

# SUSTAINABILITY REPORT 2021



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# Executive Summary

The following shows the outline of the data and the progress of the reporting items in 2021 listed in the Sustainability Report of Combine Will:

## ► Caring People >>>

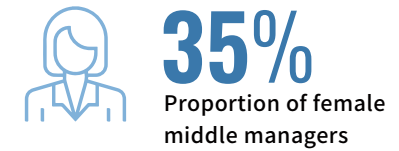
### People Management



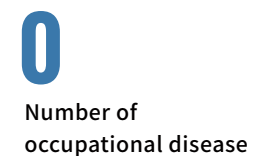
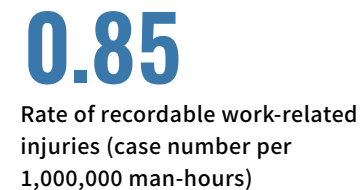
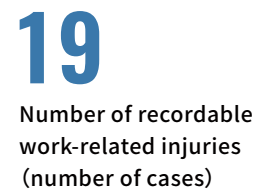
### Training and Education



### Diversity, Equality and Inclusion



### Health and Safety



Employees vaccination rate of COVID-19

## ➤ Caring Environment>>>

**946.55** mT CO<sub>2</sub>-e  
Direct greenhouse gas emission(scope 1)

**32,816.20** mT CO<sub>2</sub>-e  
Indirect greenhouse gas emission(scope 2)

**42,436,792** kWh  
Total energy consumption

**140.24** tonnes  
Hazardous waste

**388,715** m<sup>3</sup>  
Water consumption

## ➤ Caring Community>>>

 **OVER 6,500**

Population benefited from community initiatives







## Board Statement



The year 2021 is a time with both challenges and promises.

The continuous spread of the COVID-19 pandemic in the world has posed huge challenges to the supply chain operations and the flow of persons and goods has been greatly affected. Our operational stability has been exposed partly to regional epidemic outbreaks, regional lockdown, price rises in raw materials and shortages in global shipping containers. Despite such hardship, our painstaking efforts in tackling all these challenges has come to great fruition in such fields as security, business, operations and environment. Here, I wish to extend my gratitude on behalf of Combine Will to all investors, customers, communities, suppliers, employees, trade organizations and other stakeholders who support us.

The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.



**Tam Jo Tak, Dominic**

Executive Chairman

**Putting Customers First Places and Maintaining Stable Operations** - We constantly stand by our operational standards, and are devoted to establishing mutual trust with business partners and offering premium products and services to customers. On the back of the joint endeavors from all the employees at Combine Will, we have succeeded in overcoming various challenges, keeping our employees healthy and maintaining sustained stability.

**Caring for employees and Sharing Development Results** - Our employees are the most valuable asset of our company whose development and growth is never possible without joint efforts from all the employees. We have attached high importance to the training, retention and development of talents, expanded channels of talent introduction, established dual-pipeline development system in terms of both management and expertise for the employees, spurred building of a pool of outstanding talents and leaders, and helped them continuously improve their knowledge and expertise via a sound training system. In the meantime, we have gone all out to safeguard rights and interests of our employees, build a diversified and inclusive workplace, care for the lives of the employees, and offer them a healthy and positive working space. We uphold the principle of "safety comes first" in creating a healthy and safe workplace. In 2021, the Group has made significant progress in safety performance by cutting production accident cases by 74% compared with those in 2020. We will work harder to safeguard the safety of our employees and promote their personal development in the future.



**Caring for the Environment and Jointly Building a Green Future** - It is a duty of every company to protect the environment and our shared home since environmental pollution and climate change can impose challenges to everything in the entire ecosystem and the society. It is one of our key concerns at present to reduce carbon footprint in response to climate change. We have resolved to incorporate our response to climate change and green operations into the internal strategies of Combine Will and make efforts in environmental compliance, carbon emission reduction, increased application of green materials and pollutant emission reduction. We have started to analyze carbon footprint in the entire group with reference to such technical standards as the Greenhouse Gas Protocol and the Intergovernmental Panel on Climate Change ("IPCC") in 2021 and found that we have emitted CO<sub>2</sub>-e of 33,762.75 tonnes in total within the defined corporate operation boundary in the same year. Additionally, the Group has not been involved in any environmental pollution accident or administrative penalty.

**Caring for the Community and Striving towards Harmony** - We always believe that, as a member of the community, we, as a company, should never forget our social responsibility. We have made more attempts and contributions in education, and cared for the socially disadvantaged and social development in 2021. We keep improving our ways of care giving and poverty alleviation to offer educational support and spiritual care beyond the funds, project support and material aids we have already provided, in addition to creating more job opportunities by increased investment at the place of our production and operations. We have provided more diversified support to community development by dedicating more to community safety and fighting against the pandemic in 2021. The establishment of the community vaccination center within the Indonesian factory in particular has helped vaccinate residents in the community for more than 6,000 person-times.

In an uncertain time, we will rise to the challenges in 2022 with a firm belief and our enterprising and innovative spirits. We will accelerate full integration of sustainability into the business and operations of Combine Will, take initiative to fulfill our economic, social and environmental responsibilities and paint a beautiful future with our partners.





## 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 2021 (<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 factories located in Dongguan, Heyuan and Cangwu as well as Sragen, Indonesia.



The Group’s clientele portfolio includes customers from Asia, Europe and 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, Acrylonitrile Butadiene Styrene (“ABS”), Polypropylene (“PP”), and Nylon for plastic products and paper for printing 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 2021, there were over 200 major suppliers.



In 2021, the Group recorded annual total revenue, total liabilities and total equity of HK\$1,140.4 Million, HK\$911.5 Million and HK\$744.2 Million respectively. For more information about the financial performance, please refer to the Annual Report 2021 (<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.

Our manufacturing factories have obtained International Council of Toy Industries ("ICTI") Ethical Toy Program certification, Sedex Members Ethical Trade Audit ("SMETA") 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 Federation of Hong Kong Industries, Hong Kong General Chamber of Commerce, Chinese Manufacturers' Association of Hong Kong, Hong Kong Foundry Association, 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/>.





## ► Milestone of Combine Will>>>

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

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

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

Set up Loong Run (He Yuan) Toy Company Limited (河源聯弘玩具禮品有限公司)

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

1992



2001

2002



2003

2004



2008

2009



2016

2017



2019  
2020

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

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

Combine Will International Holdings Limited listed on Singapore Exchange Limited

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

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



## About the report

Combine Will International Holdings Limited has started to regularly disclose and issue annual sustainability reports ("SR Report" or "Report") since 2018. SR Report 2021 focuses on disclosing sustainability information about governance, society and environment of Combine Will to better demonstrate to stakeholders our initiatives and performance in sustainability as well as social responsibility practice.

### ➤ Reporting Standards>>>

The report is prepared in accordance with the sustainability reporting requirements of 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.

Moreover, reference has been made for SR disclosure to the standard cores developed by Global Reporting Initiative (GRI), especially the guidance on greenhouse gas emission by TCFD.

- GRI: We started to refer to GRI standards since the SR report 2018 and have established a GRI content index for searching for specific indicators.

Such report aims to acquaint various stakeholders with operational activities and ESG (environment, society and corporate governance) implementations of Combine Will. In other words, it contains information required for comprehensive reporting. The Sustainability Report 2021 offers the details of various targets and strategies of Combine will, its responses to the pandemic in 2021, value creation and environmental protection, in addition to an overview of our sustainable development directions and strategies in "Board Statement".

For other financial information, please refer to the Annual Report 2021 of Combine Will.





## ➤ Report Scope and Boundary>>>

This report, in principle, covers all activities of Combine Will, including social and environmental activities.

Two of our subsidiaries - Dongguan Loong Run Toys Company Limited and Bliss Electronic (China) Company Limited - have been added as part of our group in this report, compared to the SR reports released on May 31, 2021 in order to enhance the integrity of the data disclosed in this report. Combine Will, the reporting entity, comprises of ODM/OEM factories based in China and Indonesia including DGLZ<sup>1</sup>, DGLR<sup>2</sup>, DGBL<sup>3</sup>, HYL<sup>4</sup>, GXCW<sup>5</sup> and CWII<sup>6</sup> (collectively referred to as “Factories”).

We will keep improving the quality of our SR reports in the future to fully inform stakeholders of the sustainability strategies and implementation performance of the Group.

Data collected from January 1 to December 31, 2021 has been used in this report. Special note will be given when data beyond such period is used for consistency of the report. The SR report is issued once a year and the last report was released on May 31, 2021.



### Note:

- 1 - The factory in Dongguan, Guangdong run by Lian Zhi Toys Gift (Dongguan) Co., Ltd., a subsidiary of Combine Will, referred to as “DGLZ” for short.
- 2 - The factory in in Dongguan, Guangdong run by Dongguan Loong Run Toys Company Limited, a subsidiary of Combine Will, referred to as “DGLR” for short.
- 3 - The factory in Dongguan, Guangdong run by Bliss Electronic (China) Company Limited, a subsidiary of Combine Will, referred to as “DGBL” for short.
- 4 - The factory in Heyuan, Guangdong run by Loong Run (He Yuan) Toy Company Limited, a subsidiary of Combine Will, referred to as “HYLR” for short.
- 5 - The factory in Wuzhou, Guangxi run by Combine Will (Cangwu) Industrial Co., Ltd., a subsidiary of Combine Will, referred to as “GXCW” for short.
- 6 - The factory in Sragen, Indonesia run by Combine Will Industrial Indonesia, PT, a subsidiary of Combine Will, referred to as “CWII” for short.

## ➤ Confirmation and Approval>>>

The data used in this report is sourced from official documents and statistics of Combine Will. The Group relies on internal mechanisms to ensure the accuracy of its data. All performance data, to the knowledge of Combine Will, has been disclosed in good faith and verified on the back of such internal mechanisms. All financial information used in this report is sourced from the Annual Report 2021 and has been audited by an independent auditor. This report has been approved by the Board of Directors of the Group (the “Board”) on April 30, 2022.

## ➤ Contact Us>>>

We firmly believe that high-standard corporate governance and strict and transparent reporting are the core to maintaining honest operations and retaining trust from stakeholders by Combine Will. Please refer to the Sustainability Report 2021 for more information. Any valuable feedback for our future progress at any time is welcome.

- 📍 Address: Rm 901-2, Block 4, Tai Ping Ind Centre, 51A Ting Kok Road, Tai PO, N.T., Hong Kong, China
- ✉ Email: [combinewill@hkcx.com](mailto:combinewill@hkcx.com)
- ☎ Tel: +852 2665 1678





# EW Sustainability Approach

The Board is responsible for the overall governance and strategic delivery of the Company via its executive team and striving to build Combine Will into a first-class manufacturer and preferred partner in plastics, papers, alloys and electronic products. Combine Will undertakes to incorporate sustainability into its strategic planning and operations.

The Group has set up its Group CSR Department out of its faith in sustainability and resolution to integrate sustainability practice in the entire business process, in order to boost sustainable development and create greater value for stakeholders.

