



COMBINE WILL

# 2020

## Sustainability Report



# Contents

<b>About Combine Will</b>	2
<b>About the Report</b>	5
Reporting scope and boundary	5
Reporting Standards	5
Confirmation and Approval	5
Opinion and Feedback	6
<b>Board Statement</b>	7
<b>Our Sustainability Approach</b>	8
Sustainability Governance	9
Sustainability Risk Management	9
Stakeholder Engagement	11
Materiality	12
List of Material Topics and Corresponding Boundaries and Impacts	12
<b>Caring For Our People</b>	13
People Management	14
Occupational Health and Safety	17
Diversity and Inclusion	20
Labour/Management Relations	23
Training and Education	24
<b>Managing Environmental Footprint</b>	27
Emissions Control	31
Waste Management	32
<b>Operating Responsibly</b>	34
Responding to COVID-19	35
Customer Data and Privacy	37
Anti-corruption	38
Labour Standards	39
<b>Supplementary: Community</b>	41
<b>GRI-SGX Content Index</b>	42





## About Combine Will



Combine Will International Holdings Limited (“Combine Will”, the “Company”, together with its subsidiaries, the “Group”) is listed on Singapore Exchange Limited (Stock Code: N0Z). The Company was incorporated in the Cayman Islands in 2007 and is headquartered in Hong Kong, the People’s Republic of China (the “PRC” or “China”). For the latest information on its shareholders or changes to the Group’s size, structure, ownership, or supply chain, please refer to the Annual Report 2020 (<http://www.combinewill.com/ar.html>).

The Group is a leading Original Design Manufacturer (“ODM”) and Original Equipment Manufacturer (“OEM”), and supplier of corporate premiums, toys and consumer products around the world. Based in Dongguan, Guangdong Province in the PRC, the Group has its manufacturing facilities located in Dongguan, Heyuan and Cangwu as well as Sragen, Indonesia.

The Group’s clientele portfolio includes customers from Asia, Europe and North/South America. The Group has continuously demonstrated adequate and flexible capacity to handle production for leading multinational companies in their respective industries, ranging from toys and fast-moving consumer products to international fast-food chains.

The primary raw materials used in the manufacturing of our ODM/OEM products are zinc alloy for die-cast products and Acrylonitrile Butadiene Styrene (“ABS”), Polypropylene (“PP”), Acetel and Nylon for plastic products. The raw materials that the Group uses are sourced locally and overseas from its list of approved vendors. The Group’s suppliers are mainly located in China, with others from Southeast Asia and other regions. As of 31 December 2020, there were over 200 major suppliers.

In 2020, the Group recorded annual total revenue, total liabilities and total equity of HK\$957.1 Million, HK\$900.6 Million and HK\$696.0 Million respectively. For more information about the financial performance, please refer to the Annual Report 2020 (<http://www.combinewill.com/ar.html>).





The Group values process improvement and quality management. The Group's operations have been accredited with sustainability-related management system standards, including ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System and ISO/IEC 17025:2005 General Requirements for the Competence of Testing and Calibration Laboratories<sup>1</sup>.

Our manufacturing facilities have obtained International Council of Toy Industries ("ICTI") Ethical Toy Program certification, Sedex Members Ethical Trade Audit certification, the Responsible Business Alliance review and Global Security Verification ("GSV").

Compared to the previous year, there were no significant changes to the Group's size, structure, ownership, or supply chain.

The Group is a member of Hong Kong Diecasting & Foundry Association, The Toys Manufacturers' Association of Hong Kong, Dongguan Foreign Investment Enterprise Association (東莞市外商投資企業協會) and Dongguan Toys and Baby Products Association (東莞市玩具及嬰童用品協會).

For more information about the Company, visit <http://www.combinewill.com/>.

<sup>1</sup> Applicable to manufacturing facilities in Heyuan and Cangwu.





## Milestones of Combine Will

- ◎ 1992

  - Started ODM/OEM business operations in 1992 with the incorporation of Combine Will Industrial Company Limited (聯志工業有限公司), in Hong Kong
- ◎ 2001

  - Set up Lian Zhi Toys Gift (Dongguan) Co., Ltd. (聯志玩具禮品 (東莞) 有限公司)
- ◎ 2002

  - Set up Dongguan Loong Run Toys Company Limited (東莞聯弘玩具有限公司) as a supporting factory focusing on the production of die-cast products
- ◎ 2003

  - Set up Bliss Electronic (China) Company Limited (東莞成樂電子有限公司) to manufacture electronic parts
- ◎ 2004

  - Set up Heyuan Loong Run Toys and Gifts Products Factory (河源市聯弘玩具禮品製品廠)
- ◎ 2008

  - Combine Will International Holdings Limited listed on Singapore Exchange Limited
- ◎ 2009

  - Set up Heyuan Loong Run Toys Company Limited (河源聯弘玩具禮品有限公司)
- ◎ 2012

  - Set up Combine Will Electronics Toys (Wuzhou) Co., Ltd (聯志電子玩具製品 (梧州) 有限公司)
- ◎ 2016

  - Set up PT. Combine Will Industrial Indonesia to expand the production overseas
- ◎ 2020

  - Set up Combine Will (Cangwu) Industrial Co., Ltd. (聯志玩具禮品 (蒼梧) 有限公司)
- ◎ 2019/2020

  - Assembled a new team to support the vertical integration into paper printing and product manufacturing



## About the Report

This is the fourth annual sustainability report (the “report”) outlining Combine Will’s sustainability policies, practices and performance for the fiscal year 2020 (“FY2020”, or the “reporting year”) from 1 January 2020 to 31 December 2020.

## Reporting scope and boundary<sup>2</sup>

Unless otherwise stated, this report covers the operation of Combine Will’s principal activities, involving ODM/OEM manufacturing facilities in Dongguan<sup>3</sup>, Heyuan<sup>4</sup> and Cangwu<sup>5</sup> in China, and Sragen<sup>6</sup> in Indonesia (hereafter collectively referred to as “manufacturing facilities”), which is consistent with Combine Will’s previous sustainability report published in May 2020. There is no restatement of information. While this Report does not cover all operations of the Group, it is on its agenda to gradually improve the Group’s data collection system and expand the reporting scope in the future.

## Reporting Standards

The report is prepared in accordance with the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rule 711A (“LR 711A”) and developed with reference to the five primary components set in SGX-ST Listing Rule 711B on the “comply or explain” basis.

This report has also been prepared with reference to the GRI Standards (Core option) by Global Reporting Initiatives (“GRI”). It was selected because it is the most widely used reporting framework internationally, allowing higher comparability of the Group’s disclosures with its peers. Disclosures in this report are underpinned by the GRI’s Reporting Principles for defining report quality – accuracy, balance, clarity, comparability, reliability and timeliness.

## Confirmation and Approval

Information presented in this report was obtained and consolidated based on official documents and operational statistics of the Group. The Group has relied on internal mechanisms to ensure the accuracy of information. Performance data for the corresponding material topic is reported in good faith and to the best of the Group’s knowledge. The data is verified using internal mechanism and checks. Financial statements included in the Annual Report 2020 have been audited by independent auditors. The report has received an endorsement from the Board of Directors of the Company (the “Board”) on 31 May 2021.

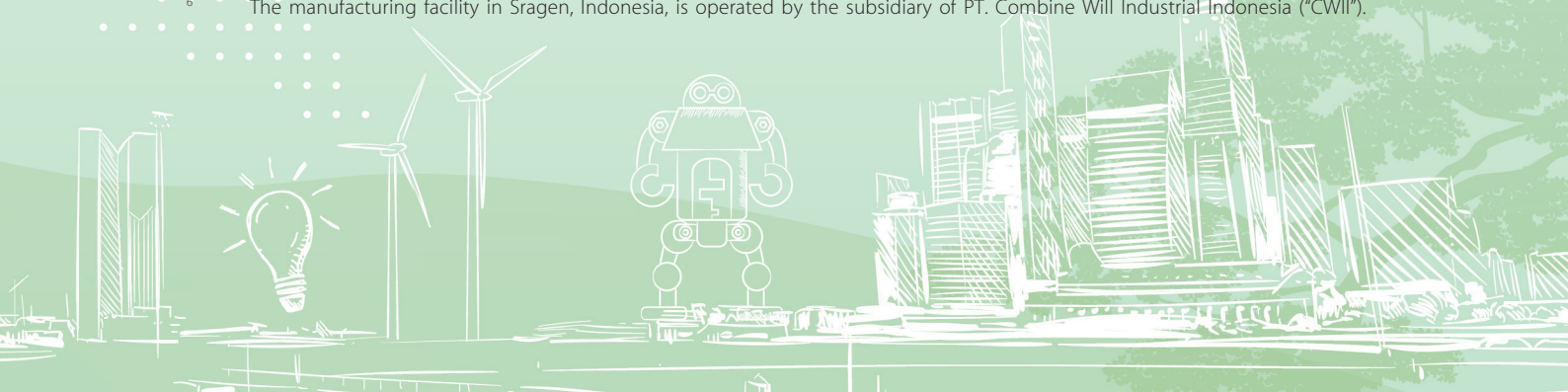
<sup>2</sup> A list of all entities included in the organization’s consolidated financial statements can be referred to annual report 2020. Only key operations are covered in this report.

<sup>3</sup> The manufacturing facility in Dongguan, Guangdong Province is operated by the subsidiary of Lian Zhi Toys Gift (Dongguan) Co., Ltd. (“DGLZ”).

<sup>4</sup> The manufacturing facility in Heyuan, Guangdong Province is operated by the subsidiary of Heyuan Loong Run Toys Company Limited (“HYLR”).

<sup>5</sup> The manufacturing facility in Cangwu, Guangdong Province is operated by the subsidiary of Combine Will (Cangwu) Industrial Co., Ltd. (“GXCW”).

<sup>6</sup> The manufacturing facility in Sragen, Indonesia, is operated by the subsidiary of PT. Combine Will Industrial-Indonesia (“CWII”).



## Opinion and Feedback

As Combine Will seeks to improve its sustainability performance continuously, it welcomes feedback from stakeholders. Please direct your suggestions or enquiries to the Group's Corporate Social Responsibility Department at:

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Email [combinewill@hkcx.com](mailto:combinewill@hkcx.com)  
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**Tam Jo Tak, Dominic**  
*Executive Chairman and  
 Chief Executive Officer*

## Board Statement

Unprecedented challenges and difficulties rocked the world in 2020. The outbreak and spread of the COVID-19 pandemic (“COVID-19”) across the world has inflicted sufferings to people of all walks of life, and it has had a great impact on businesses.

Under the “new normal” during the pandemic, sustainable development has assumed more importance to enterprises. By embedding sustainability into the business, Combine Will has maintained its strong momentum in times of crisis. We continue to thrive, create and deliver value to all our stakeholders. Our Board of Directors is ultimately responsible for overseeing sustainability issues, including the identification and evaluation of key sustainability topics.

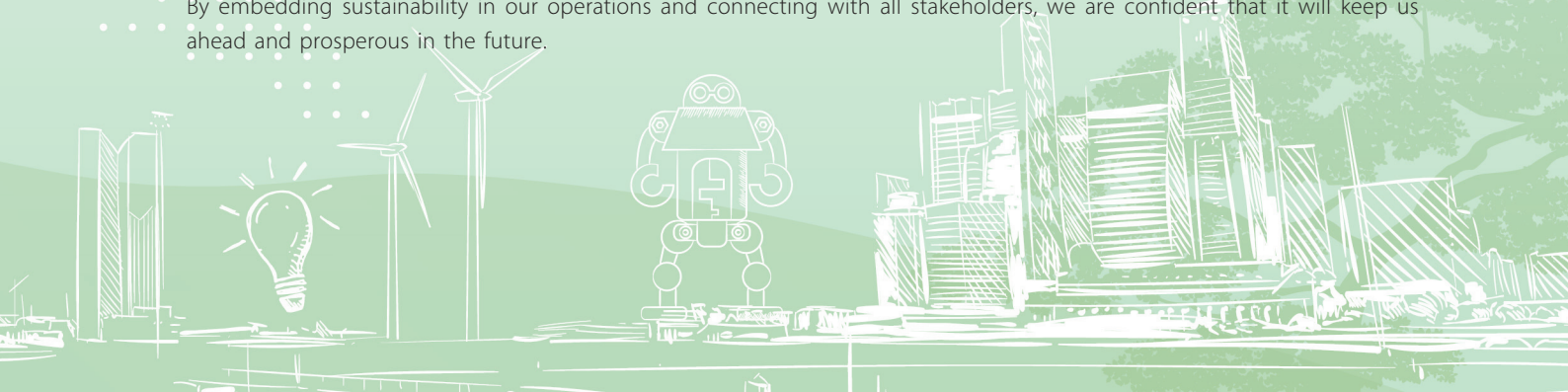
On the road to sustainability, our employees are the key drivers of our continued growth. We have made significant reforms in people management to drive engagement and skills to support sustainable business today and in the future. For example, new reward programs have been introduced for employees. Looking ahead, we are looking at ways to improve working conditions for our employees, such as improving work schedules.

We have always adhered to operational standards and are committed to building trust with business partners and providing customers with high-quality products and services. In response to the pandemic outbreak, the Group quickly adjusted its strategy and set up an “Epidemic Prevention Team to ensure operational efficiency and safety of employees.

In addition to the on-going pandemic challenge, the risks arising from climate change should not be overlooked. In 2020, governments in various countries and regions promoted low-carbon transitions and announced carbon neutral targets. For example, China aims to ensure carbon emissions peak by 2030 and be carbon neutral by 2060. As an industrial player, we strive to play our part in achieving a carbon-neutral future. We strive to contribute to environmental protection and combating climate change by effectively utilizing our resources and implementing measures related to waste disposal and carbon reduction in its daily operations. In 2020, we implemented more measures to control volatile organic compounds (“VOCs”) emissions. In the future, we will also explore alternatives to other raw materials, such as biodegradable plastics.

