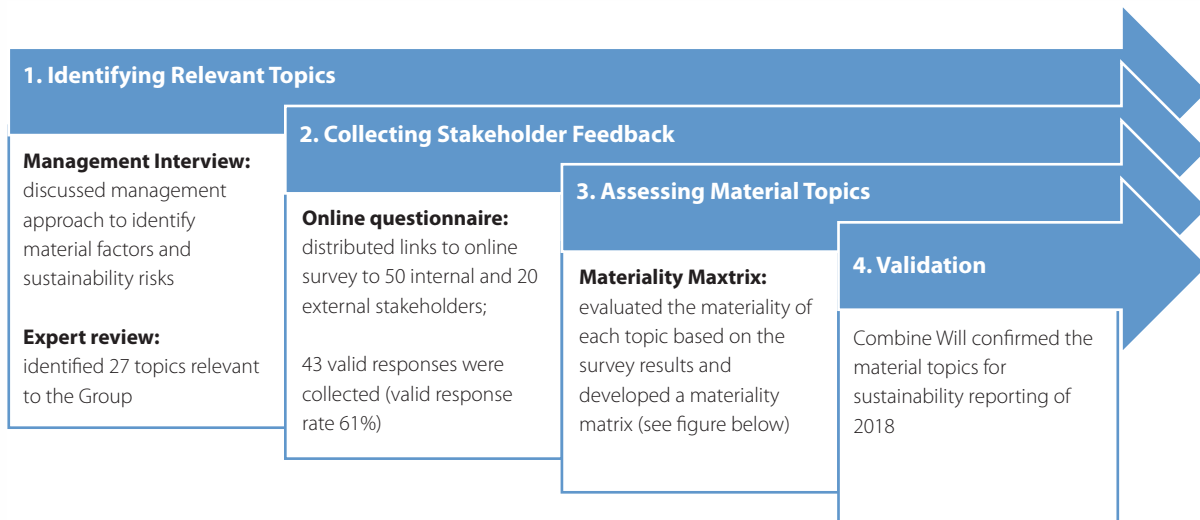
The Group’s stakeholders are those who are materially influencing or affected by the Group’s business. Stakeholder engagement serves as a channel for the Group to understand their needs and expectation. These guide the Group on developing priorities and actions to achieve better outcomes for stakeholders and business in respect of sustainability. The Group constantly communicates with its key internal and external stakeholders through a range of channels, such as phone calls, emails, meetings, surveys, hotlines, reports, announcements and homepage. Key stakeholder groups of the Group are provided in the section of Boundaries of Material Factors.



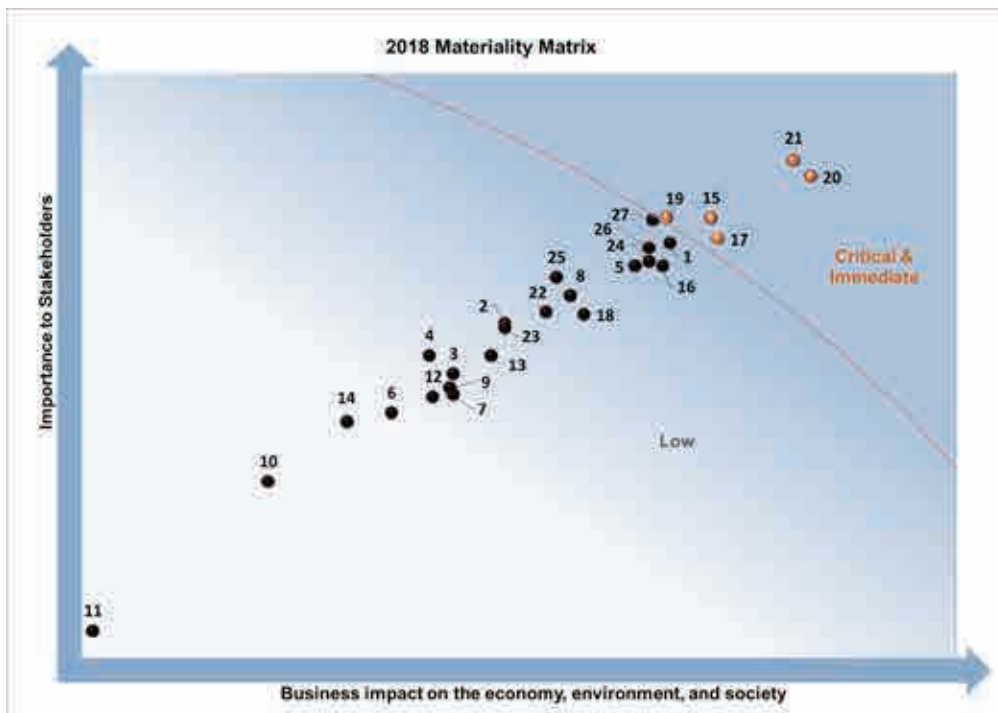
8 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Materiality Analysis