## > Governance>>>

We uphold “Integrity, Teamwork, Progressiveness, Innovation” as our core values and management features. We keep exploring our management responsibility concept model, link the management responsibility concept with Sustainable Development Goals (“SDGs”) and continue to improve our responsibility fulfillment approach and management system in face of new opportunities presented in a new era.

Well aware that sound governance is essential to building a resilient and successful organization, we keep our governance process open and transparent for interactions with stakeholders on the value chain in order to create an inclusive and transparent business environment. Staying guided by powerful policies, management systems and standards in our operations, we respond readily to risks and opportunities and deliver our sustainability commitments.

Fulfillment Approach



### Spurring development with innovations:

we seek to achieve SDGs by driving our own growth with innovations, adapting to changes in appeals of stakeholders and improving sustainability capacity.



### Creating value with services:

We keep delivering quality best products and services to customers to enhancing social responsibility on people, community and environmental, yet creating the highest comprehensive enterprise value.



### Balancing and sharing objectives:

We pay constant attention to demands and expectations of stakeholders, share common objectives with them, and jointly stimulate sustainable development of the Company, economy and society.

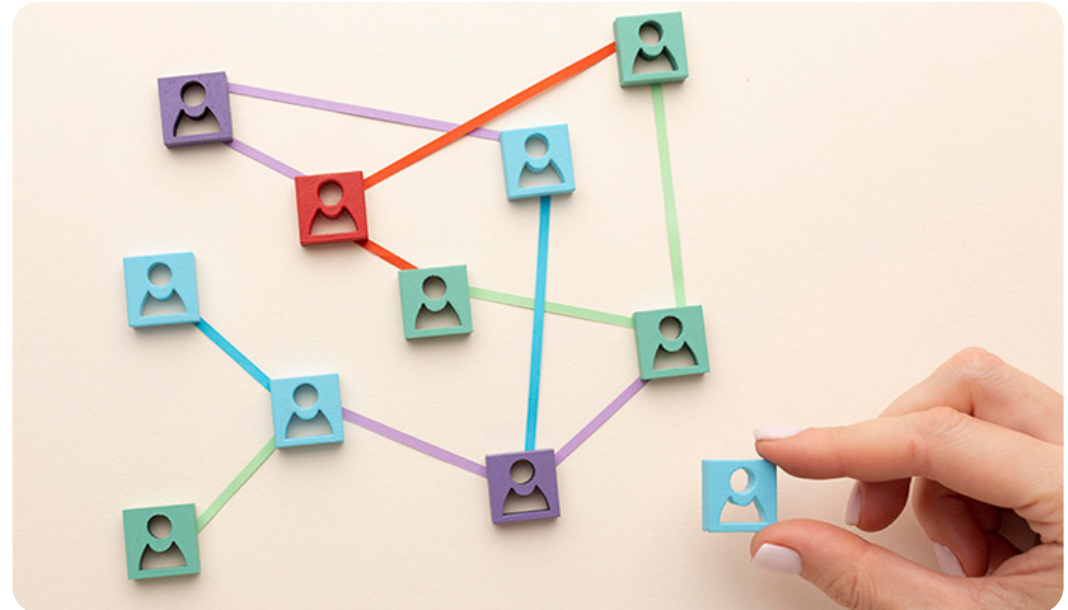
Linking with SDGs



## » Governance Structure»»

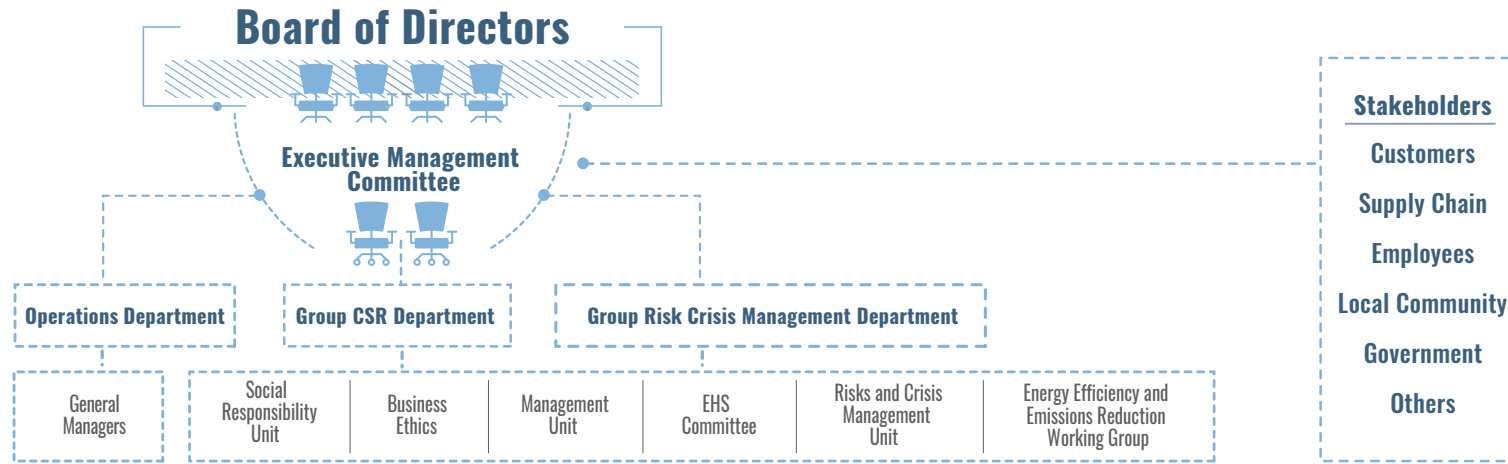
To optimize the management of formulating the Group’s sustainability strategy and supervising the implementation, the Board established Executive Management Committee (“EMC”) to assist the Board in providing strategic directions, specifically in terms of integrating sustainability into the Group’s strategy. The Group’s CSR department organizes and coordinates all departments of headquarters and subsidiaries to carry out sustainable development practice and promote the implementation of ESG issues.

Closely combining the management responsibility concept model with our development strategies and operational activities, we convey the sustainable development management system to all departments and affiliates and turn our responsibility concept and commitments to stakeholders into concrete actions. We have performed in-depth study on trends and hot topics in sustainable development & environment and society & governance in 2021 to better communicate to stakeholders the initiatives and performance of Combine Will in sustainability and social responsibility practice to fully demonstrate the Company’s value creation ability.





>>Sustainable Development Management Structure



**DECISION-MAKING TEAM**

**(BOARD OF DIRECTORS)**

Responsible for deliberation and decision-making concerning major sustainability issues, including strategy and policy formulation and regular progress evaluation of sustainability issues, providing resources for continuous implementation of sustainable development, deliberation and approval of annual sustainability reports, and offering guidance for EMC team on communicating with stakeholders.

**MANAGEMENT TEAM**

**(OPERATIONS DEPARTMENT, GROUP CSR DEPARTMENT, AND GROUP RISK/CRISIS MANAGEMENT DEPARTMENT)**

Responsible for planning and organizational management, including inspection of and research on policies, standards and trends related to sustainability, understanding of stakeholders' concerns, and judgment of sustainability issues with major impacts on the Company; reporting to the decision-making team progress of sustainability work, offering work advice, and managing & guiding sustainability performance of the implementation team; planning sustainability activities, organizing preparation of SR reports and sustainability training and relevant knowledge promotion, and monitoring sustainability performance.

**IMPLEMENTATION TEAM**

**(GENERAL MANAGERS, SOCIAL RESPONSIBILITY UNIT, BUSINESS ETHICS, MANAGEMENT UNIT, EHS COMMITTEE, RISKS AND CRISIS MANAGEMENT UNIT, ENERGY EFFICIENCY AND EMISSIONS REDUCTION WORKING GROUP)**

Respectively responsible for the implementation of sustainability issues within the scope of their responsibilities, reporting sustainability performance to the management team, proposing advice for continuous improvements, and establishing a sustainability culture.

## ➤ Risk Management>>>

The Board of the Company is responsible for establishing and maintaining appropriate and effective risk management and internal control system. To safeguard the overall interests of the Group and its shareholders as a whole and promote the sustainable development of the Group, the Board regularly assesses and continuously monitors the effectiveness of the system. The Committees are responsible for assisting the Board in assessing and determining the types and extent of risks while the Group is achieving its strategic objectives. The Audit Committee ensures the adequacy and effectiveness of internal controls and risk management systems.

The Company established risk control framework to effectively manage various risks of the Group, including health and safety, social and environmental risks. In the process of risk identification, the management communicates with functional departments to ensure that the major risk factors that significantly affect the Group are fully covered from bottom to top. After establishing the range of risk assessment, the management judges the importance of risks according to their potential impact and occurrence probability, formulates internal control measures to deal with risks, and continuously monitors them.





We have completed the latest important risk evaluation in 2021 and identified three risk priorities:

Sustainability Risk	Description and Impact	Measure or Response
Product Responsibility	The stability of our global supply chain operations is under threat as COVID-19 continues to spread. Our supply of raw materials, transporting of goods and labor supply has been exposed to the pandemic to a varied extent. In extreme cases, regional lockdown may result in production interruptions, leading to failed delivery on time and hence prolonged withdrawal of funds from sales of finished products, brand reputation damage, and customer loss. Moreover, the demand for traditional plastic products may shrink in the following three to five years as the public awareness of environmental protection increases and consumers' demand for green products keeps surging.	<ul style="list-style-type: none"> <li>● Put in place a pandemic prevention &amp; control mechanism and a focused work team to ensure effective implementation of anti-epidemic measures.</li> <li>● Evaluate and improve the business continuity plan and organize drills.</li> <li>● Set up stockpile to guarantee operational resiliency.</li> <li>● Engage in application study on environmental-friendly materials and gradually increase the application proportion of green materials in products.</li> </ul>
Socially Responsible	Brand and reputation are our valuable assets and the operation mode, social contribution and cooperation with neighboring community of the Company are subject to both internal and external supervision. Any negligence in business ethics and employment practices (such as discrimination, harassment, child labor, talent drain or non-compliance with the employment law) may lead to brand reputation damage, talent loss, sanction, lawsuits and claims.	<ul style="list-style-type: none"> <li>● Build the competency of sustainability and CSR team to ensure good CSR practices of the Company.</li> <li>● CSR codes of conduct offer guidance on the behaviors of our employees, suppliers and other partners. The Group can also establish a sustainability management &amp; governance structure to monitor sustainability issues.</li> <li>● Perform regular internal compliance audits and accept supervision from customers and other interested parties.</li> </ul>
Climate Change	Key customers and other interested parties have made commitments to carbon emission reduction and released their environmental roadmaps since such climate change problems as greenhouse gas emissions may affect our business in various ways. Such practice may lead to an imbalance between emission reduction and production output, resulting in damage to our reputation or investor confidence.	<ul style="list-style-type: none"> <li>● Incorporate carbon emission into management topics of the Group and seek to enable coordination between low-carbon strategy and business development strategy of the Group.</li> <li>● Implement the environmental management system during production and keep environmental impact factors of greenhouse gas emission is under control via management.</li> <li>● Take carbon inventory to identify carbon footprint and key carbon emission links, and take actions accordingly.</li> <li>● Invest to develop energy conservation technology and reduce comprehensive energy consumption.</li> </ul>

## » Stakeholder Engagement»»

We take the initiative to expand channels for communication with stakeholders, listen to all opinions and feedback from interested parties, and constantly improve efficiency of such communication via establishing routine communication mechanisms and application of digital technology in all aspects of daily operations and activities.