Although pandemics hinder the operation of communities and even break the ties among people, we have been committed to protecting the health and safety of our employees and customers, and we work hand in hand with all to fight against pandemics and make a positive impact on society by donating supplies and engaging in different volunteer programs.

As we enter the new year, we remain hopeful in the face of unknown challenges – when others see crisis, we see opportunity. By embedding sustainability in our operations and connecting with all stakeholders, we are confident that it will keep us ahead and prosperous in the future.



## Our Sustainability Approach

Combine Will endeavours to be the model manufacturer of and the preferred partner for high-quality plastics, paper, die-casting and electronic products. The Group commits to integrating sustainability into its strategic planning and operations.

Building upon its belief in sustainable development and its ambition to integrate sustainable practices across its operation, the Group has established a Corporate Social Responsibility (“CSR”) Management System, which charts the course of Combine Will’s sustainability journey and creates value for its shareholders.

## Our Mission, Vision and Core Values

### Mission

- To provide the highest quality products and solutions to our customers through our total dedication to R&D, manufacturing technology, professional service and quality management.
- To become a progressive organization where we dedicate our resources to building excellence and achieving growth.
- To become a good corporate citizen and contribute to the society and communities in which we operate.
- To provide sustainable value and returns to all our stakeholders.

### Vision

- We aspire to be a world-class corporation that sets the standards in the manufacturing of plastic, paper, die-cast and electronics products.
- We aim to be a leader and a key supplier of choice for our customers in providing quality ODM/OEM services for corporate premiums, toys and consumer products.

### Core Values

- Integrity: We deliver our promises and lead by example
- Teamwork: We respect diversities and work in unity
- Progressiveness: We pursue excellence in all we do
- Innovation: We seek creativity and inspire breakthrough

## Value Creation for Our Stakeholders

<b>Employees</b>	Create value for our employees by providing means to continue learning, pursue excellence and thrive
<b>Customers</b>	Create value for our customers through product research and development, technology know-how, professional teams and high-quality management
<b>Community</b>	Create value by practising good corporate citizenship and responsibility to continuously improve social responsibility and environmental protection
<b>Shareholders</b>	Create value by making appropriate and reasonable returns



## Sustainability Governance

Robust governance is essential to building a resilient and successful organization in which sustainability is embedded at all levels. We engage openly and transparently with stakeholders across the value chain through our governance processes to create an inclusive and fair business. Strong policies, standards, and management systems guide our operations to address risks and opportunities and enable us to measure our performance and deliver on our commitments.

### Governance Structure

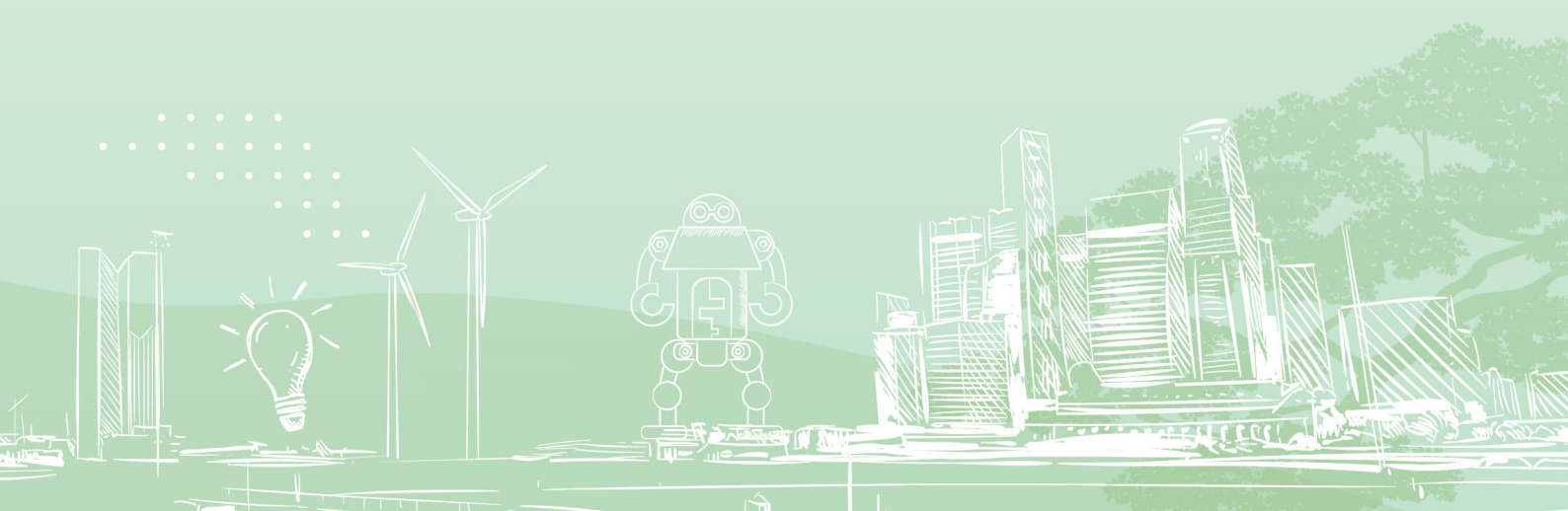
The Board, which is the highest governance body, oversees the management of the Group’s sustainability issues and is supported by the Executive Management Committee (“EMC”). It assists the Board in providing strategic direction, specifically in terms of integrating sustainability into the Group’s strategy. The EMC leads the different operational and supporting departments to develop and implement sustainability-related strategies, policies and goals, including, operation departments, the Group’s CSR departments and Executive Directors from Group Risk/Crisis Management. The CSR Department monitors the performance at the factory level to elevate the effectiveness of the policies and measures.



## Sustainability Risk Management

The key to a company’s success depends on its ability to anticipate potential risks and future challenges and subsequently turn them into opportunities. The Board oversees internal controls and risk management systems through the Audit Committee. In line with the Group’s CSR management system, the Executive Management Committee is responsible for the Group’s risk management system, which is supported by the Group’s Risk and Crisis Management Department. Internal control policies and procedures and derives measures to prevent and mitigate risks material to the Group’s operation. Our risk management process consists of 3 steps, which are identification, assessment and response. A comprehensive risk assessment will be conducted at least once a year. If necessary, we will conduct a topic-specific risk assessment for emergencies. The results of the assessment will be communicated to our senior management and relevant employees.

The Group works closely with external professional consultants to assess the risks that could affect the markets, society and environment in which it operates to keep abreast of the latest sustainability trends and related risks. This process identified the sustainability issues to be managed, of which the following are most relevant to the Group.












Sustainability Risk	Description and Impact	Measure or Response
<b>Product Responsibility</b>	<p>The Group produces a wide variety of products, all of which must adhere to strict requirements and standards of its customers that demand a high level of product quality and responsibility.</p> <p>This exposes us to the risk of failing to meet or being perceived as failing to meet the requirements and standards, which could lead to compromised product quality, brand reputation damage and loss of customers.</p>	<p>The Group has established procedures to identify and tackle non-conforming products. Examples of preventive and corrective actions include product correction and verification, process optimization and employee training.</p> <p>The Group’s supplier management guidelines outline the social and environmental responsibilities of suppliers. Suppliers are regularly evaluated through internal and third-party assessments.</p>
<b>Socially Responsible Conduct</b>	<p>The Group’s brand and reputation are valuable assets, and the way we do business, our contribution to society and our engagement with the surrounding community are always subject to internal and external scrutiny.</p> <p>This exposes us to the risk of misconduct relating to business ethics, employment-related misconduct (such as discrimination, harassment, child labour, forced labour, or non-compliance with employment laws), which could lead to brand reputation damage, talent drain, sanctions and litigation claims.</p>	<p>The Group’s CSR Guidelines govern the behaviour of our employees, suppliers, distributors and other third parties who work with us. The Group also established a sustainability governance structure to oversee sustainability matters. The Group will continue to observe social norms and the laws and regulations applicable to the contexts in which it operates.</p>
<b>Climate Change</b>	<p>Greenhouse gas (“GHG”) emissions lead to climate change that may impact our business in various ways. Such GHG emissions occur across our manufacturing facilities. Climate change leads to an increased frequency of extreme weather (floods and extremely hot days). Governments may take action to reduce climate change by introducing stringent regulatory requirements.</p> <p>This exposes us to the risks of disruption to our manufacturing and distribution network and failure to comply with statutory requirements, which would lead to reputation or investor confidence damage, employee fatigue and reduced productivity.</p>	<p>The Group implemented environmental management systems in its manufacturing facilities to manage the environmental impacts that will lead to GHG emissions, including resource consumption and waste disposal. To reduce energy consumption, the Group has invested in energy-efficient technologies. The Group may also benefit from opportunities arising in its operating regions, such as by capitalizing on policy incentives for energy efficiency and renewable energy.</p>



## Stakeholder Engagement

Maintaining close communication with stakeholders is an important way for the Group to achieve sustainable development. Through a multi-level and multi-channel communication mechanism, we stay open to opinions and suggestions from all stakeholders, and constantly review and improve our operation and management on issues of concern to stakeholders. The table below outlines how the Group engages with its key stakeholders.

Stakeholders	Engagement Channels and Frequency
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Ongoing meetings/phone calls/email</li> <li>• Periodic customer internal factory performance score</li> <li>• Periodic on-site inspection by customers</li> <li>• Regular call on internal product development, production and products and management meetings</li> </ul>
 <b>Shareholders/investors</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Half-yearly Board Meeting</li> <li>• Announcement on the corporate website</li> <li>• Enquiry channel</li> </ul>
 <b>Suppliers/business partners</b>	<ul style="list-style-type: none"> <li>• Contract terms</li> <li>• Regular meetings/phone calls/email</li> <li>• Set up a business ethics hotline</li> <li>• Comprehensive commitment of supply chain members</li> <li>• Periodic self-assessment of social responsibility of supply chain members</li> <li>• Periodic review on product quality acceptance standards</li> </ul>
 <b>Staff</b>	<ul style="list-style-type: none"> <li>• Suggestion box, factory news, dormitory visits, new employee welcome meetings, among others</li> <li>• Periodic communication between the Management and the employee representatives, which consist of employees at all levels</li> <li>• Functional groups of various employee representatives, such as occupational safety committees, energy-saving emission reduction workers, working groups and emergency response team, among others</li> <li>• Grievance mechanism</li> <li>• Periodic satisfactory survey</li> <li>• Various sports and leisure activities, including monthly birthday parties, forming clubs, karaoke competitions, among others</li> </ul>
 <b>Local community</b>	<ul style="list-style-type: none"> <li>• Collection of information from online messages and local news</li> <li>• Volunteer programmes, volunteer activities or community visits</li> <li>• Environmental assessment and analysis</li> </ul>
 <b>Government agencies</b>	<ul style="list-style-type: none"> <li>• Periodic communication with relevant government departments</li> <li>• Websites and newsletters of relevant government departments</li> <li>• Seminars organized by relevant government departments</li> <li>• Renewal of regular government approvals, permits, among others</li> </ul>
 <b>NGO/media</b>	<ul style="list-style-type: none"> <li>• Periodic communication with relevant organizations</li> <li>• Websites and newsletters of relevant organizations</li> <li>• Seminars organized by relevant organizations</li> <li>• Phone calls or email, among others</li> </ul>

## Materiality

To demonstrate the oversight of the Board on sustainability issues, Combine Will continues to engage an external consultant to interview with its top management to identify and validate the material topics. The result of the interview was combined with the materiality assessment outcome in the previous year<sup>7</sup>. 15 topics were identified as material for 2020, of which Emissions and Response to COVID-19 are newly included. In the future, the Group will enhance the stakeholder engagement process by reinstating a formal online survey to gather the views of various stakeholders.

## List of Material Topics and Corresponding Boundaries and Impacts

The table below summarizes the reporting boundaries and impacts for each of the sustainability topics covered in this report. It also implies that these topics are of interest to the corresponding stakeholders. All topics within the Group are material, while some topics have extended beyond the Group's operations. The Group will continue to monitor any significant changes within the boundaries of these sustainability topics.

Focus Area	Material Sustainability Topics	Boundaries and Impacts								Addressed under section
		Within the Operation <sup>8</sup>				Outside the Operation <sup>9</sup>				
		Employees	Combine Will & manufacturing	Customers	Shareholders/Investors	Supply Chain/Business Partners	Local Community	Regulatory Agencies/Government Agencies	NGO/Media	
Caring For Our People	Occupational health and safety	✓	✓	✓		✓	✓	✓	✓	Occupational health and safety
	Employment	✓	✓		✓	✓	✓	✓		People Management
	Non-discrimination, Diversity, and Equal Opportunities	✓	✓		✓	✓	✓	✓		Diversity and Inclusion
	Training and development	✓	✓	✓	✓					Training and development
	Labour/management relations	✓	✓		✓			✓	✓	Labour/management relations
Operating Responsibly	Customer Privacy	✓	✓	✓	✓	✓		✓		Customer Privacy Protection
	Anti-corruption	✓	✓	✓	✓	✓	✓	✓	✓	Anti-corruption
	Child labour	✓	✓	✓		✓	✓	✓		Labour Standards
	Forced or compulsory labour	✓	✓	✓		✓	✓	✓		Labour Standards
	COVID-19	✓	✓	✓		✓	✓	✓		Responding COVID-19
Managing Environmental Footprint	Waste		✓				✓	✓	✓	Waste Management
	Energy		✓				✓	✓	✓	Energy Efficiency
	Emissions		✓				✓	✓	✓	Emissions Control

<sup>7</sup> In the future, we plan to strengthen our stakeholder engagement process and expand the coverage of our stakeholder groups.