Stakeholders’ feedback leads the Group to evaluate potential risks and opportunities, and develop more relevant sustainability strategy. Combine Will commissioned a professional consultancy to conduct materiality assessment following the approach [shown below]. Integrating the outcomes of materiality analysis of 2017 and 2018, the Group identified the material topics for itself and its key stakeholders.



Nine issues encompassing the areas of economy, environment and society have been identified as material, which guide the focus of this report.



Areas	Relevant Topics to the Group	Material Topics
Economic	1 Economic Performance	
	2 Market Presence	
	3 Indirect Economic Impacts	
	4 Procurement Practices	
	5 Anti-corruption	◇
	6 Anti-competitive	
Environmental	7 Materials	
	8 Energy	◇
	9 Water and Effluents	
	10 Biodiversity	
	11 Emissions	
	12 Waste	◇
	13 Environmental Compliance	◇
	14 Supplier Environmental Assessment	
Social	15 Employment System	◇
	16 Labour/Management Relations	
	17 Occupational Health and Safety	◇
	18 Training and Development	◇
	19 Non-discrimination, Diversity and Equal Opportunity	◇
	20 Child Labour	◇
	21 Forced or Compulsory Labour	◇
	22 Local Communities	
	23 Supplier Social Assessment	
	24 Customer Health and Safety	
	25 Marketing and Labelling	
	26 Customer Privacy	
	27 Socioeconomic Compliance	

To gain a more diverse range of stakeholders' views, the Group will continue to enhance its engagement with stakeholders on a systematic and regular basis.



10 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Boundaries of Material Factors

The impact and influence of each material factor identified may have wider impacts beyond the business operations of Combine Will or the Group itself, and thus require considerations. The table below summarises where impacts occur for each material topic. All topics are material within⁴ and outside⁵ of the Group. The Group will continue to observe any significant changes within the boundaries of material factors.

Material factors	Impacts addressed in this Report	Boundaries						
		Employees	Combine Will and its manufacturing facilities	Suppliers	Customers	Regulatory agencies/ Government agencies	Community/ NGOs	Shareholders/ Investors
21 Forced or Compulsory Labour	Caring for Employees, [Page -]	✓	✓			✓		✓
20 Child Labour	Caring for Employees, [Page -]	✓	✓			✓		✓
15 Employment System	Caring for Employees, [Page -]	✓	✓			✓		✓
17 Occupational Health and Safety	Caring for Employees, [Page -]	✓	✓			✓		✓
19 Non-discrimination, Diversity and Equal Opportunity	Caring for Employees, [Page -]	✓	✓			✓		✓
18 Training and Development	Caring for Employees, [Page -]	✓	✓		✓			✓
5 Anti-corruption	Operating Responsibly, [Page -]	✓	✓	✓	✓	✓		✓
8 Energy	Protecting the Environment, [Page -]		✓				✓	✓
12 Waste	Protecting the Environment, [Page -]		✓			✓	✓	✓

Caring for Employees

A talented and engaged workforce is an integral part of the Group’s business growth and long-term success. The Group is committed to creating a workplace with fairness, diversity and equal opportunity as underlined in the CSR Guidelines. With a view to attracting and retaining quality employees, the Group is committed to upholding ethical labour standards and sound employment practices, alongside provision of development opportunities and quality benefits.