### Stakeholders

#### Government and regulators



##### Expectations and appeals

- Serving the real economy
- Assist in poverty alleviation
- Support national strategies
- Safeguard customers' rights and interests
- Set standards for corporate governance
- Protect the environment

##### Communication channels

- Study and implement relevant financial policies
- Support setting of industrial policies
- Participate in relevant surveys and discussion meetings
- Submit statistical reports
- Implement regulatory policies
- Complete daily approval and supervision

#### Employees



##### Expectations and appeals

- Protect employees' rights and interests
- Develop human capital
- Care for employees' lives
- Engage stakeholders
- Create a healthy and safe workplace

##### Communication channels

- Employee representative meeting
- Employee satisfaction survey
- Employees' recreational and sports activities
- Complaining and reporting mechanism

#### Customers



##### Expectations and appeals

- Product technology
- Enhance trust from customers
- Safeguard customers' rights and interests
- Protect information security and privacy
- Engage stakeholders
- Respond to climate change
- Protect the environment

##### Communication channels

- Customer demand survey
- Customer satisfaction survey
- Customer service platform
- WeChat official account, etc.
- Regular reports



## Non-governmental organizations / media



### Expectations and appeals

- Employees' interests
- Product quality & safety

### Communication channels

- Regular communication with relevant organizations
- Website and newsletters
- Seminar with relevant organizations
- Phone calls or e-mails

## Community



### Expectations and appeals

- Support public charity
- Improve community environment
- Participate in community development
- Engage stakeholders

### Communication channels

- Fixed-point poverty alleviation
- Community project construction
- Employees' volunteer service
- Community services

## Suppliers & partners



### Expectations and appeals

- Maintain business ethics and fight corruption
- Engage stakeholders

### Communication channels

- Daily communication
- Exchanges and cooperation with peers
- Bidding
- Supplier survey and visit

## Shareholders and investors



### Expectations and appeals

- Set standards for corporate governance
- Prevent policy risks
- Engage stakeholders
- Respond to climate change

### Communication channels

- Regular reports and information announcements
- Investor survey and communication meetings
- Shareholders' meetings
- Announcements on the official website of the Company



## > Materiality>>>

We have performed in 2021 a substantive analysis of sustainability topics via internal evaluation, evaluation by external organizations and survey of stakeholders and identified our priority among such topics according to opportunities and challenges of Combine Will, concerning the Sustainability Reporting Guidelines of GRI.

Group CSR Department has been assigned to lead the intention survey of the priorities among such substantive topics against internal and external stakeholders via interview, questionnaire and group meeting in order to show the Board's commitment to sustainability. 14 key substantive topics for 2021 have been identified based on the evaluation results of historical topics, among which climate change is a newly added key topic.

### >>Analytical procedure



#### Review

Review substantive topics in the previous report and offer reference and basis for analysis of topics in 2021 in a combination of comments and feedback of interested parties in SR reports.



#### Evaluation

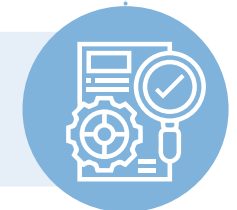
Invite the top management of the Company and other internal and external stakeholders for evaluation of the importance of substantive topics in order to further define the sustainability of such topics.

Identify CSR substantive topics based on national macro policy orientation, domestic and foreign CSR standard research & analysis, development strategy planning of the Company, industrial benchmarks and communication with stakeholders.



#### Identification

Validate evaluation results of substantive topics based on the strategic positioning of the Group to identify CSR topics with major impact on both the Company and stakeholders and focus on disclosing them in the report.



#### Validation

## List of Material Topics and Corresponding Boundaries and Impacts

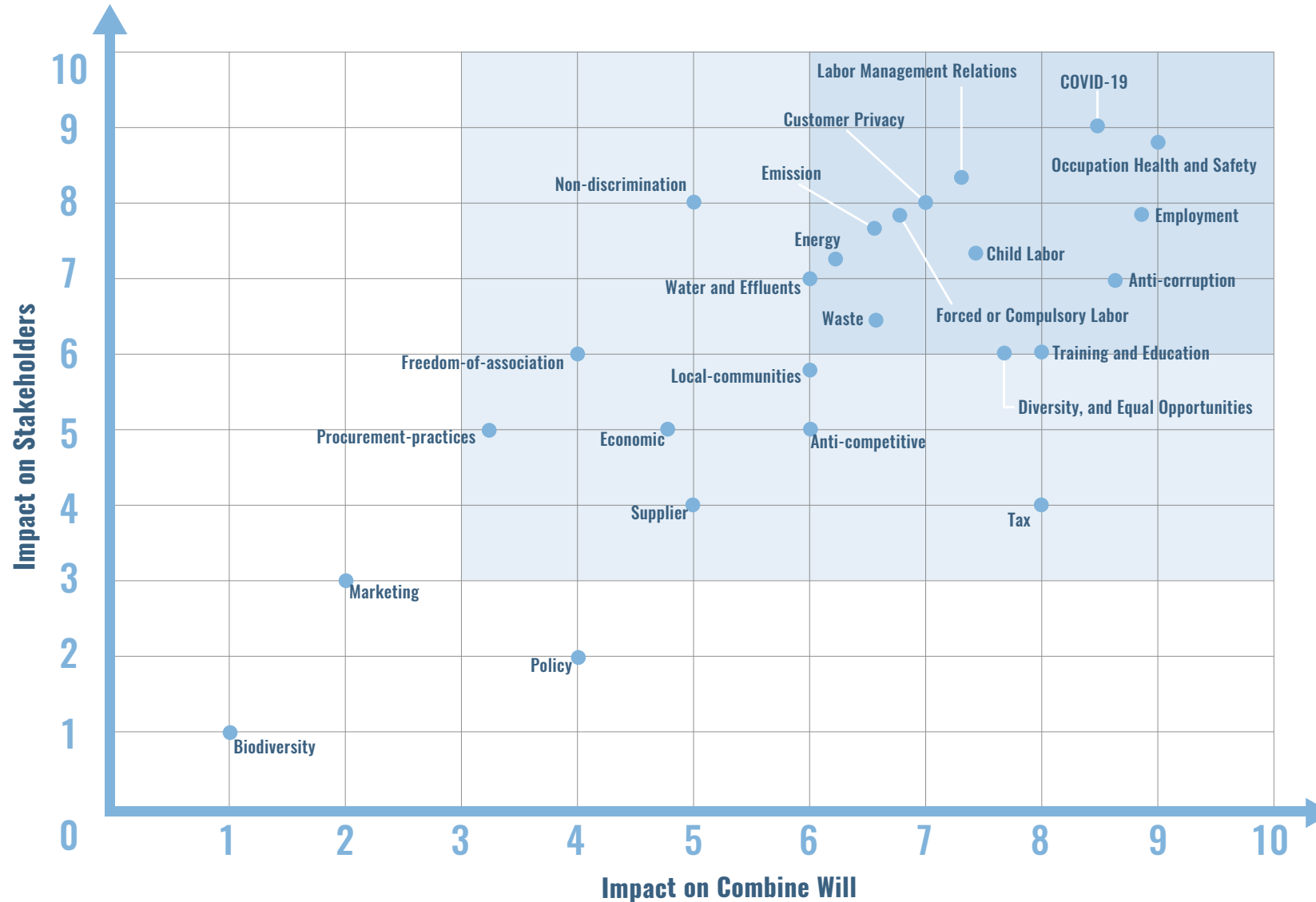
Focus Area	Material Sustainability Topics	Boundaries and Impacts							Addressed under section	
		Within the Operation <sup>7</sup>				Outside the Operation <sup>8</sup>				
		Employees	Combine Will & manufacturing	Customers	Shareholders Investors	Supply Chain Business Partners	Local Community	Regulatory Agencies Government Agencies		NGO/ Media
<b>Caring People</b>	Occupational Health and Safety	✓	✓	✓		✓	✓	✓	✓	Occupational Health and Safety
	Employment	✓	✓		✓	✓	✓	✓		People Management
	Diversity and Equal Opportunities	✓	✓		✓		✓	✓		Diversity Equal and Inclusion
	Training and Education	✓	✓	✓	✓					Training and Education
	Labor Management Relations	✓	✓		✓			✓	✓	Labor/ Management Relations
<b>Operation Responsibility</b>	Customer Privacy	✓	✓	✓	✓	✓		✓		Customer Data and Privacy
	Anti-corruption	✓	✓	✓	✓	✓	✓	✓	✓	Anti-corruption
	Child Labor	✓	✓	✓		✓	✓	✓		Labor Standards
	Forced or Compulsory Labor	✓	✓	✓		✓	✓	✓		Labor Standards
	COVID-19	✓	✓	✓		✓	✓	✓		Responding to COVID-19
<b>Caring Environment</b>	Waste		✓	✓			✓	✓	✓	Waste Management
	Water and Effluents		✓	✓			✓	✓	✓	Water Management
	Energy		✓	✓			✓	✓	✓	Energy Management
	Emissions		✓	✓			✓	✓	✓	Climate Change

**Note:** 7 - The boundary for impacts within the operation aligns with the reporting boundary.

8 - The boundary for impacts outside the operation takes reference from the key external stakeholders identified in the previous year.



>>Matrix of Substantive Sustainability Topics





## Caring People

Introduction: It is our firm belief that our employees are the most valuable asset of our company whose development and growth are never possible without the joint efforts of all the employees. Combine Will considers the protection of employees' rights and interests as an important pillar of company development. We fight for each employees' legal rights and interests despite of the harsh context of the pandemic and macroeconomic uncertainty, and safeguard their personal development, labor relations, compensation & benefits ,and health & safety. What' s more, we strive to build a diversified, equal and inclusive corporate culture.

### Related SDGs

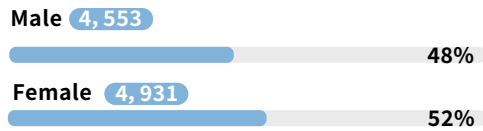


## ➤ People Management >>>

Combine Will thinks highly of freedom of association, which can be seen from the Business Codes of Conduct and the Human Rights and Responsible Business Policies released by the Company (see [www.combinewill.com](http://www.combinewill.com) for details). We comply with all applicable global standards and collective bargaining policies in local laws and regulations, and protect our employees' freedom of association. Our employees can choose out of their own will to join any independent labor union or become an employee representative through an open and transparent election procedure. Employees have the right of collective bargaining and direct dialog with the top management, in whatever form.