<sup>8</sup> The boundary for impacts within the operation aligns with the reporting boundary.

<sup>9</sup> The boundary for impacts outside the operation takes reference from the key external stakeholders identified in the previous year.





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# CARING FOR OUR PEOPLE



Combine Will believes that the contributions of employees are critical to its future success. As such, the Group is committed to creating an ideal workplace for its employees through employment management, occupation health and safety, training and development and labour/management relations.



## Caring For Our People

Combine Will believes that the contributions of employees are critical to its future success. As such, the Group is committed to creating an ideal workplace for its employees through employment management, occupation health and safety, training and development and labour/management relations. Since 2019, the Group has reviewed its people management system and has been introducing reforms to improve operational efficiency and the company's ability to meet future challenges. Details are set out in the following sections.

### Employment Profile<sup>10</sup>

As of 31 December 2020, the Group had a total of 8,111 employees in manufacturing sites, which included full-time permanent and temporary/fixed-term employees.

#### 2020 Workforce Structure

	DGLZ		HYLR		GXCW		CWII	
	Male	Female	Male	Female	Male	Female	Male	Female
<b>By Employment Contract</b>								
Permanent	165	148	1,127	1,433	477	987	1,980	1,680
Temporary/fixed-term	0	0	0	0	1	113	0	0
<b>By Employment Type</b>								
Full time	165	148	1,127	1,433	478	1,100	1,980	1,680
Part time	0	0	0	0	0	0	0	0
Total	313		2,560		1,578		3,660	

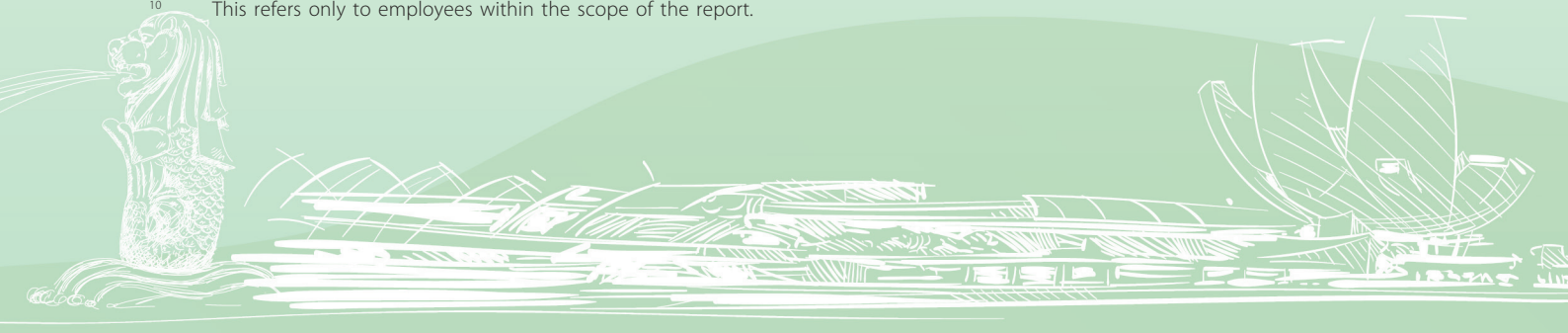


### People Management

Combine Will's success hinges on our capacity to attract, develop and retain the greatest talent from different regions.

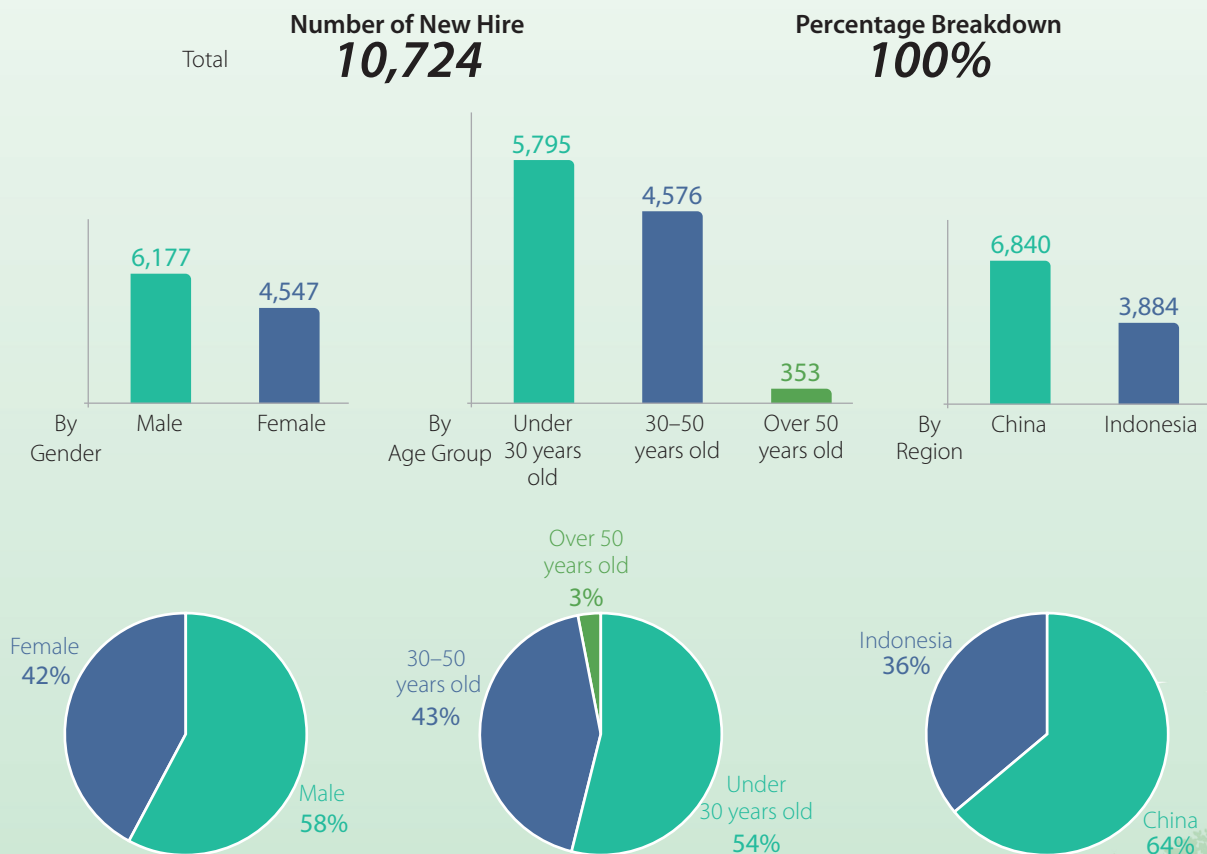
As part of its CSR Management System, the Group's people management covers recruitment, retention and related practices and the working condition it provides. The Group is committed to treating employees fairly and lawfully in terms of compensation, benefits and working conditions, and hiring and promoting employees only based on their ability and performance, regardless of their gender, race or religious beliefs. The Group level and factory level Human Resources Departments are responsible for the implementation of the related policies and procedures. The Group improves its working conditions in the following key areas.

<sup>10</sup> This refers only to employees within the scope of the report.

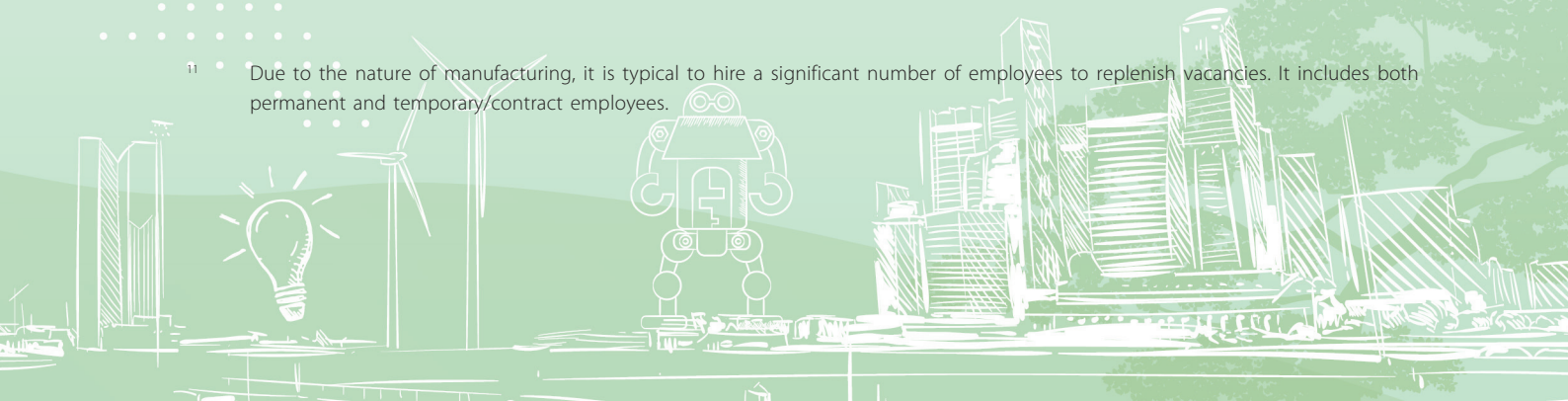


Area	Management Approach
<b>Salary and Remuneration</b>	The Group offers an attractive package to retain talent. Each operation is allowed to adjust the salary range that reflects the work conditions and individual employee's effort. In 2020, the Group reviewed and redesigned its salary structure to ensure its competitiveness on the market. The Group also offers a range of paid-leave entitlements, enabling its employees to balance their professional lives, family commitments and leisure time.
<b>Working time and rest period</b>	The Group arranges reasonable work and rest periods for its employees to protect their health and maintain their motivation. In cases where overtime work is required, employees can apply voluntarily and obtain approval from their supervisors. In addition to statutory holidays, employees are also entitled to sick leave, annual leave, compassionate leave, bereavement leave, etc.
<b>Employee Communication</b>	The Group fosters a culture of open communication which drives understanding of the needs of our employees while enabling them to acquire the information and skills needed to deliver our strategy. Grievance procedures and communication platforms have been established for employees to voice their concerns. We connect our employees through "Comment Box" and Employee Representative Meeting.

**New hires<sup>11</sup> by gender, region, age group**



<sup>11</sup> Due to the nature of manufacturing, it is typical to hire a significant number of employees to replenish vacancies. It includes both permanent and temporary/contract employees.





**Turnover by gender, region, age group**

	No. of Turnover	Percentage Breakdown
<b>Total</b>	<b>10,330</b>	<b>100%</b>
<b>By Gender</b>		
Male	5,650	55%
Female	4,680	45%
<b>By Age Group</b>		
Under 30 years old	4,451	43%
30–50 years old	5,057	49%
Over 50 years old	822	8%
<b>By Region</b>		
China	7,950	77%
Indonesia	2,380	23%

**Parental Leave**

	Male	Female
<b>Total number of employees that were entitled to parental leave</b>	1,762	2,846
<b>Total number of employees that took parental leave</b>	117	35
<b>Total number of employees that returned to work in the reporting period after parental leave ended</b>	114	31
<b>Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work</b>	112	27
<b>Return to work rate<sup>12</sup></b>	97%	89%
<b>Retention Rate<sup>13</sup></b>	98%	87%

<sup>12</sup> Return to work rate = Total number of employees that did return to work after parental leave/Total number of employees due to return to work after taking parental leave

<sup>13</sup> 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)



In FY 2020, the Group has made some significant moves in people management. Key highlights are as follows.

- **Create a comfortable workplace**

To improve the working place environment, the Group developed a “care program” for our staff. We provide couches and blankets at designated locations in the workplace for all staff to take a nap after lunch, particularly for those who do not live in the dormitory.

- **New blood for the management team**

With the rapid changes in the business environment, the Group has adjusted its key recruitment plans. Besides promoting our existing staff, we have recruited more than 10 people for our management team, with average ages of 40, with multinational working experiences and appealing academic backgrounds. New hires cover a variety of disciplines, including information technology, automation and robotics, sustainability and wellbeing, production efficiency, quality management, communication and training, paper engineering and lean manufacturing.

	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>People Management</b>	N/A	N/A	<ul style="list-style-type: none"> <li>• To complete Human Resource reformation</li> <li>• To enhance engagement assessment and communication</li> <li>• To reinforce corporate culture</li> <li>• To improve the workflow and workplace</li> </ul>

## Occupational Health and Safety

The health and safety of our employees are our top priority. Our employees deserve a workspace that supports their health and safety. Our efforts are designed to avoid near misses and prevent injuries, especially potentially serious and life-changing safety incidents.

As stated in its CSR Guidelines, the Group expects all manufacturing facilities to implement effective occupational health and safety (“OHS”) management systems, assess potential health and safety risks, take necessary measures to reduce related risks, arrange regular OHS training and related activities; and properly handle public health and infectious disease issues, such as developing relevant measures to cope with outbreaks of infectious diseases.



- **OHS Management Systems**

OHS management systems have been implemented and covers all employees in all manufacturing facilities, two<sup>14</sup> of which are certified with ISO 45001:2018 Occupational Health and Safety Management systems. It covers the manufacturing of plastic toys and plastic electric toys, plastic alloy toys and hygiene products. Each manufacturing facility has established an Environmental Health and Safety Committee (“EHS”) that brings together representatives from different departments through the regular meeting to discuss related matters.

As of FY2020, all employees from all manufacturing facilities were represented by joint management-worker health and safety committees.

- **Hazard identification, risk assessment, and incident investigation**

Based on its OHS management system, the Group has developed processes to identify hazards, assess risks and investigate the incident. EHS Committees, supported by safety officers, in manufacturing sites oversee the hazard identification and risks assessment. Department heads are responsible for identifying the hazards and assessing the related risks for the EHS Committees to review. The results of the risk assessment will be used to identify hazardous job types to develop job-specific safety requirements and age limits. The OHS system is subject to regular internal or external verification to ensure the quality of the process.