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.



Employment

Employees of the Group are based in the manufacturing facilities and offices in the PRC and Indonesia. As of 31 December 2018, there were in total 8,825 employees in the manufacturing facilities.

Employment category	Gender	Hong Kong	The PRC	Indonesia
Permanent	Male	25	2,922	1,104
	Female	18	3,499	1,300
Temporary	Male	0	0	0
	Female	0	0	0
Full-time	Male	25	2,922	1,104
	Female	18	3,499	1,300
Part-time	Male	0	0	0
	Female	0	0	0

Our employment policies, including but not limited to compensation and dismissal, recruitment and promotion, remuneration, rest days, and other benefits and welfare, are communicated through the employee handbook of the Group (the "Employee Handbook") and various policies. Remuneration packages, rest days, benefits and welfare are determined in line with the Wages and Benefits Policy (工資及福利政策), and the Rest Days and Welfare Policy (休假及福利規定) implemented in the manufacturing facilities in the reporting scope. To take care of employees, the Group provides employees with paid annual leave, marriage leave, compassionate leave, maternity leave and paternity leave. As a family-friendly friendly initiative, parental leave is provided to eligible employees. Further details are provided below.

Parental leave

	Gender	The PRC	Indonesia	Total
Total number of employees that were entitled to parental leave	Male	2,922	1,104	4,026
	Female	3,499	1,300	4,799
Total number of employees that took parental leave	Male	20	17	37
	Female	31	0	31
Total number of employees that returned to work in the reporting year after parental leave ended	Male	19	17	36
	Female	16	0	16
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.	Male	13	17	30
	Female	27	0	27
Return to work rate (%) ⁶	Male	95%	100%	97%
	Female	52%	N/A	52%
Retention rate (%) ⁷	Male	65%	100%	81%
	Female	87%	N/A	87%

⁶ Return to work rate = total number of employees that returned to work after parental leave/total number of employees due to return to work after taking parental leave.

⁷ Retention rate = total number of employees retained 12 months after returning to work following a period of parental leave/total number of employees returning from parental leave in the prior reporting period(s).



12 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Non-discrimination, Diversity and Equal Opportunity

Employment arrangements, such as recruitment and hiring, remuneration and benefits, are justly based on the performance and capabilities of employees, irrespective of any other personal characteristics such as gender, race, and religion. These arrangements are communicated through the Prevention of Discrimination and Harassment Policies and Procedures (防止歧視和騷擾政策及程序) established by the manufacturing facilities in the reporting scope. Employees can lodge a complaint in relation to any forms of discrimination at work to supervisors, employee representatives, EHS Committee, Corporate Responsibility Unit, Executive Managers or General Managers. Suggestion boxes are also provided. The workforce distribution is summarised below.

Diversity of employees

Age group	Gender	The PRC	Indonesia
Under 30 years old	Male	646	939
	Female	394	997
30–50 years old	Male	1,865	159
	Female	2,542	303
Over 50 years old	Male	409	6
	Female	565	0
	Gender	The PRC	Indonesia
Senior Management	Male	42	1
	Female	9	1
Middle Management	Male	148	7
	Female	104	4
Entry-level/General Staff	Male	2,732	1,096
	Female	3,386	1,295
Total by location		6,421	2,404
Total by gender	Male		4,026
	Female		4,799

In the reporting year, there were no confirmed incidents of discrimination in DGLZ, HYLRL and CWII.

Labour Standards

Targets for 2018	Status	Progress in 2018
To continue communicating the Group's zero tolerance for the use of child labour in the supply chain	On-going	DGLZ and HYLRL constantly engage suppliers through communicating the Supplier Management Guidelines and regular assessments.
To continue eliminating the use of child labour in employment practices	On-going	No incidents in respect of labour practices incurred at DGLZ and HYLRL.

The Group does not tolerate any violation of labour rights, including hiring any person under the age of 16 and forced or compulsory labour. The Group's commitment and approach are underlined in the CSR Guidelines.