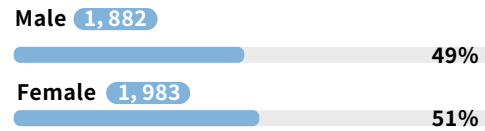
### >>Employee Structure and Proportion

#### Contract employee



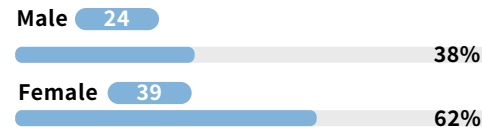
Total:9,484

#### Registered union member



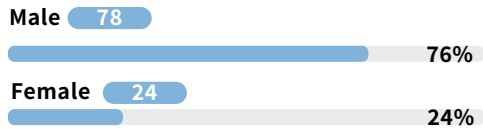
Total:3,865

#### Employee representative



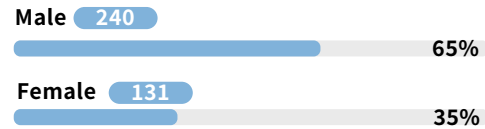
Total:63

#### Senior management



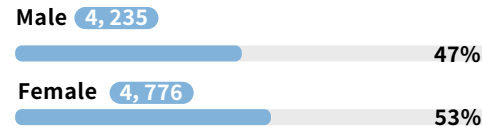
Total:102

#### Middle management



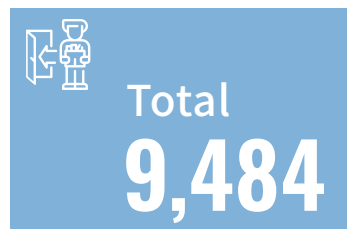
Total:371

#### Front-line employee

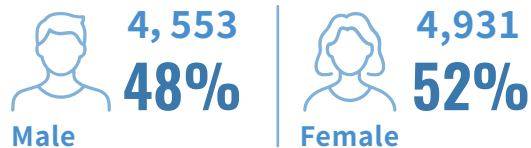


Total:9,011

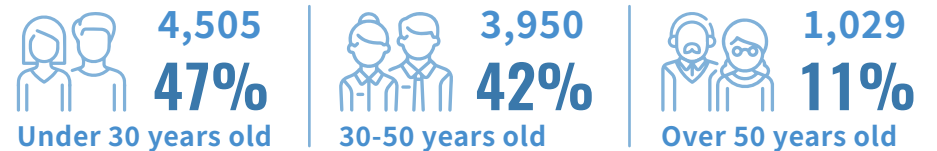
### >>Turnover by gender, age group



#### By Gender



#### By Age Group





>>Parental Leave

Total number of employees that were entitled to parental leave



Total number of employees that returned to work in the reporting period after parental leave ended



Return to work rate<sup>9</sup>



Total number of employees that took parental leave



Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work



Retention Rate<sup>10</sup>



Note:

9-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.

10-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).

>>Monitoring and Auditing Mechanism

The Group has built a special internal CSR audit team for quarterly compliance audits of its premises in order to ensure that employees' rights and interests are fully safeguarded. The scope of such audit includes but is not limited to personnel recruitment, compensation & benefits, freedom of association, employee relations, health & safety, and environmental protection. Besides, factories under the Group perform monthly audits and validation of their respective CSR implementation performance.

In addition to internal supervision, external organizations (customers, third-party organizations or trade associations) are engaged in an annual full audit of CSR implementation of our affiliates, where the major audit programs include IETP and Sedex.

Type of audit	Frequency in 2021
Internal audit in the Group	14 times
Internal audit of the facility	60 times
External third-party audit	16 times

## >>Employees' Rights and Interests

### Build Harmonious Labor Relations



- Set standards for personnel recruitment in line with applicable laws and ensure equal employment opportunities for all candidates regardless of their gender, age and physical conditions;
- Observe and maintain relevant conventions on labor rights and local labor standards, strictly prohibit and reject any form of child labor, and eradicate forced labor and discrimination;
- Insist in equal pay for equal work and treat all the employee fairly and equally; and
- Pay attention to safeguard rights of special employee groups or employees in special periods. Protect rights and interests of female employees and ensure they are familiar with measures introduced for their protection.

### Ensure Employee Engagement



- Encourage democratic participation of employees, and safeguard their rights to know, participate and express. Make sure that all affiliates hold regular employee representative meetings to share with employees company development stories, address employees' appeals and deliberate on company systems; and
- Establish systematic and transparent communication channels to ensure full participation of employees in the development of Combine Will.

### Improve Compensation and Benefits



- Put in place a sound compensation system. Establish a system of compensation and incentives involving basic salary, benefits, short-term and long-term incentives, with incentives leading the way;
- Introduce a battery of incentives such as annual outstanding employee selection, annual outperforming rewards and monthly performance assessment rewards; and
- Provide abundant benefits: free meals and lodging, business trip reimbursement, traveling & communications allowance, festival cash present, allowance for living and renting in other places, routine physical examination and various paid holidays.

## >>People Management Approach

### Target for 2021

- To complete Human Resource reformation.
- To enhance engagement assessment and communication.
- To reinforce corporate culture.
- To improve the workflow and workplace.

### Status in 2021

- On-going progress.

### Target for 2022 and onwards

- To maintain the turnover of the employee.
- To enhance engagement assessment and communication.
- To reinforce corporate culture.
- To improve the workflow and workplace.

## ➤ Occupational Health and Safety>>>

We always keep safety as our top priority and try best to create healthy and safe workplace for all the employee. We keep improving operational health and safety performance and avoid any injury from accident by building and enhancing the safe production management system to safeguard physical health and life safety of the employee. Furthermore, we have put in place sound supporting trainings and a monitoring mechanism to ensure that relevant policies and guidance are implemented. The Group has purchased additional employer's liability insurance and group commercial insurance and offer additional indemnity security in addition to basic legal security in order to offer more security to the employee; it secures regular physical examinations for employee exposed to occupational hazardous factors to fully protect their physical and mental health.

### >>Health and Safety Management

The Group has developed and improved occupational health and safety policies, standards and guidance to effectively enhance its safety management capability and ensure consistent safety management in all affiliates. The Group has established its overall health and safety management structure with the ISO45001 Occupational Health and Safety Management System as main reference, with focus on risk evaluation & hidden danger analysis, awareness and culture training, safe equipment management, chemicals management, occupational health protection, special work permit, contractor management, construction project management, accident reporting & management, fire and emergency response.

The Group monitors its overall health and safety performance by setting up such key indicators as million man-hour accident rate in order to spur continuous improvement in health and safety at the group level. All affiliates have set up a Safe Production Committee in full charge of safe production; their HR & Administration Department is responsible for managing daily matters related to occupational health and safe production in the factories to ensure implementation of health and safety policies.



Number of fatalities by work-related injury (number of cases)



Number of recordable work-related injuries (number of cases)



Rate of recordable work-related injuries (number per 1,000,000 man-hour)



Number of work-related Occupational Disease (number of cases)

2021			
0	19	0.85	0
2020			
0	74	3.37	0
Year-on-year change			
0	55 cases Decreased by	2.52 Dropped by	0



We realize that enhanced employee health and safety contributes to the reduction in workplace accidents, increase in working efficiency and improvement in employee well-being. We hope that all the employees can enjoy similarly high-level health and safety. For this purpose, we constantly strengthen protection of employee health and safety by, for example, building a special safety management team and introducing a systematic management toolkit to enhance our approach to health and safety problems and increase safety management continuity. We also work to help the implementation team and employees better understand the necessity and importance of preventive measures taken in the process of continuous improvement.

The Group has issued the Safety Codes of Conduct in June 2021, promoted and implemented it via online quiz, video and poster in order to intensify corporate culture building and raise employee safety awareness.

### 1. Bearing in mind that “Safety Comes First”

We, as practitioners of safety practice, always have to put safety first and stay alert at any time.

### 2. Wearing PPE

All the employees are required to properly wear PPE as indicated.

### 3. Following operating procedures

The employee should be skilled in operation, strictly follow safety operating procedures, refrain from operating or giving orders in violation of relevant regulations, and comply with the work permit system during

highly-dangerous operations such as hot work, hoisting and operating within confined space.

### 4. Reporting hidden hazards and accidents

We track and improve hidden hazards to prevent accidents, and report and investigate on all accidents to avoid reoccurrence.

### 5. Ensuring safe traveling

The employee is required to wear helmets when riding motorcycle or electric bicycle, use the safety belt in the car, and obey the traffic rules.

### 6. Ensuring fire safety

We make sure that fire equipment is intact and passages and exits unblocked, and take active part in fire drills.

### Enhancing Equipment Safety

Combine Will launched a special mechanical safety improvement program in April 2021 and evaluated the risks of 584 pieces of equipment in total, including safety protection upgrade for 338 of them.

### 1 Five Initiatives for Enhancing Traffic Safety

We offer online and offline traffic safety trainings, distribute safety notices, evaluate the risks of main roads, strengthen monitoring of and guidance on safety helmet wearing, and put up reflective stripes on employees' vehicles and helmets in order to reduce traffic accident risk.

### Stimulating Safety Awareness Raising and Culture Building

- The Group ran seven safety culture campaigns during the Safety Month in June 2021 and 1,056 employees participated in environment, health and safety quizzes.
- We have organized a reward program of "Photos of Hidden Safety Hazards" to encourage employees to report unsafe occasions or personnel in the workplace in order to jointly create a healthy and safe workspace.
- We are also devoted to upgrading our training model by introducing popular video clips while retaining traditional face-to-face lecturing and presenting boring training materials in vivid and interesting real person video or MG animation. All video clips under each topic are played by employees from shop floor to engage employees more in safety culture.
- We have also incorporated safety topics into various training programs in diversified forms, including employee third-level training and job skill training. In 2021, more than 70,000-hour trainings have been offered concerning safety.

### 2 Checking for Hidden Hazards and Taking Preventive Measures

We have further expanded our efforts in the perceived safety leadership program, aiming to engage the

leadership more in a safety culture leading, in 2021 and detected and removed 713 hidden hazards. Moreover, the Group has established it as a routine to perform special safety inspection before major holidays and to confirm safety after returning to work from holidays.

### Improving Responsibility and Incentive Mechanisms

- 167 managers from various factories have signed the safety responsibility statement to support their firm resolution and commitments to safety management.
- We have put in place a safety performance assessment and incentive system to break down safety targets to managers at all levels and link target achieving with their job performance assessment.

## > Wellbeing >>>

We have organized cultural and sports activities in myriad forms, offered comfortable working environment, and created a pleasant working atmosphere. In this way, employees' work stress is relieved and their cohesion is thus boosted.

We make annual adjustments to funds allocated to employee benefit programs in order to organize better birthday parties, sending better festive gifts and improving employees' living conditions.

### Upgrade working environment



Focus on upgrading all canteens, living quarters, activity centers and baby care rooms in all affiliates under the Group and optimize dining environment and procedure for mothers-to-be. Care for employees and keep bolstering their sense of happiness in life.