If an employee makes a complaint or report about malpractice, the Group protects the identity and information of the whistleblower so that they are protected against reprisals.

To ensure that employees are properly informed about potential work hazards, their rights and obligations, the Group will fully communicate with them prior to their commencement of employment. If the employee agrees, he or she will be required to sign an agreement before discharging his or her duties.

In the event of any OHS-related incidents, EHS Committees and safety officers are responsible for conducting an investigation based on the established procedures.

- **Occupational health services**

The Group provides employees with health insurance, which covers medical expenses. The manufacturing sites in both China and Indonesia are adequately staffed with qualified first aiders who have undergone intensive first aid training. CWII has an in-house medical clinic. DGLZ, HYLK and GXCW are strategically located near the hospital and are supported by an emergency response team.

<sup>14</sup> HYLK and GXCW



- **Worker participation, consultation, and communication on occupational health and safety**

Under the OHS management systems, EHS committees established in each manufacturing facility involve senior management and employees from different departments and production lines to work together to implement and evaluate and an OHS management system. OHS-related information is proactively communicated among employee' through EHS Committees meetings and in employee orientation training.

- **Worker training on occupational health and safety**

The Group provides various health and safety-related training for its employees. To complement its management training, the Group provides emergency response training such as firefighting and first aid to enable better preparation and response to emergencies.

## Work-related injuries and work-related ill-health

During this reporting year, there were no fatalities by work-related injuries and work-related ill-health. Work-related injuries mostly happened during regular work activities and were usually caused by squashing, strain, scratches, and machinery. The safety performance is illustrated in the table below. The EHS Committees conducted incident investigations based on the internal procedures and handled these cases in compliance with health and safety regulations and standards. To reduce incidents from happening again, the Group has strengthened the safety training and has ensured that employees wear the personal protective equipment ("PPE") properly.

Work-related hazards that pose risks of ill health include exposure to dust and hazardous chemicals in cutting and painting processes and noise from the shredding process. To protect its employees from exposure to risks of ill health, the Group provides them with PPE and regular medical examinations.





**Safety performance breakdown by manufacturing facilities**

	DGLZ		China		GXCW		Indonesia	
			HYLR				CWII	
<b>Total working hours (manhours)</b>	1,245,010.50		7,687,310.64		4,433,107.78		6,546,424.00	
<b>Number and rate of fatalities by work-related injury (number of cases, number per 1,000,000 manhour)</b>	0	0.00	0	0.00	0	0.00	0	0.00
<b>Number and rate<sup>15</sup> of recordable work-related injuries (number of cases, number per 1,000,000 manhour)</b>	6	4.82	22	2.86	18	4.06	19	2.90
<b>Number and rate of fatalities by work-related ill health (number of cases, number per 1,000,000 manhour)</b>	0	0.00	0	0.00	0	0.00	0	0.00
<b>Number and rate<sup>15</sup> of recordable work-related ill health (number of cases, number per 1,000,000 manhour)</b>	0	0.00	0	0.00	0	0.00	0	0.00

In 2020, the Group implemented an initiative, namely “Felt Leadership” to strengthen the EHS monitoring system. All employees at the manager level and above are required to complete at least one site inspection per month independently. The scope of the inspection included fire safety, chemical safety, machinery and equipment, personal protective equipment, electrical and sanitation.

	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Occupational Health and Safety</b>	<ul style="list-style-type: none"> <li>Zero incident resulting in staff permanent disability or fatality</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>	<ul style="list-style-type: none"> <li>Rate of recordable work-related injuries (per 1,000,000 manhours) less than 2.0</li> <li>Zero work-related fatalities</li> <li>Zero confirmed cases of occupational diseases</li> <li>Continue the “Felt Leadership”</li> <li>Establish an action plan to improve traffic safety</li> <li>Formulate and publish Code of Practice on Safety</li> </ul>

**Diversity and Inclusion**

The benefits of promoting fair employment with non-discrimination, diversity and equal opportunity are clear to our business leaders and are directly connected to our sustained commitment to serving our employees and customers. An inclusive and diverse workforce not only results in more talented workers but also provides more equality and promotes social stability and economic growth.

To create a fair, diverse and discrimination-free workplace, the Group’s CSR Guideline sets out its commitments. The Group adheres to three key principles in the recruitment process: the principle of non-discrimination, the principle of equal competition, and the principle of internal priority.

All employees are treated equally and with respect, through effective policies and management and with established grievance procedures and mechanisms to handle complaints of discrimination and harassment. Specific employees are identified and assigned to resolve any arising disputes and conflicts.

<sup>15</sup> Rate of fatalities by work-related injury = (Number of fatalities by work-related injury/Total no. of working hours) x 1,000,000



To foster equal opportunities, we strive to provide fair employment regardless of an employee’s gender, race, religion and other factors, as well as employment without discrimination. In addition, all employees are evaluated and rewarded based on their skills and performance.

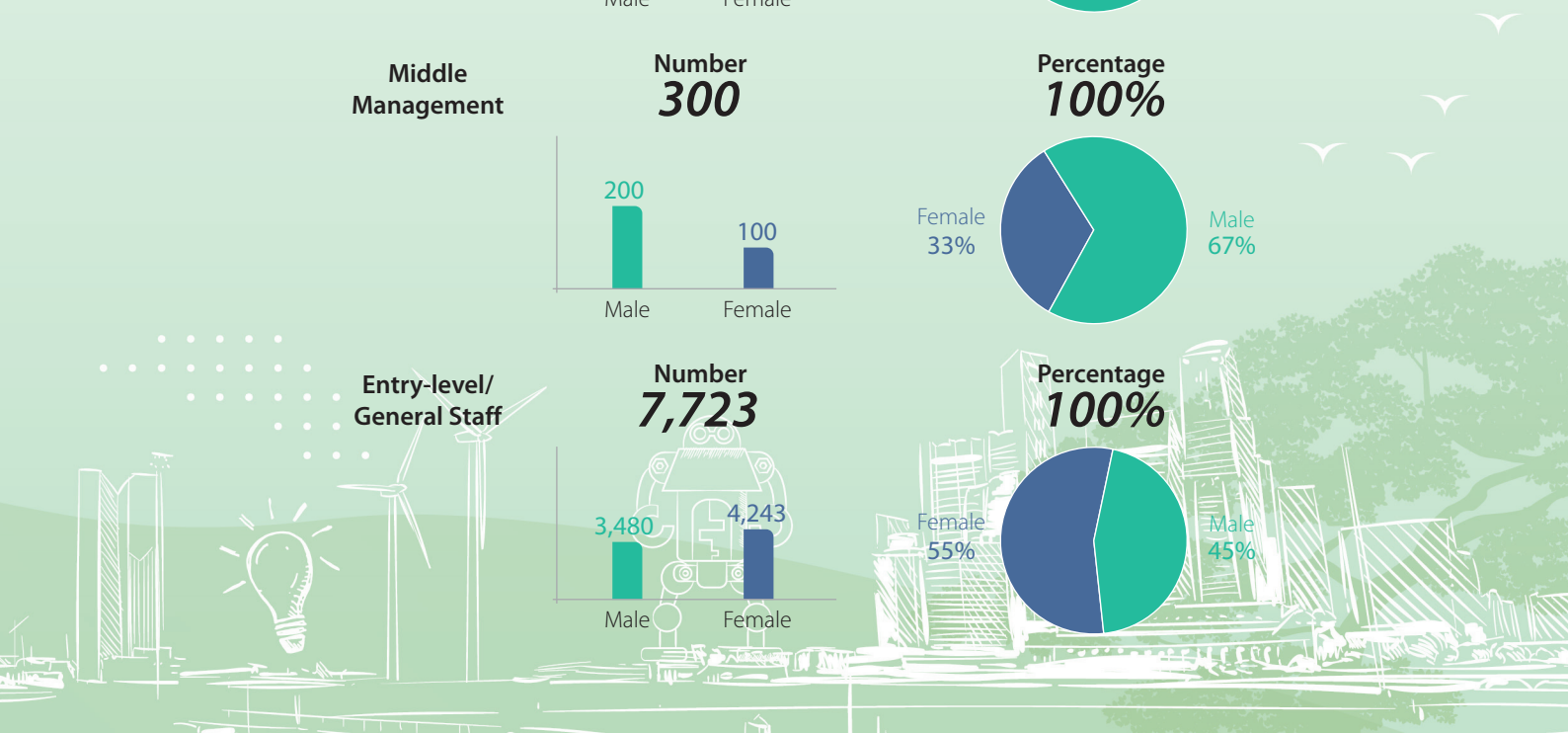
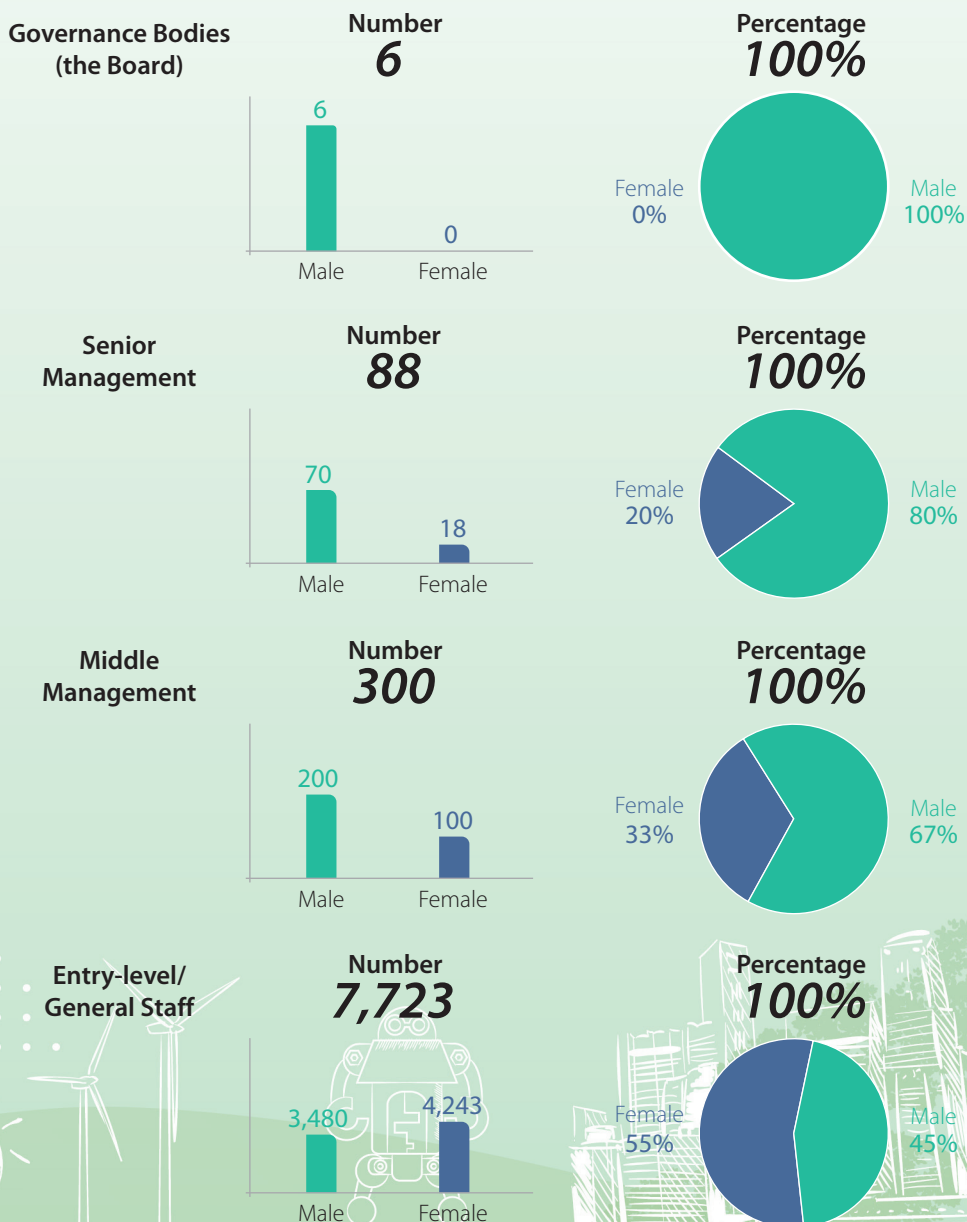
The Group has established a communication platform to strengthen its internal controls, through which employees can report suspected malpractice or mistreatment related to discrimination. The whistle-blower may choose to file an anonymous complaint against supervisors, employee representatives, EHS Committees, Corporate Responsibility Unit, Executive Managers or General Managers.

The Group abides by laws and regulations related to discrimination. As of 31 December 2020, there were no cases of non-compliance concerning equal opportunity, diversity, discrimination or harassment.