Preventing Child Labour

The Group acknowledges that its ODM/OEM manufacturing facilities, suppliers of mould and printing, and distributors in the PRC and Indonesia are associated with risk of child labour and young workers being exposed to hazardous work. DGLZ, HYLK and CWII have established the Policy on Prohibiting Recruitment of Child Labour and Remedial Procedures (禁止招聘童工政策及補救程序). In the recruitment process, recruitment personnel are required to verify the identity and age of applicants in line with the Inspection Policy of Age (核對年齡政策及程序) as preventive practice. To ensure recruitment personnel understand the Group's standard, training on recruitment policy and procedures is provided on an annual basis.

Eliminating Forced or Compulsory Labour

The Group recognises the risk for incidents of forced or compulsory labour in its ODM/OEM manufacturing facilities and suppliers of outsourced production processes in the PRC and Indonesia. Employees are hired on a voluntary and fair basis. The Group prohibits coercing employees to work by illegal or unethical means such as retaining the identity card of employee. The Work Hours Policy (工作時間政策及制度) and the Work Hours Monitoring Policy (工作時間監控及預警規定) specify guidelines in relation to employee work and rest schedule, overtime work and compensation.

On-site inspections and suppliers assessment

The Social Responsibility Unit is responsible for performing on-site inspections and suppliers assessment on a regular basis. All malpractices will be reported to the Operations Department for evaluation and corrective actions. The statement of commitment to business ethics and integrity signed by the business partners prescribes compliance with the Supplier Management Guidelines on abolition of child labour and forced or compulsory labour.

Occupational Health and Safety

The Group places great emphasis on employee health and safety as stated in the CSR Guidelines. DGLZ and HYLK are OHSAS 18001 certified as required by customers and internal needs. In line with the globally accepted standard and national laws, a variety of policies and measures are being developed and implemented at DGLZ, HYLK and CWII to ensure a safe and healthy workplace for employees.

The manufacturing facilities have established safety committees to oversee occupational health and safety matters with the support of registered safety officer. Safety committees comprise personnel from various departments of the production processes. The Occupational Health and Safety Monitoring and Management Procedure (職業健康安全監督與管理程序) clearly defines the roles and responsibilities of the safety committees and other departments for maintaining a healthy and safe workplace. The safety committees are responsible for identifying and monitoring occupational health and safety risks, formulating safety procedures and measures, and initiating correction actions.

DGLZ and HYLK conducted internal and third-party audit on a regular basis to ensure effective monitoring and implementation of the health and safety management system. It also offers valuable insights into continuous improvement.

Health and Safety Performance

In the reporting year, the manufacturing facilities did not involve workers who are not employees but whose work and/or workplace is controlled by them. The total number of employees covered by the health and safety management system that is internally audited and externally certified by third-party were 8,825. The total number of hours worked by employees in the PRC and Indonesia were 18,745,666.5 and 5,250,336.0 respectively. Information regarding work-related injuries and ill-health is summarised below.



14 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Work-related injuries and ill-health

	The PRC		Indonesia	
	Number	Rate	Number	Rate
Fatalities by work-related injury	0	0	0	0
High-consequence work-related injuries (excluding fatalities)	0	0	0	0
Recordable work-related injuries ⁸	77	4.11	6	1.14
Fatalities by work-related ill health	0	0	0	0
Recordable work-related ill health	0	0	0	0

Health and Safety Measures

Fuel injection, pad printing, oil rate adjustment, injection moulding and mould processing are identified as work associated with high risk of health and safety hazards. To protect workers from injury, a set of safety operation procedures are established which give guidance on expected conduct and necessary protective equipment when performing different tasks, such as use of gas cylinder, electricity, chemicals and machines, welding and fire safety. The operations at the manufacturing facilities should ensure machines and equipment are properly maintained through regularly maintenance.

To enhance employees’ emergency preparedness, the Group regularly conducts drills or mock emergencies on a number of scenarios, such as chemical spill and fire, at the manufacturing facilities. To boost safety awareness, trainings are provided to communicate essential information regarding occupational health and safety to workers, including compulsory training to newly hired workers and annual training to existing workers. In addition, the Group takes care of their workers at the manufacturing facilities by offering medical examinations for monitoring and early detection of occupational diseases.