**Dining:** create a better dining environment in canteens, provide more diversified dishes and enhance employee dining experience.

**Logding:** maintain and renovate hardware in employee apartments, upgrade overall living environment and improve employee living experience.

**Activities:** diversify leisure activities, set up fitness centers and offer more employee services.

**Care for mothers-to-be:** upgrade hardware in baby care rooms, optimize dining environment for mothers-to-be and offer support for employees during pregnancy.

### Seek a balance between life and work



Care for employees' life and solve their problems to help employees cope with the burns in economy and care for and education of children by running summer vacation camps and offering student aids; organize diversified cultural and sports activities, provide a platform for employees to show their talents and express themselves, and encourage employees to develop healthy and positive cultural lifestyle.

**Care for employees:** offer nursery in summer vacation and educational support for school-age children of employees.

**Care in festivals:** offer care to employees in traditional Chinese festivals. Organize traditional events, such as traditional games in Indonesia and, lantern riddle guessing and rice dumpling making in China, for employees in the Dragon Boat Festival and the Mid-autumn Festival of China and the Independence Day of Indonesia.



>>Occupational Health & Safety Approach

Target for 2021

- Rate of recordable work-related injuries (per 1,000,000 manhours) less than 2.0.
- Zero work-related fatalities
- Zero confirmed cases of occupational diseases.
- Continue the “Felt Leadership”
- Establish an action plan to improve traffic safety.
- Formulate and publish Code of Practice on Safety.

Status in 2021

- Rate of recordable work-related injuries (per 1,000,000 manhours) -0.85.
- Zero work-related fatalities
- Zero confirmed cases of occupational diseases.
- The “Felt Leadership” detected and removed hidden hazards.
- Established an action plan to improve traffic safety.
- Formulated and published Code of Practice on Safety.

Target for 2022 and onwards

- To continue decreasing the rate of recordable work-related injuries (per 1,000,000 manhours).
- Zero work-related fatalities.
- Zero confirmed cases of occupational diseases.
- To continue the awareness activities related to occupational health.



### >>Story Sharing - Family-Friendly Space

“Family-Friendly Space” was set up in our Guangxi factory before the summer vacation, with support from our client and an industrial organization. We successfully welcomed the first batch of 35 children, 80% of whom are the children of frontline workers. Children used to face a long summer vacation unattended; but this time, they enjoyed a happy, safe and meaningful summer vacation in the family-friendly space, under the care of two certified teachers and 10 volunteers. Through colorful courses, games and parent-child interaction activities, children were taught to have more understanding and respect for their parents.



“I saw my mum. She was sitting by a machine, driving screws on toys. The teacher took me there and I said: ‘Mum, thanks for your hard working’, and my mum smiled. The teacher took a photo of us and it was a valuable moment for me! I will keep it in my mind: my mum is working so hard and beautiful.” --- Yan Yujin, aged 9.







### >>Story Sharing-Scholarship for worker's children

Our Indonesia factory offered scholarships to primary school children of workers whose spouses have lost their jobs due to the COVID-19 pandemic. In addition, the company also gave out children sponsorship packages, including uniforms, shoes, schoolbags, books, etc, to further relieve financial pressure on families. Besides direct donations, connections were built with their schools to learn more about their studies and to understand their needs.



## ▶ Labor Management Relation▶▶▶

The compensation concept of Combine Will has found its way into the entire Operations Division of the Group. Compensations are paid based on positions and working sites of employees with consideration of internal compensation justice and external market benchmarks. We maintain that we should offer more competitive overall compensation (salary plus incentives), compared with that in the market, for desired working performance.

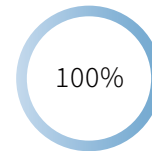
Salary adjustment is subject to personal performance and the benchmark, with consideration of local regulations and inflation.

See the Annual Report 2021 for more details about compensations of our top management.

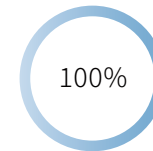


### >>Employee Benefits

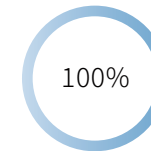
The employee can enjoy a lot of benefits at Combine Will, such as salary, bonus and long-term incentives. Some skilled and productivity-related jobs are provided with merit pay. We also offer pension and medical insurance programs, occupational health examination and medical insurance to guarantee stable lives of our employees and their family. Such benefits varies from factory to factory and are subject to regular review by the Group HR Department.



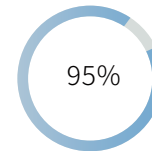
Social and commercial insurance



Overseas travel insurance



Comprehensive bonus



Job performance bonus<sup>11</sup>

#### Note:

11 - Job performance bonus is a special reward in addition to the salary specified in the labor contract such as skill allowance and outperforming incentives.

### >>Listening to Employees

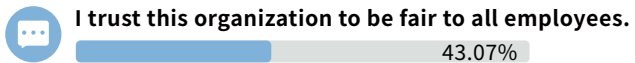
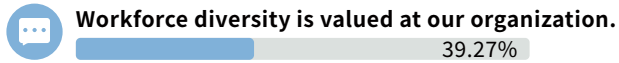
Transparent communications are the corporate culture of the Group. We maintain regular and unobstructed communications with employees via suggestion box, employee hotline, Intranet, social software, questionnaire survey and Management Open Day to help convey employees' appeals to the management in a transparent and timely manner. It is important to ensure that employees' appeals can be conveyed, in whatever form, without discrimination and in line with the Appeal Confidentiality Policy. We have opened up more timely online communications channels for better protection of employees' privacy and addressing complaints.

We are pleased to see that the effective response rate among our respondents has a year-on-year increase by 32.94%, where the "employee's identity with a sense of belonging" reaches 92.89%, according to the June 2021 employee engagement survey results.

Effective response rate in 2021		71.48%
Effective response rate in 2020		38.54%
% increase in 2021		32.94%



### Questionnaire Statement



### >>Story Sharing - effective communications

A series of effective communications channels and approaches have been added to the original communications mechanism in 2021, such as the General Manager Open Day in GXCW, on which day employees can have direct dialogs with the top management to voice their true ideas with their identity concealed. The top management can gain a direct understanding of employees' appeals and respond accordingly via such improved mechanism for timely solving of problems and thus effectively enhancing employee relations and engagement.

### >>Labor Management Relation Approach

#### Target for 2021

- To continue the employee engagement assessment and communication exercises.
- To establish diverse and convenient communication channels for employees to express their ideas, such as online platforms and General Manager Welcome Day.

#### Status in 2021

- Zero cases against the Group's zero-tolerance towards discrimination in the workplace and the supply.
- Established an equitable training mechanism.

#### Target for 2022 and onwards

- Strive to establish sincere and transparent communication with employees.
- To establish diverse labor and management communication channels.



## ▶ Training and education>>>

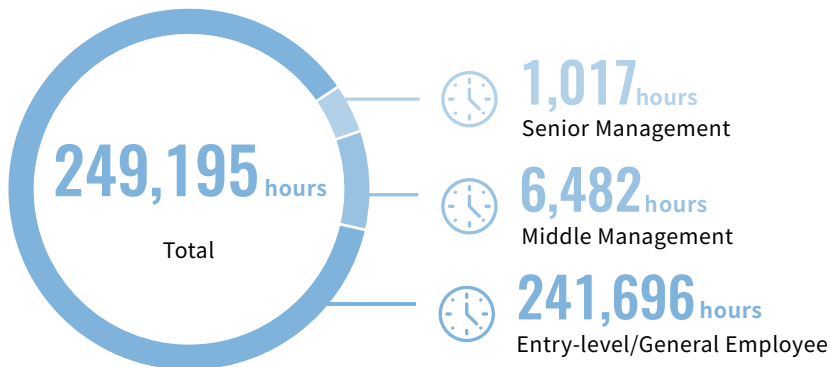
Revolving around the sustainability strategy, we continue to advance the talent training and development system for our technical and management teams and have developed a pool of capable and professional management and technical talents.

We launched the online learning platform for the first trial in 2021 to facilitate learning of knowledge and skills required for work by employees. The strength of such a platform lies in its flexibility, which means employees can learn and train on it whenever they are available.

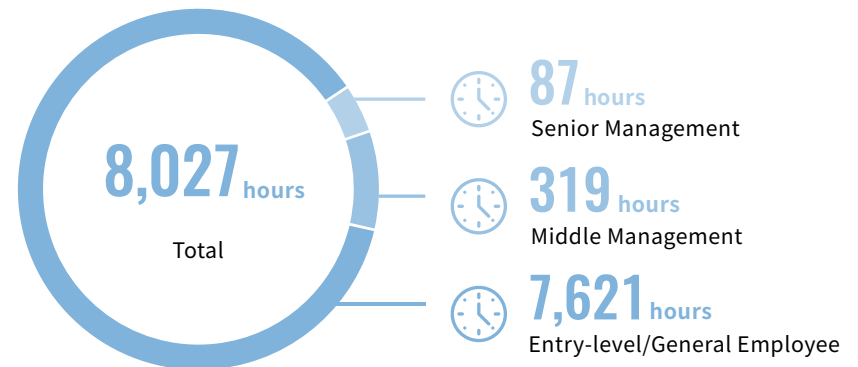
To keep optimizing the independent learning platform, the Group summarizes key knowledge points of each position in the form of video clips for employees to watch at any time on mobile devices for better independent learning.

All the employees at the Group have spent about 250,000 class hours in total learning several models in 2021, including health & safety, lean production, sustainable development, environmental protection, quality management and social responsibility.

### Total training hours by employee category



### Number of employees having received regular performance review



### >>Empowering Employee Growth via Multiple Channels

We, as a manufacturer, attach high importance to the training of technical talents and aim to build an outstanding team of owners of the Company by establishing a standard talent training system.

#### Skill qualification certificates

We stick to the principle of “learning during and for practice” via training and guidance. Technical talents can apply for skill allowance as long as they pass relevant examinations and obtain certificates on the job.

All special operation operators are required to obtain qualification certificates based on local rules and regulations.



#### Multi-skill development

One of the key projects of our HR strategy in 2021 is to train multi skills comprehensive talents. In our Guangxi factory, in particular, employees are no longer bound permanently to the expertise of one job. Instead, they may apply for internships in other positions in line with their career development plan. Increased subsidy of employees is another incentive of this project since the Company will pay a technical allowance based on the original salary after employees pass new skill assessments.

>>Multi-level Talent Training

The focus of our talent training in 2021 is intensified training on corporate culture for the middle and top management via online and offline research & exchanges and discussions & sharing of strategic topics, in order to further deepen new middle and top managers' understanding of the Group's corporate culture, business operating background and management culture, promote subsequent synergetic development, and gather strength for future growth of the Company. The Group has initiated the Top Management Coaching Program in 2021 by engaging external HR and talent development experts and coaches to provide one-on-one coaching to part of our top managers to align with the future strategic development direction and meet the need of high-level management. Such coaching has also been blended in the implementation of ten major strategic programs of the Company for participants to practice in learning and growing in practice.