### Diversity of governance bodies and employees

**Governance Bodies and Employee by Employee Category, By Gender**

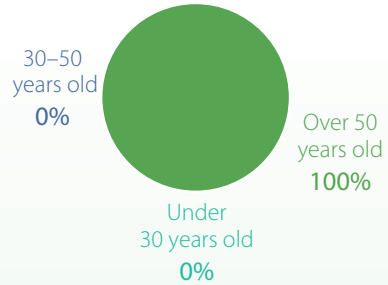
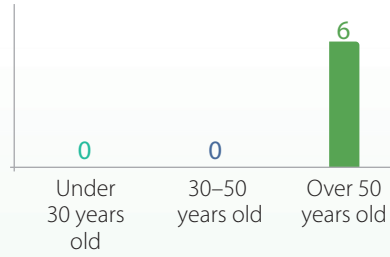


**Governance Bodies and Employee<sup>16</sup> by Employee Category, By Age Group**

**Governance Bodies  
(the Board)**

**Number  
6**

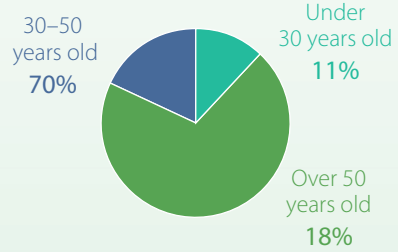
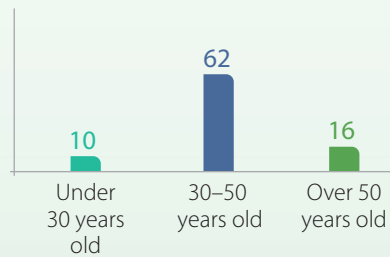
**Percentage  
100%**



**Senior  
Management**

**Number  
88**

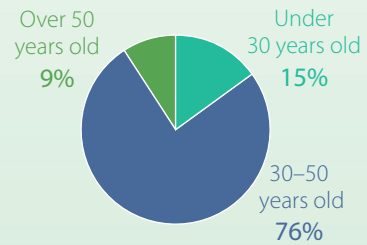
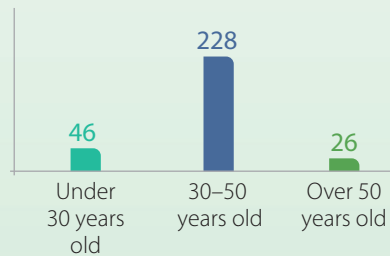
**Percentage  
100%**



**Middle  
Management**

**Number  
300**

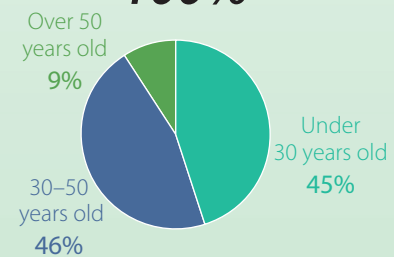
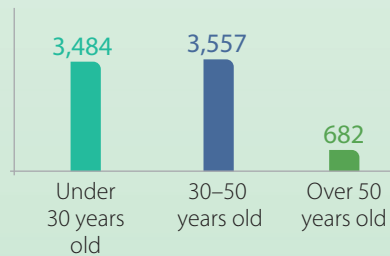
**Percentage  
100%**



**Entry-level/  
General Staff**

**Number  
7,723**

**Percentage  
100%**



<sup>16</sup> As of December 31, 2020, the Group had two employees belonging to vulnerable groups (physically disabled).



**Ratio of basic salary and remuneration of women to men**

	<b>Ratio (Women:Men)</b>
<b>Basic Salary</b>	
Entry-level/General Staff	1.00:1
<b>Remuneration</b>	
Under 30 years old	1.08:1
30–50 years old	1.00:1
Over 50 years old	1.02:1

	<b>Target in 2020</b>	<b>Status in 2020</b>	<b>Target for 2021 and onwards</b>
<b>Diversity and Inclusion</b>	<ul style="list-style-type: none"> <li>To continue communicating the Group's zero tolerance for discrimination in the supply chain.</li> <li>To maintain non-discrimination in employment practices</li> <li>To continue promoting diversity and equal opportunity in employment practices</li> </ul>	<ul style="list-style-type: none"> <li>On-going progress</li> </ul>	<ul style="list-style-type: none"> <li>To promote the Group's zero tolerance for discrimination in the workplace and in the supply chain</li> <li>To promote diversity and equal opportunities in the workplace</li> </ul>

**Labour/Management Relations**

The inclusion of employees in the decision-making process is a critical factor in companies. This step can foster a trusting relationship between employers and employees and strengthen employee identification with the company in this way.

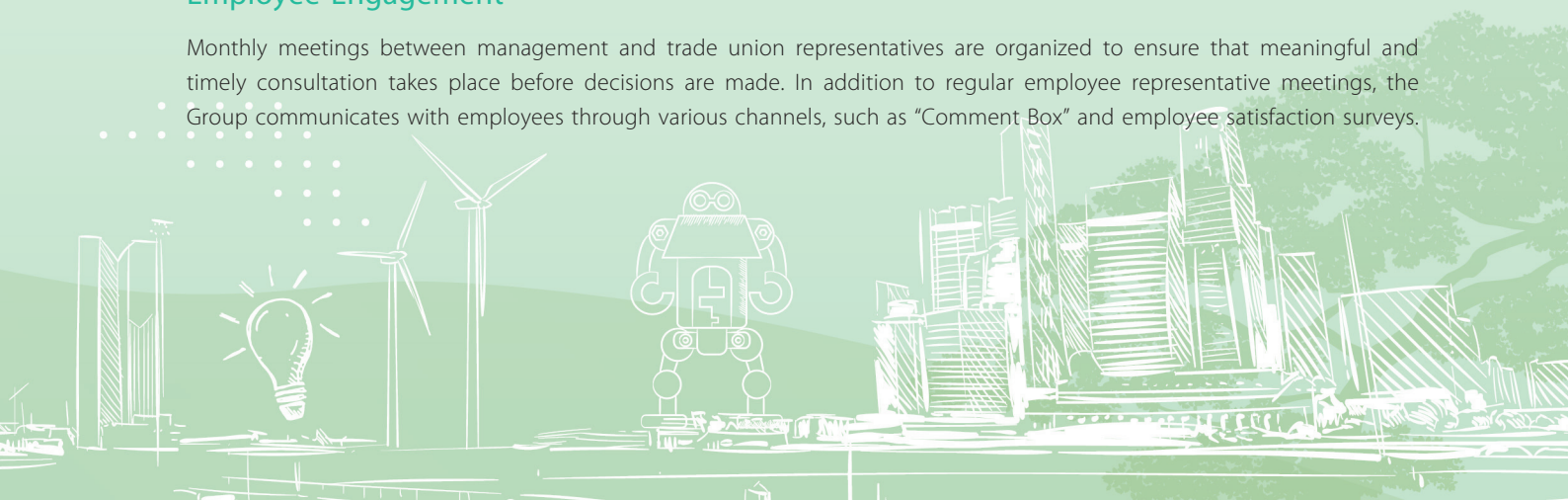
The Group builds mutual trust and healthy relationships with its employees through effective personnel management systems and policies, which are managed by the Group's Human Resources Department.

The Group supports and respects the rights of its employees to freedom of assembly and association. The Group will not prevent employees from participating in and organizing trade unions and employee representative meetings based on their age, gender, gender orientation, ethnicity, race, nationality, religion, disability, education level, etc. In 2020, around 1,400 employees were registered members of a trade union.

The Group is committed to protecting the status of its employees and their legal rights and interests. The Group encourages and supports employees to elect their representatives and labour union committee members, thus building a bridge between employees and management so that their views can be fully reflected. Employees are allowed to democratically elect representatives of Trade Union once every three years.

**Employee Engagement**

Monthly meetings between management and trade union representatives are organized to ensure that meaningful and timely consultation takes place before decisions are made. In addition to regular employee representative meetings, the Group communicates with employees through various channels, such as "Comment Box" and employee satisfaction surveys.





In 2020, the Group also established the new employee engagement channels as follows.

- A regular lunch meeting between management and employees
- Monthly staff representative meeting
- Year-end townhall meetings before Chinese New Year, involving frontline staff

Labour disputes are handled according to internal procedures. The administration department of the manufacturing facility is entrusted by the top management to deal with external parties. If necessary, the Group will work with external labour relations consultants to form a working group to deal with the incident on time to minimize the impact on business operations.

### Minimum notice periods regarding operational changes

Management meets regularly with employee representatives to ensure that information is provided promptly. In general, management will provide at least a one-month notice to employees or their representatives before implementing significant operational changes.

	Target in 2020	Status in 2020	Target for 2021 and onwards
<b>Labour/ Management Relations</b>	<ul style="list-style-type: none"> <li>• Strive to establish sincere and transparent communication with employees</li> <li>• To establish diverse labour and management communication channels</li> </ul>	<ul style="list-style-type: none"> <li>• On-going progress</li> </ul>	<ul style="list-style-type: none"> <li>• To continue the employee engagement assessment and communication exercises</li> <li>• To establish diverse and convenient communication channels for employees to express their ideas, such as online platforms and General Manager Welcome Day</li> </ul>

### Training and Education

Attracting and retaining the best talent in today's competitive hiring market is a challenge faced by many companies. We believe in fostering a culture of continuous development for our employees, ensuring we have the talent and capabilities we need, now and in the future.

The Group provides all employees and managers with a broad range of internal education and training programmes that are designed to help these individuals to grow in both personal and professional terms.

The Group is committed to developing employees and guiding them in their professional growth, thereby retaining a pool of talent while giving employees the learning opportunity to continuously advance in their careers.

To ensure that the Group's employees have the necessary skills to perform their tasks and are fully aware of the policies and regulations related to their duties, training needs are identified by the respective department heads and coordinated by the Human Resources department.



## Training Programmes

The Group offers training and education programs covering a wide range of areas, including management systems and quality, EHS training programs and on-the-job training. Additionally, the Group also encourages employees to pursue further studies in job-related courses by subsidizing a part of their education through a study fund. In 2020, the Group launched various programs to improve the skills acquired by its employees.

### Management and leadership training



Management/leadership training has been rolled out to all group middle/above management members. It covers 6 key topics, efficient and logical working presentation, highlights efficient time management, communication art based on DISC, Job allocation, motivation and coaching subordinates, cross-department communication and cooperation.

### 4 in 1 Project Management Training



Training for all assistant management and above staffs and relates to employees' key skills based on company's leadership competency and corporate culture reinforcement requirements.

### Technical Training



Technical training has been rolled out to all factor functional staffs (such as IT, Financial, COC & EHS, inventory management), covering Painting skills, molding injection, die-casting, efficiency improvements sharing, etc.

### Career Development Plan



The Group has improved and designed career ladder models based on different employee categories (including technical, professional and workers).

### Mentoring Program



The Mentoring Program for newcomers has been pilot run in the Guangxi factory. Each newcomer is assigned to a mentor. The performance of the newcomer is reviewed by the line leader/supervisor regularly.

The table below summarizes the average hours of training per year per employee and the percentage of employees receiving regular performance and career development reviews. In 2020, the Group provided a total of 123,637 training hours to its employees.

### Average hours of training per year per employee

	Average Training Hours (Hours/employees) <sup>17</sup>
<b>By Gender</b>	
Male	12.85
Female	17.30
<b>By Employee Category</b>	
Senior Management	7.13
Middle Management	9.63
Entry-level/General Staff	15.55

<sup>17</sup> Average training hours per employee = Total number of training hours provided to employees/Total number of employees

**Percentage of employees receiving regular performance and career development reviews**

	Percentage
<b>By Gender</b>	
Male	87%
Female	80%
<b>By Employee Category</b>	
Senior Management	100%
Middle Management	100%
Entry-level/General Staff	88%

	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Training and Education</b>	<ul style="list-style-type: none"> <li>To consistently improve employee capability through training</li> <li>To support staff-led innovation through the coordination of work improvement teams</li> <li>To enhance internal training capabilities</li> </ul>	<ul style="list-style-type: none"> <li>On-going progress</li> </ul>	<ul style="list-style-type: none"> <li>To finalize Performance Management and Incentive Systems</li> <li>To identify and prepare a succession plan for key positions</li> <li>To introduce more diverse interactive training methods and channels, such as social media</li> </ul>



# MANAGING ENVIRONMENTAL FOOTPRINT

Combine Will strongly believes in leading by example and implementing environmental best practices to meet stakeholders' increasing expectations around sustainability. By mitigating against our potential impact on climate and the environment, we are meeting our responsibilities and helping to preserve the natural resources that we depend on.





## Managing Environmental Footprint

Combine Will strongly believes in leading by example and implementing environmental best practices to meet stakeholders' increasing expectations around sustainability. By mitigating against our potential impacts on climate and the environment, we are meeting our responsibilities and helping to preserve the natural resources that we depend on.

The Group is committed to minimizing the environmental burden of our operations, targeting reductions year-on-year by managing and monitoring our performance, and reporting on the environmental impacts that we measure. We believe in exceeding our statutory obligations where possible and in working with local regulators to achieve that goal. We are committed to strengthening our policies and management approaches to environmental protection, including energy management, emissions control and waste management.

Environmental considerations are integrated into different areas of our business through environmental and energy management systems that conform to international standards such as the ISO 14001 Environmental Management System. We believe these systems create a robust framework for managing our environmental and energy performance.

### Energy Efficiency

Energy management is a key focus of our efforts towards continuous improvement. Energy consumption is one of the material environmental topics of the Group's operations and also reflects an operational cost. Moreover, it represents a major source of carbon emissions. The Group is committed to utilizing resources and energy and finding feasible ways and measures to reduce emissions in our operations. Our manufacturing sites have implemented the "Energy Saving Control Procedure" in accordance with the environmental management system.

To oversee energy management, the administration department is responsible for the management of resources and energy and education. The repairing and other departments are responsible for the management and maintenance of related equipment.

Meanwhile, a set of standard procedures has been implemented to set targets and indicators to monitor the Group's energy consumption and to subsequently make changes for improvement.



Infrastructure improvement presents an opportunity for the Group to reduce energy consumption and subsequently reduce its carbon emissions. In the previous years, Combine Will had engaged an external consultant and invested in energy efficiency technologies over the last few years.