Training and Education

Targets for 2018	Status	Progress in 2018
To consistently improve employee capability through training	On-going	DGLZ and HYLRL provided all training included in the annual training plan.
To support staff-led innovation through the coordination of work improvement teams	On-going	DGLZ and HYLRL implemented 54 staff-led improvement projects with the support of 10 work improvement teams which comprise 106 employees.
To enhance internal training capabilities	On-going	DGLZ and HYLRL planned and implemented a variety of training for employees.

Learning and development is a key factor in unlocking employees’ potential and keeping quality employees engaged. The Group strives to aid employees’ growth through offering continual education and career development opportunities, and talent development plan. Its commitment is demonstrated in the CSR Guidelines that the Group encourages employees to seek training through providing them with subsidies. The Group acknowledges outstanding employees for their work and performance on a regular basis.

⁸ Rate of recordable work-related injuries = Number of recordable work-related injuries/Number of hours worked x 1,000,000



The Training Management Provisions (培訓管理規定) sets out the guidelines on formulation and implementation of annual training plans. In the reporting year, employees are provided with a range of training:

Industrial standards	Health and safety	Production and operations	Laws and regulations
e.g. RBA, Code of Conduct, Customs – Trade Partnership Against Terrorism (C-TRAT), ISO 9001, ISO 14001, ISO 50001, OHSAS 18001	e.g. fire safety, chemical safety, safe production procedures, proper use of personal protective equipment	e.g. quality control, assembly, injection, handspray, moulding maintenance, pad printing, shipment and logistics	e.g. applicable regulatory requirements, updates on work hours regulations

	Training hours per employee ⁹		Percentage of employees receiving regular performance and career development reviews ⁹	
	The PRC	Indonesia	The PRC	Indonesia
Male	62.2	14.5	100%	100%
Female	52.0	14.4	100%	100%
Senior Management	4.3	19.0	100%	100%
Middle Management	6.2	19.0	100%	100%
Entry-level/General Staff	59.2	0.1	100%	100%
Overall	113.3	14.5	100%	100%

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

Targets for 2019	
Employment	<ul style="list-style-type: none"> - To continue eliminating non-discrimination, diversity and equal opportunity in employment practices - To continue communicating the Group's zero tolerance for non-discrimination, diversity and equal opportunity in the supply chain
Labour Standards	<ul style="list-style-type: none"> - To continue eliminating forced or compulsory labour in employment practices - To continue communicating the Group's zero tolerance for forced or compulsory labour in the supply chain
Occupational Health and Safety	<ul style="list-style-type: none"> - Zero incident resulting in permanent disability or fatality of employees - To organise at least 3 sessions of worker health promotion activities
Training and Education	<ul style="list-style-type: none"> - To consistently improve employee capability through training - To support staff-led innovation through the coordination of work improvement teams - To enhance internal training capabilities

⁹ The number of training hours per employee and employees receiving regular performance and career development reviews include employees who left the company in the reporting period.



Operating Responsibly

The Group is committed to upholding a high standard of business integrity and fair operations based on dialogue, transparency and respect. Instituting management policies and control systems along the Group's value chain encourages its business partners and suppliers to operate responsibly. All employees, business partners and suppliers should abide by the core principles set out in the CSR Guidelines and Supplier Management Guidelines, which include integrity, fair trade, fair competition, respect for intellectual property, and socio-environmental responsibility.

Anti-corruption

Targets for 2018	Status	Progress in 2018
To continue communicating the Group's Zero tolerance for corruption to its employees	On-going	New and existing employees of DGLZ and HYL R received information of anti-corruption through orientation training and annual training respectively.
To achieve zero incidents of corruption	Achieved	No confirmed incidents or legal cases of corruption at DGLZ and HYL R.

Honesty, integrity and fairness are core values to be upheld by the Group and its employees. The Group has zero tolerance for any forms of corruption, including bribery, extortion, fraud and money laundering. With this in view, the Group has established the CSR Guidelines and the Business Ethics and Integrity Management Guidelines, which defines its core principles of ethical operations.