We have further realized that the middle management is crucial for strategic and cultural implementation as well as efficient operations of the Company, since a team of stable and efficient middle management underpins sustainable development of a company. The Group has launched a "four-in-one" program dedicated to boosting comprehensive competency of the

management in 2021, under which a special immersive offline session is designed to enhance an all-round manner in terms of communications, strategy, planning and blending. 98 middle and senior managers participated. This program plays a key role in maintaining the consistency and continuity of the management concepts and corporate culture of the Group.

A boost in management skills, especially communications skills, of front-line managers, as another valuable asset of the Company, contributes to significant raising of front-line employees' understanding of job and satisfaction with the Company. The Group has designed an offline learning session for 185 front-line managers in 2021 to train them on time management, reporting, communications and cross-sector collaboration.



Topic	Number of participants	Ranks involved	Training session
Leadership training	185	Departmental Director (including deputy director) and above, Departmental Manager (including deputy manager) and above, Technical Engineer (including assistant engineer) and above	1.Efficient reporting & logical expression; 2.Efficient time management 3.Art of communications based on DISC 4.How to effectively allocate assignments 5.How to motivate and train subordinates 6.Cross-sector communications and collaboration
Four-in-one management enhancement	98	Manager (including deputy manager) and above	The four-in-one program helps create a "professional manager - scientific management" platform in the Group and involves six-day immersive training sessions to further enhancing the comprehensive competency of the middle management.

Combine Will has been granted the Smart Learning Enterprise Award again in 2021, an honor approved to be awarded by a final panel comprising of scholars from Hong Kong's higher education circle and representatives from the Professional Validation Council of Hong Kong Industries.

>>Training and Education Approach

Target for 2021

- To finalize Performance Management and Incentive Systems.
- To identify and prepare a succession plan for key positions.
- To introduce more diverse interactive training methods and channels, such as social media.

Status in 2021

- On-going progress.
- Established online training channels.

Target for 2022 and onwards

- To consistently improve employee capability through training.
- To support innovation through the coordination of the work improvement team.
- To enhance internal training capabilities.



## > Diversity, Equity and Inclusion>>>

Diversity, Equity and Inclusion lie at the core of our corporate culture and are reflected, in particular, in accessibility of equal opportunities and treatment in various sectors. We hold that employees with different individual characteristics, including but not limited to cultural background, gender, age, nationality, disability, sexual orientation and religious belief, should be provided with adequate opportunities as long as they are competent. Hence, it is particularly important that we create a workplace with mutual respect and support for diversity in nationality, gender, ethnic and cultural background, where every employee finds it equal, inclusive and full of opportunities.

Diversity is one of the major subjects in our HR management policy and we make efforts to build a diversified, equal and inclusive corporate culture in the Group and help employees gain a better picture of diversity.

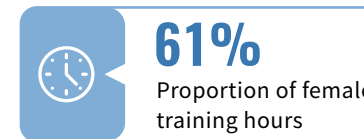
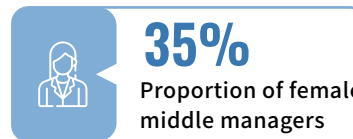
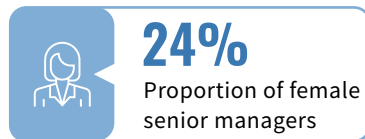
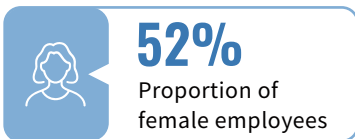
The Group abides by laws and regulations related to discrimination. As of 31 December 2021, there were no cases of non-compliance concerning equal opportunity, diversity, discrimination or harassment.

### >>Gender Balance

Female employees, comprising more than half of our employee population, have always had equal access to salary and benefits as male employees do. They have not been discriminated against in personal career development, learning, training and promotion due to other factors than competency, such as marriage, birth-giving or child-raising.



#### Personnel Proportion



### >>Inclusion

Combine Will, as a multinational with business team members operating in different countries and regions, has employees coming from various countries and regions with different languages, cultures and beliefs. Even in a single country (i.e., China), we have employees representing 24 different ethnic groups. We strive to build an inclusive working space on top of varied languages, cultures, religions, diets and lifestyles to make all employees feel respected equally and adequately at Combine Will.



No privilege for any nationality

Top managers of the Group come from Chinese Mainland, Hong Kong Special Administrative Region, Indonesia and Australia.

Some affiliates of the Group celebrate regional and ethnic festivals in addition to traditional ones, such as the “3rd of the Third Lunar Month” in Guangxi and the “Independent Day” in Indonesia. Such factories will schedule distinctively featured events for employees depending on specific festivals for cultural exchanges.



Ethnic festivals



Freedom of religion

We fully respect the freedom of religion of employees. A prayer room has been specially set aside in our Indonesian affiliate, for example, for the use of employees.

Proportion of employees with major nationality in the Group



Proportion of Chinese employees

51%



Proportion of Indonesian employees

49%

### >>Age Diversity

% of Total Employees



7%

18-25 (including 25 years old)

7%

25-30 (including 30 years old)



24%

30-40 (including 40 years old)

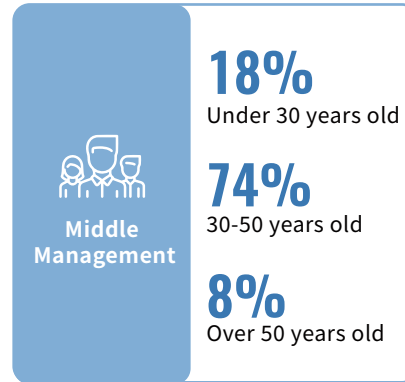
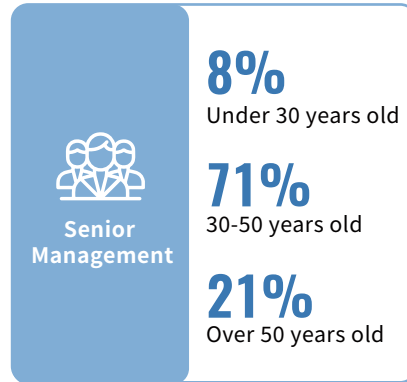
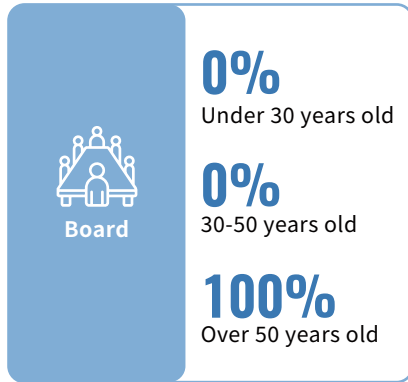
43%

40-50 (including 50 years old)



19%

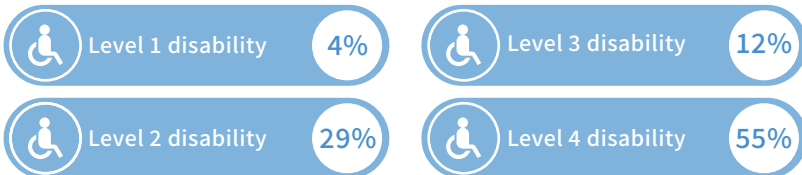
Above 50 years old



### >>Inclusiveness for the Socially Disadvantaged

For the socially disadvantaged, we are well aware that we can only feed them for life when we teach them “how to fish”, which can only cater to their temporary needs. We need to arrange special position suitability evaluation to help assign physically disabled employees to more suitable jobs on the condition of meeting stable production needs, in addition to offering more internship opportunities for them. In this way, we can make them feel valued at work and during collective life and bolster their confidence to blend into the society.

Proportion of Disabled Employees 1%



### >>Diversity, Equity and Inclusion Approach

Target for 2021	Status in 2021	Target for 2022 and onwards
<ul style="list-style-type: none"> <li>To promote the Group’s zero tolerance for discrimination in the workplace and the supply chain.</li> <li>To promote diversity and equal opportunities in the workplace.</li> </ul>	<ul style="list-style-type: none"> <li>Zero cases against the Group’s zero-tolerance towards discrimination in the workplace and the supply.</li> <li>Established an equitable training mechanism.</li> </ul>	<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>



## Caring Environment

### Introduction:

It is a duty of every company to protect the environment and our shared home since environmental pollution and climate change can impose challenges to everything in the entire ecosystem and the society, including climatic anomaly, flood, drought, economic migration and other threats. It is one of our key concerns at present to reduce carbon footprint in response to climate change. We have resolved to contribute environmental protection and achieving global climate change targets with our endeavors in environmental compliance, carbon emission reduction, increased application of green materials and pollutant emission reduction.

### Related SDGs

12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION





## > Climate Change >>>

### >>Greenhouse Gas Emission

The Group has analyzed carbon footprint for some of our factories before 2021, collected carbon emission data of our entire operations division for the first time in 2021, and disclosed such data in our SR report for the first time, making solid progress in delivering our commitments in carbon emission reduction, responding to public supervision, and addressing greenhouse gas emission concerns of investors, customers and other interested parties.

The Group has established a systematic mechanism for tracking and reporting carbon footprint in 2021 and designed tools to monitor direct and indirect CO<sub>2</sub> emissions from all factories under the Group. The carbon audit of all our internal activities is based on such technical standards as the Greenhouse Gas Protocol (“GHG Protocol”) and the Intergovernmental Panel on Climate Change (“IPCC”). We expect that an analysis of such data can inform our carbon emission reduction practice and offer basic data support for continuous emission reduction in the future until the target of carbon neutrality is achieved.



### Greenhouse gas emission

**946.55** mT CO<sub>2</sub>-e      **32,816.20** mT CO<sub>2</sub>-e  
Direct emission (scope 1)      Indirect emission (scope 2)

Total **33,762.75** mT CO<sub>2</sub>-e

**8.38** mT CO<sub>2</sub>-e/mT product  
CO<sub>2</sub> emission intensity

### >>Greenhouse Gas Emission Approach

Target for 2021	Status in 2021
● N/A	● N/A

Target for 2022 and onwards
● To continuously track GHG emission.
● To reduce GHG emission intensity.

## >>Green Operation

With green growth concept guiding the strategic development of the Company, we keep improving our environment management capability and enhancing pollution emission reduction and comprehensive environment performance via systematic management system. Our three factories - GXCW, HYL R and CWII - have obtained the ISO14001 Environment Management System Certification at present and DGLR and DGBL are operating under the environmental management system of the Group. Core mechanisms of the environmental management system of the Group include but is not limited to target & performance monitoring, compliance, environmental impact analysis, pollution prevention & control, water resource management, energy management, construction project management, emergency response and other management measures.



To control production pollution, we work to keep gas and dust emissions from products within the emission standards by putting in place pollutant control procedures and mechanisms, regularly maintained to ensure effective running of pollutant treating facility, and routinely engage third parties to detect emitted pollutants. No pollution accident occurs throughout 2021 and all detection results fully comply with pollutant emission control requirements.