Reduction Initiative Type	Description
<b>Operational change</b>	In Guangxi, we use electrical equipment instead of diesel-operated forklifts to reduce greenhouse gas emissions.
<b>Replacement</b>	In Guangxi, we replaced the original variable pump injection molding machine with a servo inverter injection molding machine. In CWII and HYL, we replaced conventional lamp with LED Replacing T5 lamp with more energy-efficient LED tubes.
<b>Retrofitting</b>	In CWII, GXCW and HYL, we have carried out multiple retrofitting projects on the compressor and injection molding machine to increase their efficiency.
<b>New systems</b>	In HYL, an intelligent system power saver is installed in departments with high energy consumption to manage power usage more effective.

The estimated energy reduction per year the aforementioned reduction initiatives are as follows:

#### Energy Reduction Amount By Type

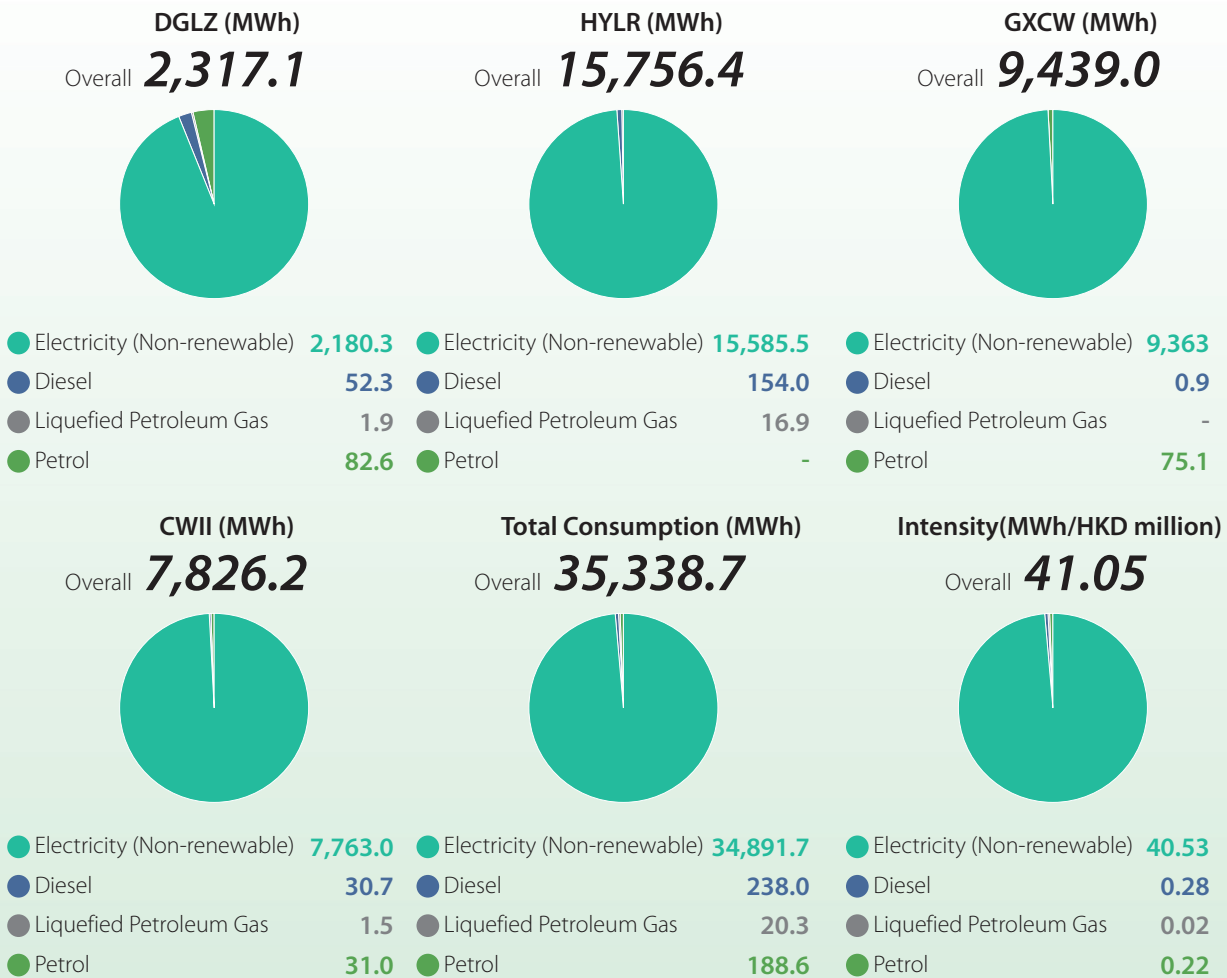
	Energy Reduction (MWh)
New System	691.20
Operational Changes	6.68
Replacement	1,252.44
Retrofitting	5,094.07
<b>Annual Energy Reduction Amount</b>	<b>7,044.40</b>



### Key Highlights and Outlook

The tables below illustrated the energy consumption. In 2020, the major energy consumption was electricity, contributing to 98.7% of the total consumption of energy.

#### Energy consumption by energy type and manufacturing facilities



	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>To reduce total energy consumption</li> <li>To identify and deploy viable energy-efficient technologies where applicable</li> </ul>	<ul style="list-style-type: none"> <li>On-going progress</li> <li>Used the energy analysis report to identify equipment with the greatest energy consumption and refer to the industry's latest improvement plans</li> </ul>	<ul style="list-style-type: none"> <li>To continue the renovation and upgrading of energy-consuming equipment</li> <li>To introduce more initiatives to control energy consumption</li> </ul>

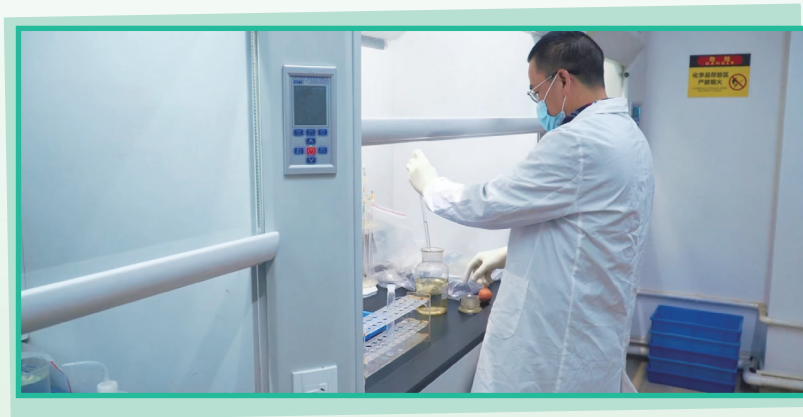


## Emissions Control

The main air emissions arising from our activities include volatile organic carbon ("VOCs"). VOCs emissions may arise from various manufacturing activities, including but not limited to hand-painting, electrostatic spraying and pad printing. We have established control procedures based on the environmental management system.

To control VOC emissions, we have implemented the following measures:

- Invest in modern abatement technologies such as filtering systems, activated carbon adsorption, water pool filtration.
- Install real-time VOCs monitoring systems to track emissions levels.
- Switch to water-based paints to replace solvent-based paints.



## Emissions Volume

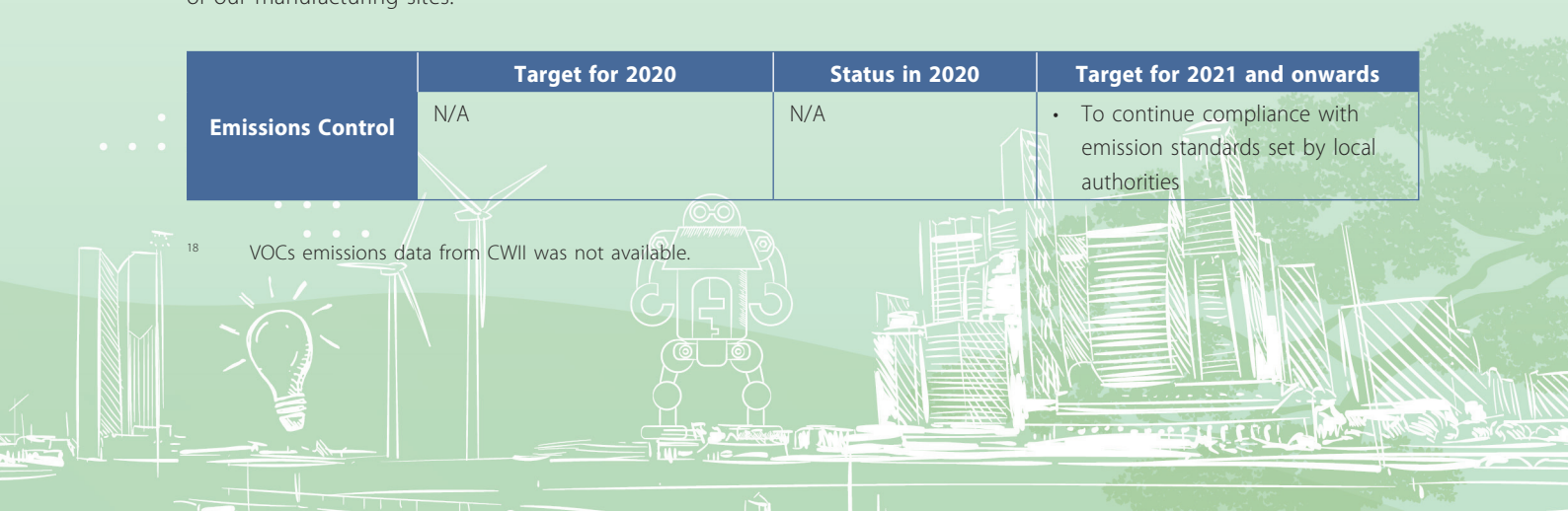
In 2020, the total VOCs emission was 23.57 tonnes. The breakdown by manufacturing facilities is as follows:

	2020 (tonnes)
DGLZ	4.25
HYLR	11.69
GXCW	7.63
CWII	N/A <sup>18</sup>
<b>Total</b>	<b>23.57</b>

Looking forward, we will continue to reduce emissions by investing in new, more efficient filters and improving the efficiency of our manufacturing sites.

	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Emissions Control</b>	N/A	N/A	<ul style="list-style-type: none"> <li>• To continue compliance with emission standards set by local authorities</li> </ul>

<sup>18</sup> VOCs emissions data from CWII was not available.





## Waste Management

Combine Will believes in supporting the principles of a circular economy and using our abilities to deliver solutions for process efficiency. We view waste as a potential material that can begin a new cycle of production, and we are constantly striving to improve waste management across our value chain. Guided by the Group's Environmental Management System, the Group has implemented a set of Waste Management Control Procedures to ensure that any waste produced is handled appropriately. The Group complies with laws and regulations related to environmental aspects. In the reporting year, there were no cases of non-compliance concerning significant spills, water bodies affected by water discharge, discharge to land, or the generation of hazardous and non-hazardous waste.

Technical support groups such as research and development teams have been actively seeking creative ways to promote sustainable consumption while the Purchasing Department has been sourcing for more sustainable raw material substitutes.

Combine Will strives to divert waste from landfills to recycling facilities. In general, waste is classified and segregated at its source. Three major types of waste—namely general waste, non-hazardous solid waste and hazardous waste—are collected and transferred to different locations for handling. General waste is sent to a dumpsite, which will be further handled by the local authorities. Non-hazardous solid waste includes relatively less dangerous items that could be recycled or reused. It is sent to a warehouse where a licensed recycler will be contacted for waste collection. Meanwhile, hazardous waste is stored at a dangerous goods warehouse. To prevent environmental pollution, EHS committees regularly liaise with licensed waste recyclers to ensure that waste is disposed of appropriately and is not exported to other nations or regions.



## Waste by type and disposal method<sup>19</sup>

### Total weight of hazardous waste by disposal methods (tonnes)

Disposal Methods	DGLZ	HYLR	GXCW	CWII	Total
Incineration	0.88	8.73	15.50	47.36	72.47
Reuse	0.05	0.55	—	—	0.60
Recovery	—	0.34	—	—	0.34
Landfill	—	—	—	0.02	0.02
Recycling	—	—	—	4.44	4.44
Others	0.02	0.85	0.04	—	0.91
<b>Total</b>	<b>0.95</b>	<b>10.47</b>	<b>15.55</b>	<b>51.82</b>	<b>78.79</b>

<sup>19</sup> All hazardous and non-hazardous wastes are collected by qualified external parties for disposal. The information on disposal methods is provided by the waste disposal contractors.