Code of Conduct

Within the framework of the Group's policy, the Professional Conducts and Business Ethics and Integrity Management Procedures (職業操守及商業道德管理程序) and the Anti-bribery and Anti-corruption Management Procedures (反賄賂及反腐敗管理程序) are established at DGLZ, HYL R and CWII, and communicated to employees. Employees are expected to follow the standard and practices as set out in the guidelines with regard to anti-corruption.



Employee training

To enhance employee awareness, the Group incorporates elements of corporate policies and procedures on anti-corruption into training for new hires. In 2018, Combine Will communicated with and provided training on anti-corruption policies and procedures to employees and business partners in the PRC and Indonesia within the reporting scope:

	Number and percentage of internal stakeholders communicated and trained ¹⁰			
	The PRC		Indonesia	
Senior Management	51	100%	1	50%
Middle Management	252	100%	11	100%
Entry-level/General Staff	6,118	100%	2,391	100%
Overall	6,421	100%	2,403	100%

	Number and percentage of business partners communicated			
	The PRC		Indonesia	
Suppliers	165	100%	Communication with business partners were handled by offices in the PRC	
Customers	5	100%		
Bank/Professional service providers	6	100%		
Other business partners	7	100%		
Overall	183	100%		

Communication with suppliers and business partners

The Group informs its suppliers and business partners of its stance against corruption by communicating the Supplier Management Guidelines on prohibiting bribery. The Group requires key suppliers and business partners to sign a statement of commitment to business ethics and integrity to acknowledge the Group's requirements.

Whistleblowing

To facilitate reporting of possible improprieties or non-compliance, DGLZ, HYLR and CWII have in place the Whistleblowing and Reprisal Management Procedure (舉報及免報復管理程序) and a number of grievance mechanisms, such as suggestion boxes and business ethics and integrity hotlines. Employees can raise concerns without fear of reprisal or retribution. All concerns will be sent to the Group CSR Department for investigation. It is also the responsibility of the department to oversee the procedure and initiate follow-up actions.

The Group adheres to laws and regulations related to anti-corruption in its sites of operation. In the reporting year, there were no confirmed incidents or legal cases of corruption, fraud and money laundering in DGLZ, HYLR and CWII.

¹⁰ The number of internal stakeholders communicated and trained include employees who left the company in the reporting period.



18 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Going forward in 2018, Combine Will has set out the following target for responsible operations:

Targets for 2019	
Anti-corruption	<ul style="list-style-type: none"> - To continue communicating the Group's Zero tolerance for corruption to its employees - To achieve zero incidents of corruption

Protecting the Environment

Recognising the environmental risks its operations present to the environment and local communities, the Group dedicates itself to reducing the environmental impacts of daily operations. DGLZ and HYL R are certified to ISO 14001 Environmental Management System (EMS), while CWII is planning to obtain ISO 14001 certification for its plant in the near future. Regular internal and third-party audit of EMS enables the Group evaluates the effectiveness of EMS, identifies possible environmental risks and initiate improvement actions.

In conjunction with the international standard and applicable environmental laws and regulations, the Group has instituted a series of policies and measures at DGLZ, HYL R and CWII for managing their environmental impacts. As part of the CSR Guidelines, the Group should constantly monitor environmental performance and identify improvement areas for the manufacturing facilities, covering:

Climate change	Air pollution	Energy efficiency	Effluent and waste handling	Water consumption	Raw material use
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The Group acts in accordance with applicable regulatory requirements enforced by local authorities in which it operates. During the reporting year, there were no cases of non-compliance with environmental laws or regulations in DGLZ, HYL R and CWII, and no significant spills therein.

Energy

Targets for 2018	Status	Progress in 2018
To reduce total energy consumption	Achieved	A 3.4% drop of energy consumption of DGLZ and HYL R, comparing 2017, was recorded.
To identify and deploy viable energy efficient technologies where applicable	On-going	HYL R have introduced energy efficient devices and production equipment in the reporting year. Further details are provided below.