To stimulate green production, we push up the proportion of green raw materials applied in production with the support from our core customers. For example, we use Green PE<sup>12</sup> in place of part of traditional petroleum-based ABS plastics and start to apply FSC-certified papers in production in order to cut carbon footprint and environmental impact during product lifecycle. The proportion of green materials in our products is on the rising trend. Additionally, water-based paint is used to replace organic solvent-based paint when possible to increase safety and quality and cut VOC emissions and hazardous waste generation.

### Note:

12 - PE material is made from sugarcane.

## ➤ Energy Management >>>

The data distribution shows that most energy consumed for operations of the Group is electric power energy used by mechanical equipment during production. We keep increasing energy efficiency via an energy monitoring and reporting mechanism applied within the entire company. We are devoted to, during operations, improving equipment energy consumption efficiency via constant equipment replacement, upgrade and transformation and lowering energy consumption intensity by applying new technology. Moreover, the Group gradually reduced operationally energy consumption by putting in place various energy consumption mechanisms. We have commissioned in 2021 a professional third-party organization for energy evaluation of HYL R and prepared the Energy Planning 2021 - 2025 to manage our energy activities in targeted, standard and forward-looking manner towards our final goal of energy conservation, consumption reduction and low-carbon operations.

### >>Energy consumption summary

Type of energy	Consumption item	Type of fuel	Total consumption (kWh)
Non-renewable	Electric power	Electric power	40,953,321
Non-renewable	Fuel	Diesel	1,108,442
Non-renewable	Fuel	Gasoline	355,377
Non-renewable	Fuel	LPG	19,952
<b>Total</b>			<b>42,437,092</b>

### >>Energy conservation and low-carbon programs we have launched in all aspects of operations mainly include:

Type of Energy Conservation	Description	Total consumption (kWh)
Operational control	<ul style="list-style-type: none"> <li>• Load/unload Exim Lifter (change of forklift to lifter)</li> </ul>	6,681
Replacement	<ul style="list-style-type: none"> <li>• In place of traditional lamps</li> <li>• Servo inverter injection machine in place of original variable displacement pump injection machine</li> </ul>	5,199,202
Modification	<ul style="list-style-type: none"> <li>• Recovery of waste heat from air compressor</li> <li>• Recovery of waste heat from material dryer</li> <li>• Variable displacement pump injection machine - heating barrel upgrade (using micron energy-conserving nozzle heater in place of traditional nozzle heater)</li> </ul>	1,180,898
New system	<ul style="list-style-type: none"> <li>• Major power users in GXCW and HYL R are installed with "intelligent system power savers"</li> </ul>	311,011

HYL R, GXCW and CWII have made significant progress in annual energy consumption, which drops by 23% compared with the figure disclosed in the SR Report 2020.

## >>Energy Efficiency Approach

### Target for 2021

- To continue the renovation and upgrading of energy-consuming equipment.
- To introduce more initiatives to control energy consumption.

### Status in 2021

- On-going progress.
- Energy consumption dropped by 23% compared with 2020.

### Target for 2022 and onwards

- To provide coverage of energy-saving equipment to continuously reduce energy consumption.
- To improve the energy management system.



## > Waste Management >>>

As we know, solid waste can be considered as a potential material for new production, which means we can keep working to enhance the management of waste in the entire value chain. Guided by the environment management system of the Group, we have implemented a set of waste management control procedures to sort out, recycle, dispose and track waste in order to ensure that all waste from production are properly disposed. We have complied with all applicable laws and regulations on environment. No major leakage, spilling or emission to soil or water body is disclosed in this report.

Waste generated from the premises of the Group can generally be classified into three types: domestic waste, general solid waste and hazardous waste. Domestic waste will be sent for temporary storage for further disposal by local sanitation authority. General solid waste to be recycled or reused will be sent to specific warehouses to be collected and disposed by licensed recyclers. Hazardous waste will be stored at special standard warehouse for such waste and regularly disposed and reported in relevant system by qualified disposing units to ensure all hazardous waste generated are properly treated and strictly tracked and supervised.



### >>Output of Hazardous Waste (by means of disposal)

Total Quantity of Hazardous Waste	2021 (ton)
Incineration	137.55
Reuse	0.33
Recovery	0.56
Landfill	0
Recycling	0
Others	1.80
<b>Total</b>	<b>140.24</b>

It has been one of our ultimate goals to dispose 100% of hazardous waste in accordance with relevant regulations and avoid landfilling any general production waste. In the future, we will further keep disposal of all waste under control and reduce waste generation gradually.

### >>Waste Management Approach

#### Target for 2021

- To reduce the waste produced per unit of a product by 5% per year for all the manufacturing factories.

#### Status in 2021

- Reduced the waste produced per unit of a product by 6 % per year for all the manufacturing factories.

#### Target for 2022 and onwards

- To achieve zero landfills in the long term.
- To continue to reduce the amount of waste produced.

## > Water Management >>>

The shortage in global water resources has left millions of global population living in water-deficient areas or areas where drinking water cannot be guaranteed. As the climate continues to change, this figure may still rise. We deeply understand that global water resource deficiency is closely related to our sustainable development, despite that most of our factory are not located in areas with “high/ultra-high” baseline water pressure defined by World Recourse Institute (“WRI”).

60% factories operating under Combine Will have obtained ISO 14001 certification by 2021. The Group requests that all factories run under the environmental management system framework of the Group and be devoted to improving the water recycling rate and reducing domestic wastewater discharge.

Illegal use or occupation of water resources by any factory is strictly prohibited at any time and pollution of water resources at any link of production and operation is not allowed. No factory or premise of Combine Will has any record of administrative penalty due to violation of local water resource policies.

### >>BWS (Baseline Water Stress)

#### LOW (<10%)

Dongguan, Guangdong, China

#### LOW (<10%)

Heyuan, Guangdong, China

#### LOW (<10%)

Wuzhou, Guangxi Zhuang Autonomous Region, China

#### HIGH (40-80%)

Sragen, Central Java, Indonesia

### >>Statistics of water consumption and wastewater discharge (m<sup>3</sup>)

2021

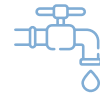


**388,715**  
Water consumption

LOW- **360,467**  
HIGH- **28,248**



**0**  
Industrial wastewater



**349,844**  
sanitary wastewater



### >>Water Management Approach

#### Target for 2021

● N/A

#### Status in 2021

● N/A

#### Target for 2022 and onwards

● To continue efforts to reduce water use and improve water management.



## Operation Responsibility

### Related SDGs











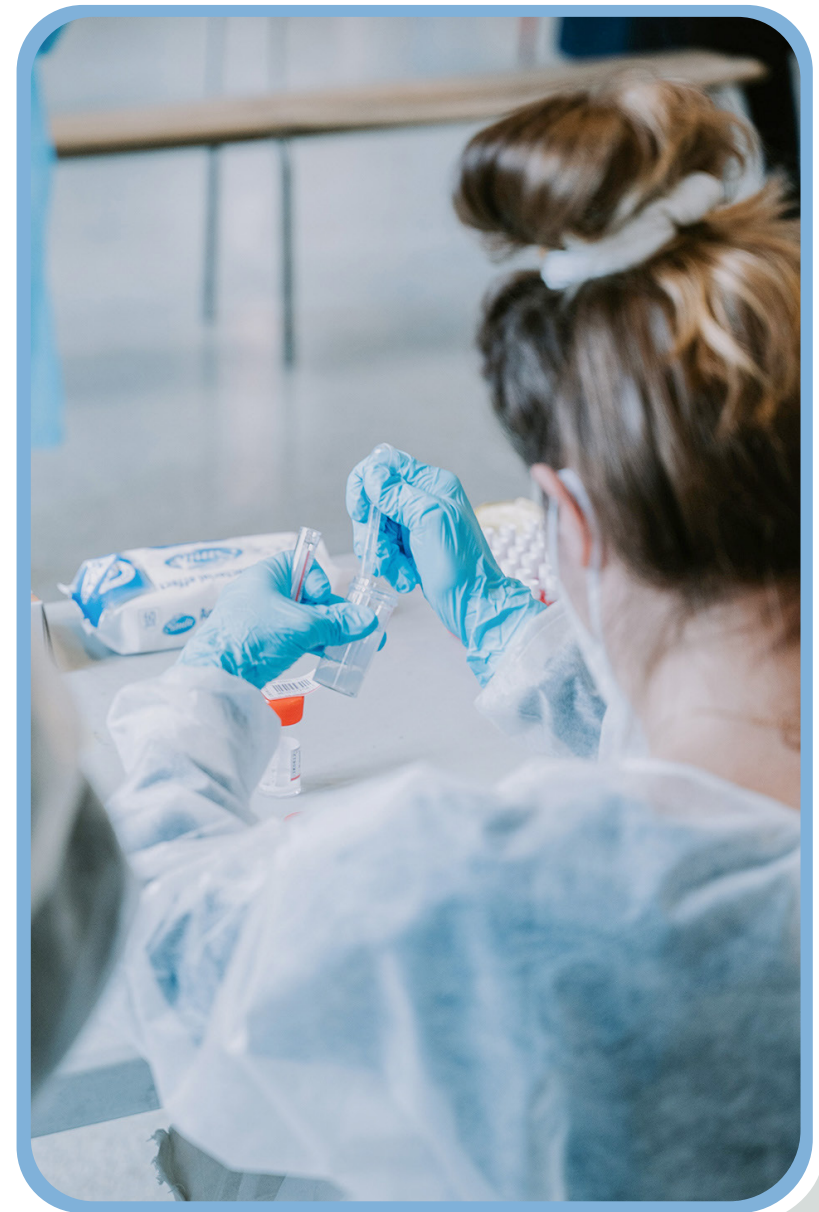


## ➤ Responding to COVID-19>>>

The continuous spreading of the COVID-19 pandemic in the world has posed huge challenges to the supply chain operations and the flow of persons and goods has been greatly affected. Our operational stability has been exposed partly to regional epidemic outbreak, regional lockdown, price rise in raw materials and shortage in global shipping containers.