**Total weight of non-hazardous waste by disposal methods (tonnes)**

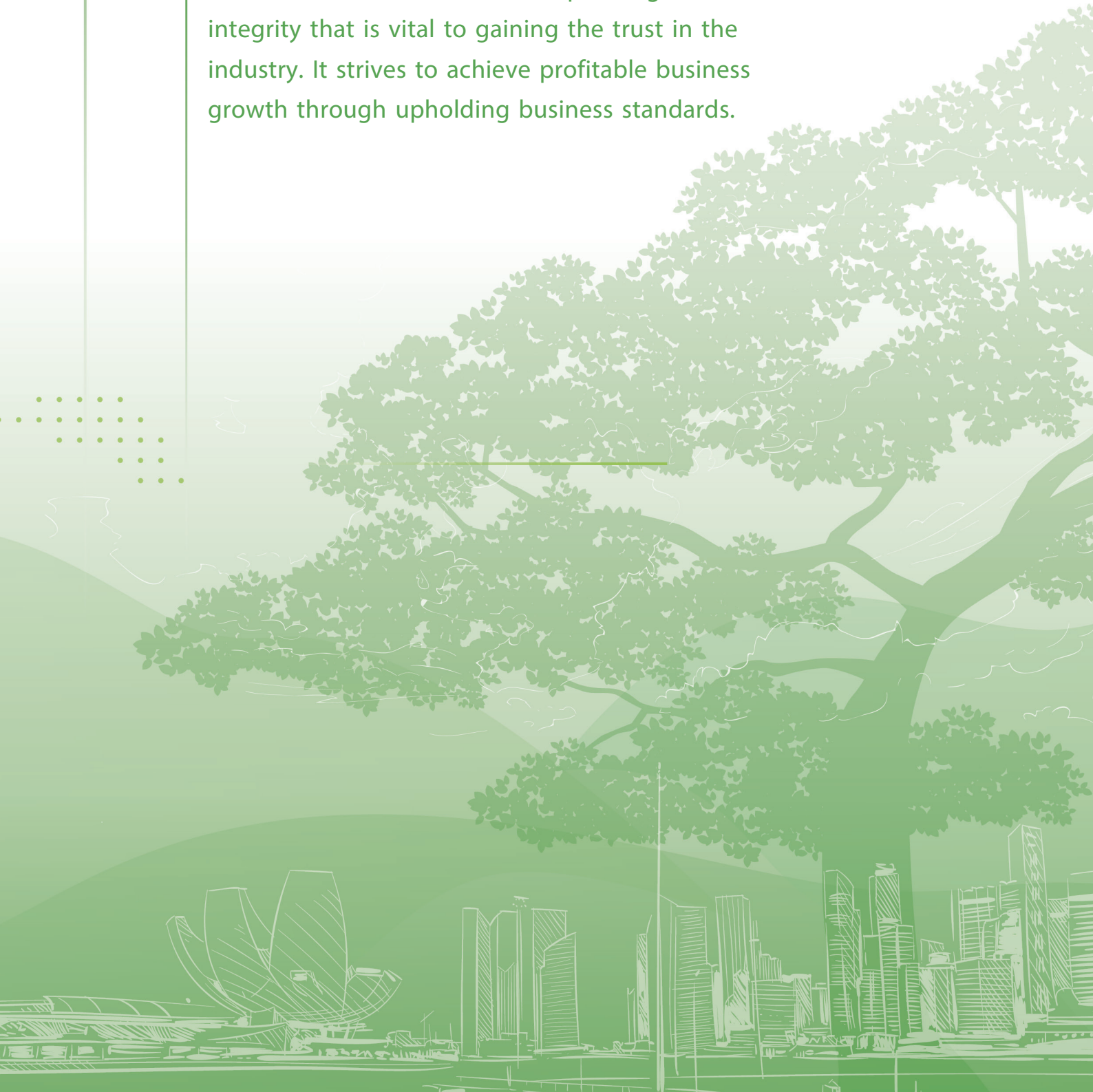
Disposal Methods	DGLZ	HYLR	GXCW	CWII	Total
Incineration	–	4.12	–	–	4.12
On-site Storage	–	–	–	50.50	50.50
Recovery	16.90	375.62	20.49	–	413.01
<b>Total</b>	<b>16.90</b>	<b>379.74</b>	<b>20.49</b>	<b>50.50</b>	<b>467.62</b>

	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>To achieve zero landfills in the long term</li> <li>To closely monitor potential spills of chemicals from manufacturing facilities</li> </ul>	<ul style="list-style-type: none"> <li>On-going progress</li> </ul>	<ul style="list-style-type: none"> <li>To reduce the waste produced per unit of a product by 5% per year for all the manufacturing facilities</li> </ul>



# OPERATING RESPONSIBLY

Combine Will is committed to operating with the integrity that is vital to gaining the trust in the industry. It strives to achieve profitable business growth through upholding business standards.



## Operating Responsibly

Combine Will is committed to operating with the integrity that is vital to gaining trust in the industry. It strives to achieve profitable business growth through upholding business standards.

### Responding to COVID-19

The COVID-19 pandemic is posing many challenges to a wide variety of companies, especially manufacturers that depend on workers whose jobs cannot be carried out remotely.

The safety and well being of its stakeholders is a key priority for Combine Will. The Group is finding ways to safeguard the health and safety of its employees and to keep its operations uninterrupted. The Group is taking all necessary precautionary measures under the guidelines from the World Health Organization and public health authorities of the countries in which it operates. The Group immediately established COVID-19 Epidemic Control Teams led by the Executive Director. A series of policies and procedures were deployed.

When our employees were able to work in the office, we ensured safeguards were put in place to deliver a safe working environment. This included temperature checks, frequent cleaning and disinfection, access control to visitors and social distancing. All activities involving a gathering of people have been suspended. Where feasible, we conduct work sessions and customer communication online to reduce the chance of infection.

The Group has also developed an incident management plan to handle any potential case of COVID-19 within our premises. All manufacturing sites have business continuity and incident management plans in place and activated a team of senior management to handle our pandemic response. During the reporting period, no confirmed cases were found at our manufacturing facilities.





During the pandemic, the Group maintains proactive communications with employees, suppliers and business partners. For example, we maintain contact with employee representatives to ascertain if employees have any specific concerns and to learn about the medical condition of employees who have been quarantined. Our suppliers and business partners can contact us as usual through a common communication channel.



To support our employees, our subsidiary in Indonesia provides flu and pneumonia vaccines to employees and groceries to their families. To maintain team spirit, we conduct small team building activities in accordance with the relevant health protocols.

During this COVID-19 pandemic, we continue to initiate new schemes and programs to support our employees. Key highlights are as follows:

- **Technology implementation**

Under the new norms, our operation relies more on technology. To improve efficiency and flexibility, the Group has introduced more software applications and management tools, such as implementing office software to more businesses, promoting video conferencing, and enabling home offices.

- **Rewarding employees**

To motivate our employees during the COVID-19 outbreak, the Group has established a set of awards for individual employees and teams. The Special Award for Top Performers was designed to reward outstanding performance during the COVID-19 outbreak. Over 50 employees from different levels were nominated to receive the awards. Besides, a special project bonus is set up to reward any improvements or special projects that have been made. In addition, a special year-end bonus is given to designated staff to recognize their performance even in the tough year of COVID-19.



## Customer Data and Privacy

With advanced technology, Consumers have become increasingly connected and are constantly sharing information online. Protecting data and privacy is paramount to building trust with our customers. As an OEM/ODM, customer privacy involves the collection, use and handling of the sensitive information provided by the customer in purchasing products.

The Group is committed to acting in an appropriate manner and with the highest standards of diligence for the protection, processing and privacy of personal data. The Group is highly vigilant in complying with legal requirements and strictly adhering to customer consent for data sharing.

- **Information Security**

The Group has implemented measures to protect the physical and digital information of our customers. Designated personnel is responsible for keeping the product designs, drawings and information of customers. To enhance the security of the Group, we also implemented strict access control, and CCTV is installed in certain areas.

- **Intellectual Property Protection**

The Group has implemented intellectual Property Protection (“IPP”) Management System as part of the CSR management system. It consists of a mix of preventive measures, such as conducting self-assessment, auditing and analyzing non-compliance of IPP, encouraging employees to report suspected misconduct, and establishing professional teams to track IPP management in its operations.

The Group expects our suppliers to respect the intellectual property as much as we do. As set out in our CSR Guidelines, the Group’s suppliers are required to commit to policies and practices that promote respect for intellectual property rights and conventional knowledge to protect the intellectual property rights and reputation of the Group, its customers and stakeholders; promote investment, economic and tangible property security, and stimulate creativity and innovation.

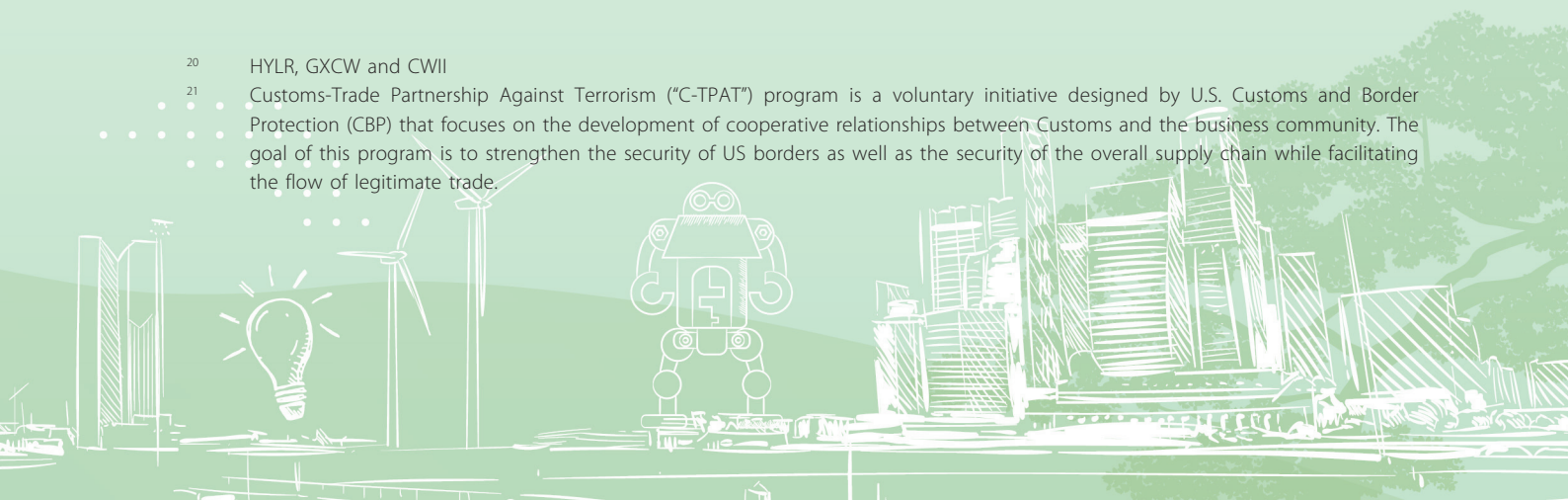
- **Accreditations**

Our manufacturing facilities<sup>20</sup> have participated in the Global Security Verification (“GSV”) program, which is developed based on Customs-Trade Partnership Against Terrorism (“C-TPAT”)<sup>21</sup> program. The GSV Standard is a program to help importers as well as suppliers in assessing their security measures based on international supply-chain security requirements. The verification focuses on existing processes, procedures and infrastructure related to various areas, including but not limited to cybersecurity, physical access controls. It demonstrates our continuous efforts to protect our customers’ property and interests through supply chain security practices and risk management. An independent third-party is engaged annually to audit our management system against GSV standards to ensure its effectiveness.

Besides, CWII also participated in Supplier Compliance Audit Network (“SCAN”), which is an audit program similar to GSV and C-TPAT. In 2020, CWII achieved full score in SCAN.

<sup>20</sup> HYL, GXCW and CWII

<sup>21</sup> Customs-Trade Partnership Against Terrorism (“C-TPAT”) program is a voluntary initiative designed by U.S. Customs and Border Protection (CBP) that focuses on the development of cooperative relationships between Customs and the business community. The goal of this program is to strengthen the security of US borders as well as the security of the overall supply chain while facilitating the flow of legitimate trade.



The Group strives to build trust with customers and avoid breaches of privacy laws. In the reporting year, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Customer Data and privacy</b>	<ul style="list-style-type: none"> <li>Protect customers' product designs, drawings and samples from being disclosed</li> </ul>	<ul style="list-style-type: none"> <li>On-going progress</li> </ul>	<ul style="list-style-type: none"> <li>To strengthen the protection of media, hardware or other IT equipment containing sensitive information relating to customer products</li> <li>To destroy or delete customer product information in accordance with national standard technical standards</li> </ul>

## Anti-corruption

Honesty, integrity and fairness are the keys to building mutual trust with our stakeholders. The Group does not tolerate any form of corruption and bribery for the cause of promoting its business.

The Group maintains a broad set of policies and procedures to ensure its business standards and compliance with local laws and regulations. The Group' Business Ethics Management Guideline sets out the code of conduct to be adhered to by Directors and employees, including prevention of corruption and bribery, avoidance of conflicts of interest and unauthorized disclosure of information.

Combine Will has put in place a mix of internal control measures throughout its operations. The Group's Business Ethics Management Working Group is responsible for managing matters related to business ethics.

- Conflict of Interests**

Employees are prohibited from soliciting or accepting, directly or indirectly, any advantage from customers, suppliers or persons with whom the company has business connections. Whenever there is a potential or identified conflict of interest, the employees shall complete a declaration form. The gifts that are allowed to be accepted are clearly defined. When an employee accepts a gift, he or she is required to complete a declaration form to notify management.

- Employee and Business Partner Engagement**

The Business Management Guideline and other related policies and procedures have been communicated to all Directors and employees in China and Indonesia. Upon joining the company, employees are required to sign an acknowledgement of the Code of Business Ethics.

The Group also provides anti-corruption training to Directors and employees to enhance their awareness and understanding. As of the end of 2020, all directors and all employees had received training on anti-corruption.



To actively prevent any related misconduct from arising elsewhere in its value chain, the Group requires key suppliers to sign a Business Ethics Undertaking. Anti-corruption related policies are also communicated to all our business partners and suppliers.

## • Whistleblowing

Combine Will has established a whistleblowing platform, an internal control measure to solicit information about unlawful activities or malpractice, for employees, suppliers or business partners to anonymously report any suspected misconduct to the Group. Meanwhile, the Group prohibits employees from offering benefits in the form of bribes or similar considerations and encourages employees to decline or declare gifts from individuals or organizations.

## • Risk assessment

Corruption-related risks are included as part of the Group's risks management system. In FY2020, none of the operations and the suppliers of the 4 manufacturing sites in China and Indonesia face significant corruption risk.

In FY 2020, there were also no reported cases, litigation claims or cases of non-compliance against the Group and its employees concerning bribery, extortion, fraud or money laundering.