DGLZ and HYLZ have both implemented the Energy Efficiency Control Procedures (節約能源控制程序), which specify the consumption management of electricity and gas, as well as the maintenance of energy-intensive equipment.

Energy conservation practices	Employee engagement
<ul style="list-style-type: none"> • Turn off electrical appliances and lighting where unnecessary • Maintain the thermostat of air-conditioning system at optimal temperature • Install automatic light sensor where applicable • Give priority to production equipment and air-conditioning with higher energy efficiency in purchasing process when there is a need of replacement • Regular maintenance of energy supply system and production equipment • Track energy consumption of each department for detailed analysis 	<ul style="list-style-type: none"> • Educate employees on energy conservation through training and constant communication • Put on signage promoting employee awareness of energy conservation

Investing in energy efficient technologies

The Group encourages the manufacturing facilities to make investment in environmentally friendly and energy efficient technologies to achieve better energy performance. DGLZ and HYLZ have installed various devices and production equipment with higher energy efficiency in 2017 and 2018, with an accumulated investment of approximately HK\$5 million.

Manufacturing facilities	Description	Estimated annual energy savings (MWh)	Date of commission
DGLZ	Installation of two injection moulding machines with higher energy efficiency	225.36	2017
	Installation of two injection moulding machines with higher energy efficiency	203.04	2018
	Transformation of air blowers for product cleaning to reduce compressed air usage	6.3% kWh/kg per product	2018
	Transformation of pad printers to reduce unnecessary compressed air usage	4.3% kWh/kg per product	2018
HYLZ	Replacement of diesel-powered moulding ovens with electric models	248.97	2017
	Replacement of T5 light tubes with LED light tubes	32.48	2017
	Replacement of variable pump moulding machine with servo-driven injection model	1,108.80	2018
	Replacement of T5 light tubes with LED light tubes	40.88	2018



20 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Total energy consumption of DGLZ, HYL R and CWII was 31,548 megawatt-hours (MWh) in the reporting year. A 3.4% drop of energy consumption of DGLZ and HYL R, comparing 2017, was observed. This was mainly contributed by introduction of energy efficient devices and production equipment. The primary source of energy consumption was the electricity consumption in manufacturing facilities and staff dormitory.

Energy type	Energy consumption	Energy intensity
	(MWh)	Per unit of revenue (MWh/million \$HK)
Electricity (non-renewable)	30,843.4	31.48
Diesel	426.6	0.44
LPG	39.0	0.04
Petrol	238.9	0.24
Total	31,547.8	32.20

Waste

Targets for 2018	Status	Progress in 2018
To achieve zero landfill in the long term	Achieved	All hazardous and non-hazardous wastes produced at DGLZ and HYL R were either incinerated or recycled.
To closely monitor potential spills of chemicals from manufacturing facilities	On-going	No incident of chemical spills was recorded at DGLZ and HYL R in the reporting year.

On the basis of national regulations in waste handling, DGLZ, HYL R and CWII have the Solid Waste Management Procedures (廢棄物處理控制程序) in place which specifies practices of treating wastes, including sorting, collection, storage, outsourced treatment and record keeping. Hazardous and non-hazardous wastes are collected and handled by authorised contractors. The processes of appointment and evaluation of contractors, and waste collection, transport and treatment are overseen by the EHS Committee.



In the reporting year, a total of 4.78 and 17.15 tonnes of hazardous waste was disposed of and stored on site in the manufacturing facilities respectively. Major types of hazardous waste include activated carbon, organic solvents and empty chemical containers. Non-hazardous waste, comprising iron, plastics, paper and wood, recorded 294.99 tonnes.

	Type of waste	Off-site disposal		On-site storage
		Amount (tonnes)	Disposal method	Amount (tonnes)
Hazardous waste ¹¹	Activated carbon	2.50	Incineration	2.30
	Organic solvent	0.53	Incineration	0.63
	Empty chemical container	0.49	Incineration	1.02
	Paint residue	0.29	Incineration	0.46
	Toner cartridge	0.42	Recycling/ Incineration	0.08
	Oily rag and glove	0.30	Reuse/ Incineration	12.32
	Engine oil	0.18	Reuse/ Incineration	0.28
	Fluorescent tube	0.09	Recycling/ Incineration	0.06
	Medical wastes	0.00	–	0.01
Non-hazardous waste	Iron	160.43	Recycling	–
	Plastic	89.27	Recycling	–
	Paper	44.68	Recycling	4.69
	Wood	0.61	Incineration	–

Targets for 2019

- Energy
 - To reduce total energy consumption
 - To identify and deploy viable energy efficient technologies where applicable
- Waste
 - To achieve zero landfill in the long term
 - To closely monitor potential spills of chemicals from manufacturing facilities

¹¹ The figures of hazardous waste exclude on-site storage.



22 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

GRI-SGX Content Index

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



Disclosure	Description	SGX	Page	Remarks
Stakeholder Engagement		PN7.6-3.7		
102-40	List of stakeholder groups			-
102-41	Collective bargaining agreements			Information unavailable
102-42	Identifying and selecting stakeholders			-
102-43	Approach to stakeholder engagement			-
102-44	Key topics and concerns raised			-
Reporting practice				
102-45	Entities included in the consolidated financial statements	-		-
102-46	Defining report content and topic Boundaries	-		-
102-47	List of material topics	-		-
102-48	Restatements of information	-		-
102-49	Changes in reporting	-		-
102-50	Reporting period	-		-
102-51	Date of most recent report	-		-
102-52	Reporting cycle	-		-
102-53	Contact point for questions regarding the report	-		-
102-54	Claims of reporting in accordance with the GRI Standards	LR711B-1d		GRI-referenced claim
102-55	GRI content index	-		-
102-56	External assurance	PN7.6-3.8	-	Unavailable



24 COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

Disclosure	Description	SGX	Page	Remarks
Material Topics				
GRI 205: Anti-corruption 2016				
103	Management approach disclosures	LR711B-1b&c		-
205-2	Communication and training about anti-corruption policies and procedures	-		-
205-3	Confirmed incidents of corruption and actions taken	-		-
GRI 302: Energy 2016				
103	Management approach disclosures	LR711B-1b&c		-
302-1	Energy consumption within the organization	-		-
302-3	Energy intensity	-		-
GRI 306: Effluents and Waste 2016				
103	Management approach disclosures	LR711B-1 b&c		-
306-2	Waste by type and disposal method	-		-
306-3	Significant spills	-		-
306-4	Transport of hazardous waste	-		-
GRI 401: Employment 2016				
103	Management approach disclosures	LR711B-1 b&c		-
401-3	Parental leave	-		-
GRI 403: Occupational Health and Safety 2018				
103	Management approach disclosures	LR711B-1 b&c		-
403-1	Occupational health and safety management system	-		-
403-9	Work-related injuries	-		-
403-10	Work-related ill health	-		-
GRI 404: Training and Education 2016				
103	Management approach disclosures	LR711B-1 b&c		-
404-1	Average hours of training per year per employee	-		-
404-2	Programs for upgrading employee skills and transition assistance programs	-		-
404-3	Percentage of employees receiving regular performance and career development reviews	-		-



Disclosure	Description	SGX	Page	Remarks
GRI 405: Diversity and Equal Opportunity 2016				
103	Management approach disclosures	LR711B-1 b&c		
405-1	Diversity of governance bodies and employees	-		
GRI 406: Non-discrimination 2016				
103	Management approach disclosures	LR711B-1 b&c		
406-1	Incidents of discrimination and corrective actions taken	-		
GRI 408: Child Labor 2016				
103	Management approach disclosures	LR711B-1 b&c		-
408-1	Operations and suppliers at significant risk for incidents of child labor	-		-
GRI 409: Forced or Compulsory Labor 2016				
103	Management approach disclosures	LR711B-1 b&c		





COMBINE WILL

Combine Will International Holdings Limited
聯志國際控股有限公司

Incorporated in the Cayman Islands on 8 October 2007
(Company Registration No. MC-196613)