	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>To continue communicating the Group's zero-tolerance towards corruption to its employees.</li> </ul>	<ul style="list-style-type: none"> <li>On-going progress</li> </ul>	<ul style="list-style-type: none"> <li>To continue to promote the Group's zero-tolerance policy on corruption to employees</li> </ul>

## Labour Standards

Demands for transparency on key sustainability issues, such as labour practices and modern slavery, are increasing around the world. The potential impact on human rights can occur anywhere in the value chain and may include issues related to child and forced labour.

The Group adheres to the highest ethical and legal standards to ensure that its operations and supply chain (including suppliers and subcontractors) are free from child labour and modern slavery. Guided by the Group's CSR Guidelines, the use of child labour and forced labour is strictly prohibited. The Group is committed to protecting human rights in line with internationally recognized norms such as those by the International Council of Toy Industries ("ICTI"). Internal audits by third parties and external audits are conducted regularly to ensure the effectiveness of management practices.





## Operations

- *Child labour*

The Group strictly prohibits the employment of individuals below the legal working age. If local regulations do not prescribe a definition of “child labour”, the minimum age of employment shall be 15 years for the Group’s operations in Indonesia and 16 years for the Group’s operations in China. Before hiring, Human Resource conducts a thorough check on the identity of job applicants to avoid hiring underaged workers. If child labour is found, remedial measures will be taken and reported to the local authorities.

- *Young workers*

In the event of recruiting teenagers aged 16 to 18, special arrangements are made to protect the legal rights and physical and mental wellbeing of young workers. Young workers are strictly prohibited from performing work with potential safety and health hazards, including but not limited to performing heavy manual work, controlling heavy equipment, and working in environments exposed to hazardous substances.

- *Forced labour*

The Group strictly prohibits any form of forced labour practices, including coercing employees to work, through the use of violence or intimidation or by subtle means such as unreasonable restriction on employees’ freedom of movement as disciplinary measures. The Group prohibits the collection of deposits during the recruitment process and does not withhold employees’ ID cards. Official working hours, including rest periods, overtime and compensation, that follow local laws are clearly defined in internal policies.

## Supply Chain

As stated in the Group’s CSR guidelines, the prohibition of child or forced labour is one of the key principles of procurement and supplier selection. The Group is actively managing its value chain on issues related to labour standards. The Group conducts due diligence when sourcing suppliers and requires suppliers to conduct self-assessments. In addition, the Group is subject to third-party audits and customer audits regularly.

As of 31 December 2020, Combine Will’s operations in China and Indonesia, as well as its suppliers, are not exposed to significant risks of child and forced labour.

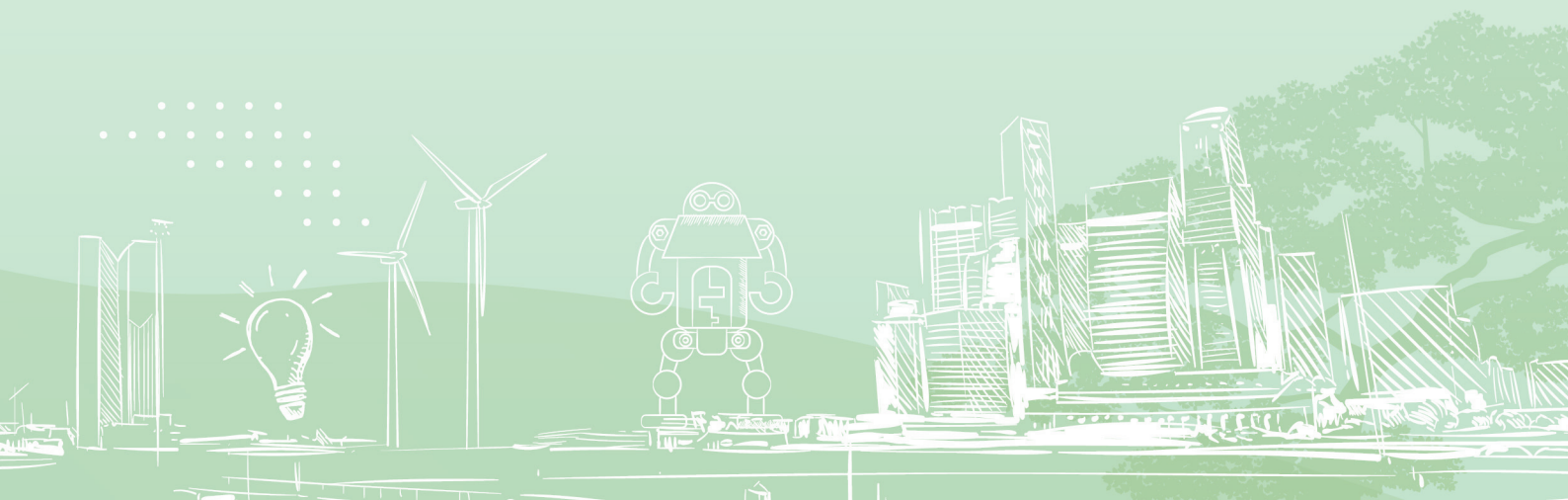
	Target for 2020	Status in 2020	Target for 2021 and onwards
<b>Labour Standards</b>	<ul style="list-style-type: none"> <li>• To continue communicating the Group’s zero tolerance for the use of child labour and forced labour throughout its supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• On-going progress</li> </ul>	<ul style="list-style-type: none"> <li>• To continue to promote a zero-tolerance policy on the use of child and forced labour throughout the supply chain</li> </ul>



## Supplementary: Community

Building good relationships with the community is key to the Group's continued operation. The Group is committed to creating a positive impact in the community through philanthropic partnerships, volunteerism and strategic giving. In 2020, the Group's subsidiary in Indonesia made the various contribution as follows.

- Expanded the narrow road leading to our factory, to accommodate large motor vehicles and safer pedestrian walkways, equipped with lighting, and continues to pay the related monthly electricity bill for the road, for the benefit of our employees and residents of the nearby village.
- Initiated a program to recycle used oil drums for use as trash cans and distribute them to the local community
- Donated hygiene materials (hand soap, disinfectant material, face masks) and 400 packages of rice to the local community

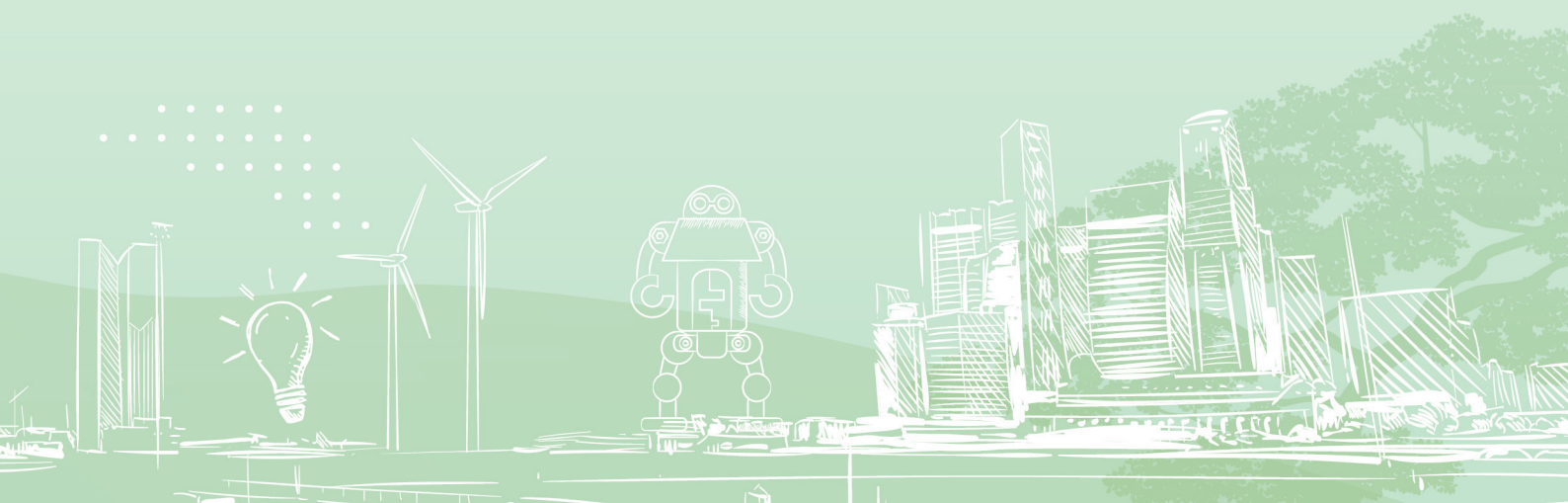


## GRI-SGX Content Index

Disclosure	Description	SGX	Page	Remarks
<b>GRI 102: General Disclosures 2016</b>				
<b>Organizational Profile</b>				
102-1	Name of the organization	–	2-3	
102-2	Activities, brands, products, and services	–	2-3	
102-3	Location of headquarters	–	2-3	
102-4	Location of operations	–	2-3	
102-5	Ownership and legal form	–	2-3	
102-6	Markets served	–	2-3	
102-7	Scale of the organization	–	2-3	
102-8	Information on employees and other workers	–	14	
102-9	Supply chain	–	2-3	
102-10	Significant changes to the organization and its supply chain	–	2-3	
102-11	Precautionary Principle or approach	–	2-3	
102-12	External initiatives	–	2-3	
102-13	Membership of associations	–	2-3	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	LR711B-1e	7	
102-15	Key impacts, risks, and opportunities	PN7.6-3.3	9-10	
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behaviour	–	8	
<b>Governance</b>				
102-18	Governance structure	PN7.6-3.1	9	
102-19	Delegating authority	–	9	
102-21	Consulting stakeholders on economic, environmental, and social topics	PN7.6-3.7	11	
102-29	Identifying and managing economic, environmental, and social impacts	PN7.6-3.3	12	



Disclosure	Description	SGX	Page	Remarks
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	–	11	
102-41	Collective bargaining agreements	–	N/A	The Group has not entered into any collective bargaining agreements, but has established multiple channels for communication through which staff can furnish feedback and suggestions.
102-42	Identifying and selecting stakeholders	–	11	
102-43	Approach to stakeholder engagement	–	11	
102-44	Key topics and concerns raised	–	12	
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	–	2	
102-46	Defining report content and topic boundaries	–	5, 12	
102-47	List of material topics	–	12	
102-48	Restatements of information	–	5	
102-49	Changes in reporting	–	5	
102-50	Reporting period	–	5	
102-51	Date of most recent report	–	5	
102-52	Reporting cycle	–	5	
102-53	Contact point for questions regarding the report	–	6	
102-54	Claims of reporting in accordance with the GRI Standards	LR711B-1d	5	Reporting was done with reference GRI Standards
102-55	GRI content index	–	42	
102-56	External assurance	PN7.6–3.8	5	





Disclosure	Description	SGX	Page	Remarks
<b>Material Topics</b>				
<b>GRI 205 Anti-corruption 2016</b>				
103	Management approach disclosures	LR711B-1 b&c	38–39	
205-1	Operations assessed for risks related to corruption	–	39	
205-2	Communication and training about anti-corruption policies and procedures	–	39	
205-3	Confirmed incidents of corruption and actions taken	–	39	
<b>GRI 302 Energy 2016</b>				
103	Management approach disclosures	LR711B-1 b&c	28–30	
302-1	Energy consumption within the organization	–	30	
302-3	Energy intensity	–	30	
302-4	Reduction of energy consumption	–	29	
<b>GRI 305 Emissions 2016</b>				
103	Management approach disclosures	LR711B-1 b&c	31	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		31	
<b>GRI 306 Effluent and Waste 2016</b>				
103	Management approach disclosures	LR711B-1 b&c	32–33	
306-2	Waste by type and disposal method		32–33	
306-3	Significant spills	–	32	
<b>GRI 401 Employment 2016</b>				
103	Management approach disclosures	LR711B-1 b&c	14–17	
401-1	New employee hires and employee turnover	–	15–16	
401-2	Benefits provided to full-time employees	–	14–17	
401-3	Parental leave	–	16	
<b>GRI 402 Labour/Management Relations 2016</b>				
103	Management approach disclosures	LR711B-1 b&c	23–24	
402-1	Minimum notice periods regarding operational	–	23–24	
<b>GRI 403 Occupational Health and Safety 2018</b>				
403-1	Occupational health and safety management system	–	17–18	
403-2	Hazard identification, risk assessment, and incident	–	18	
403-3	Occupational health services	–	18	
403-4	Worker participation, consultation, and communication on occupational health and safety	–	19	
403-5	Worker training on occupational health and safety	–	19	
403-6	Promotion of worker health	–	17–20	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	–	19	
403-8	Workers covered by an occupational health and safety management system	–	18	
403-9	Work-related injuries	–	20	
403-10	Work-related ill health	–	20	

Disclosure	Description	SGX	Page	Remarks
<b>GRI 404 Training and Education 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1 b&c	24–26	
<b>404-1</b>	Average hours of training per year per employee	–	25	
<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	–	25	
<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews	–	26	
<b>GRI 405 Diversity and Equal Opportunity 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1 b&c	20–23	
<b>405-1</b>	Diversity of governance bodies and employees	–	21–22	
<b>405-2</b>	Ratio of basic salary and remuneration of women to men	–	23	
<b>GRI 406 Non-discrimination 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1 b&c	20–23	
<b>406-1</b>	Incidents of discrimination and corrective actions	–	21	
<b>GRI 408 Child Labour 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1 b&c	39–40	
<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labour	–	40	
<b>GRI 409 Forced or Compulsory Labour 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1 b&c	39–40	
<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labour	–	40	
<b>GRI 418 Customer Privacy 2016</b>				
<b>103</b>	Management approach disclosures	LR711B-1 b&c	37–38	
<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	–	38	
<b>Other Material Topic</b>				
<b>COVID-19</b>				
<b>103</b>	Management approach disclosures	LR711B-1 b&c	35–36	





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)