The safety and welfare of stakeholders remain the top priority of the Group amid various challenges brought by the pandemic. The Group has tried everything to protect employees' health and safety as well as business and supply chain operation stability. The Group responded promptly in early days of the pandemic outbreak by setting up a COVID-19 prevention & control work group headed by our CEO to quickly release, implementing the pandemic prevention guidance, and improving the business continuity plan, resulting in a success in ensuring production and operation stability and maintaining zero-transmission in factories based in China. Controls have been introduced mainly in the following aspects:

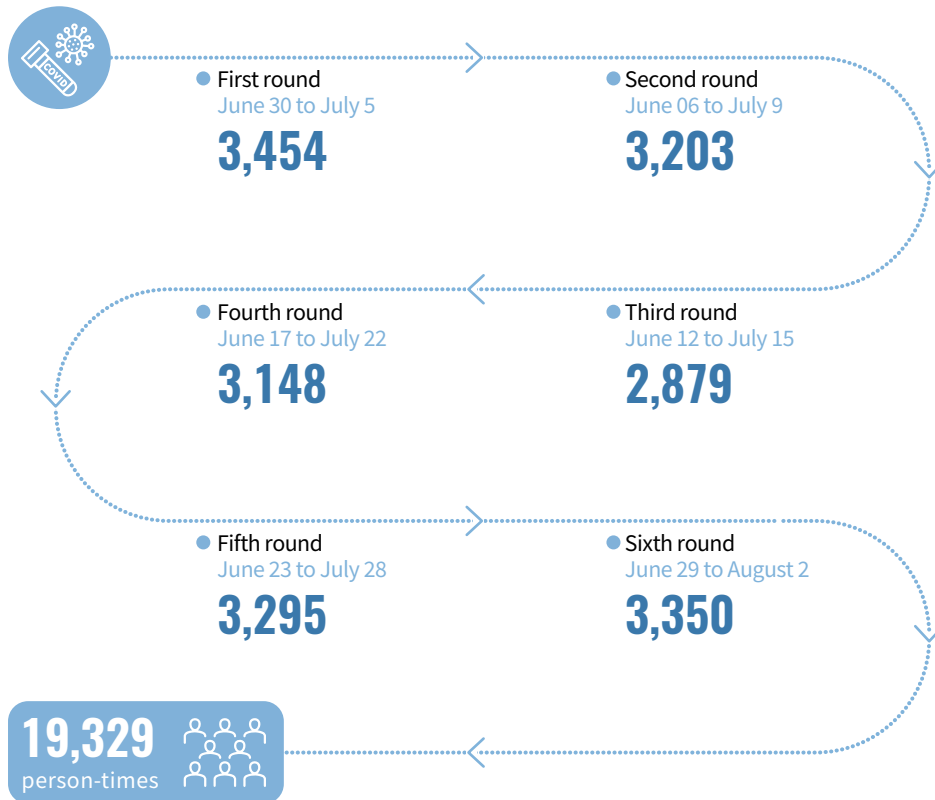
-  Developing and implementing the pandemic control manual/guidance;
-  Setting standards for and intensifying cleaning and disinfection within the premises;
-  Introducing visitor access restrictions and performing a dynamic risk population survey;
-  Avoiding unnecessary gatherings, cutting the number of people in gatherings and maintaining safe distance for pandemic prevention;
-  Transferring meetings online and asking the staff to work remotely when necessary;
-  Improving dining environment and increasing the pandemic prevention class of such environment;
-  Putting in place a continuous monitoring and daily reporting mechanism;and
-  Performing travel risk evaluation and developing travel safety and pandemic prevention guidance.





The Group succeeded in preventing the spreading of the pandemic and ensuring dynamic zero-transmission and no casualty from infection inside the factories by taking decisive measures, such as mobilization of resources from various channels, increasing pandemic prevention class, large-scale nucleic acid test and vaccination for employees, from June to August 2021 when the entire Indonesia, including our factories, was threatened by serious outbreak of COVID-19. Stable supply of goods to customers, employees' safety and continuous and stable factory operations have also been safeguarded.

Six rounds of COVID-19 Antigen Test were arranged for 19,329 person-times in CWII



Number of Vaccination (Group Level)

First shot

99.59%

Second shot

99.41%

Third shot<sup>13</sup>

40.81%



Note: 13 - As of January 15, 2022.

## ➤ Customer Data and Privacy>>>

Advances in technology have brought consumers closer to each other to share more and more information on the Internet. Data and privacy protection is a key to maintaining the trust customers. As an ODM/OEM, we need to collect, use and process sensitive information submitted to us by indirect customers for the purposes of product purchase, which also falls within the scope of customer privacy.

We promise to protect and process personal data and privacy with appropriate means in line with the highest standards. Meanwhile, we comply with applicable laws and regulations and fully respect customers' intent and authorization concerning data sharing.



The Group has taken measures to protect customers' material objects and data. We have assigned special persons in charge of retaining product design, drawings and customer information. We have also imposed strict access restrictions and installed CCTV at key risk evaluation areas to enhance the safety of the Group.



The Group has incorporated intellectual property protection management system into its CSR management system. This system contains various preventive measures, such as self-evaluation, review and analysis of noncompliance, encouraging employees to report suspected misconduct and setting up a professional team to follow up IPP management.

We hope and request that suppliers can respect intellectual property rights as we do. Just as indicated in the CSR Guidance released by the Group, suppliers are required to undertake to introduce intellectual property protection policies in order to protect intellectual property rights and reputation of Combine Will and its customers and stakeholders, protect investment, economic, tangible and intangible property safety, and stimulate creativity and innovative vigor.

### Customer Data and Sensitive Information Protection

We make great efforts to build trust with customers and refrain from violating the privacy act. No complaint about customer privacy invasion or customer data loss has been received in this reporting year. In the future, we will focus on enhancing protection of media, hardware or other IT devices containing sensitive information related to customer products and destroying or deleting customer product information concerning national and international technical standards.

### >>Customer Data and Privacy Approach

Target for 2021	Status in 2021
<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>	<ul style="list-style-type: none"> <li>On-going progress.</li> </ul>
Target for 2022 and onwards	
<ul style="list-style-type: none"> <li>To protect customers' product designs, drawings and samples from being disclosed.</li> <li>To strengthen the protection of media, hardware or other IT equipment containing sensitive information relating to customer products.</li> </ul>	

## > Anti-corruption>>>

Honesty, integrity and fairness are at the core of building mutual trust with stakeholders. We have zero-tolerance against bribery or corruption in any form in order to boost business development. We have established a set of widely applicable policies and procedures to maintain our business standards and ensure compliance with local laws and regulations. The Business Ethic Management Guidance released by the Group has listed the codes of conduct for directors and employees, including bribery and corruption prevention and avoiding conflict of interest or unauthorized disclosure.

We have implemented a series of internal control measures in our business as a whole. The Business Ethic Management Work Team of the Group has taken the responsibility of managing matters related to business ethics.

### Conflict of Interest

Employees are not allowed to solicit or accept any benefit directly or indirectly from customers, suppliers or other parties with business connections with the Company. In case of potential or confirmed conflict of interest, employees offered or receiving gifts from above mentioned parties need to notify the management in a reporting form.

### Engagement of Employees and Partners

Each employee is required to sign a Letter of Commitment to follow the Business Ethic Codes of Conduct at his/her entry of the Company to make sure that he/she is clear about and undertakes not to violate relevant laws and regulations. The Group also offers annual anti-corruption trainings to its directors and employees to raise their anti-corruption awareness and understanding. All directors and employees in the Group have participated in anti-corruption trainings by the end of 2021.

We require main suppliers to sign the Business Ethnic Commitment Letter to prevent any misconduct in any link of the supply chain. All anti-corruption policies have also been communicated to all our business partners and suppliers.

### Whistleblowing

We have put in place a sound internal whistleblowing procedure and relevant channels. Employees, suppliers or business partners can report any suspected misconduct to the Group in detecting any illegal activity or misconduct. In the meantime, employees are prohibited to offer benefits in the form of bribery or similar form and are encouraged to reject or report gifts from individuals or organizations.

Corruption-related risks are part of the risk management system of the Group. No serious corruption risk has been disclosed related to factory operations or suppliers in China and Indonesia in the annual report 2021. Nor has any report, proceeding, claim or noncompliance concerning bribery, blackmail, fraud or money laundry related to the Group or its employees been disclosed.

### >>Anti-corruption Approach

Target for 2021	Status in 2021
<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>Zero cases against the Group's zero-tolerance towards corruption to its employees.</li> </ul>
Target for 2022 and onwards	
<ul style="list-style-type: none"> <li>Zero cases against the Group's zero-tolerance towards corruption to its employees.</li> </ul>	

## ▶ Labor Standards>>>

The global demand for transparency in key sustainability issues such as labor practice and modern slavery is increasing in 2021. Potential impact on labor rights may occur at any link of the supply chain, especially matters pertaining to child and forced labor.

We stick to the highest moral and legal standards to eradicate child labor and modern slavery in our business and supply chain (including suppliers and contractors). We strictly prohibit use of labor and forced labor under the CSR Guidance. We will work continuous to protect the rights of our employees in accordance with industrial standards, such as the rules of ICTI. We regularly engage third parties to perform internal and external audits to ensure the effectiveness of our management measures.



### Child Labor

We strictly prohibit employing personnel under legal working age. The HR Department will thoroughly examine identity documents of candidates before recruiting to avoid employing juveniles without noticing. If any child labor is found, corrective measures will be taken and safety of child labor should be secured before their cases are closed.



### Juvenile Employees

Special arrangements will be made when recruiting juveniles aging from 16 to 18 years old (as defined by local laws and regulations) to protect their legal rights and physical and mental health. It is strictly prohibited to assign juveniles to positions with potential hazards to safety and health, including but not limited to hard physical work, control of heavy equipment and exposure to hazardous substances.



### Forced Labor

Forced labor in any form is strictly prohibited, including forcing employees to work with violence, threat or unreasonable restrictions on freedom of movement of employees as disciplinary measures. We prohibit charging any deposit during recruitment or withhold ID cards (or other identity documents) of employees. The Group has clear rules in internal policies concerning working hours, including break time, working overtime and compensation. Any change in working hours should be published in the local language and approved by the labor union (or employee representatives, if applicable).



### Supply Chain

It is one of our key principles of procurement and supplier selection to prohibit child or forced labor. We proactively manage the part of the value chain related to labor standards. We will perform due diligence when selecting suppliers and ask them to perform self-evaluation.

Combine Will has eliminated all major risks of child and forced labor related to its business and suppliers in China and Indonesia by December 31, 2021. We will keep pushing the zero-tolerance policy against child and forced labor in our entire supply chain.



## >>Labor Standards Approach

### Target for 2021

- To continue to promote a zero-tolerance policy on the use of child and forced labor throughout the supply chain.

### Status in 2021

- On-going progress.
- The 2021 external audit did not document or raise any issues related to child Labor and forced Labor.

### Target for 2022 and onwards

- To continue to promote the Group's zero tolerance for the use of child labor and forced labor throughout its supply chain.



## Community Initiative

Introduction: We always consider the Company part of the community and we constantly bear in mind our social responsibility. We have made more attempts and contributions in education, care for the socially disadvantaged and social development in 2021. We keep improving our ways of care-giving and poverty alleviation to offer educational support and spiritual care beyond the original funds, project support and material aids, in addition to creating more job opportunities by increased investment at the place of our production and operations.

### Related SDGs



As a member of the community, it has always been Combine Will's commitment to growing together with local communities, even in the midst of economic uncertainty due to the pandemic. In 2021, resources and efforts were invested in the community with positive influence. Initiatives were taken for COVID-19 prevention, cleaning the environment, visiting impoverished people, visiting elder people, sponsoring education for impoverished children and employees' children.

Besides direct donation, creating equal job opportunities and supporting local economic growth by sustainable operation was another strategy of our social responsibility. We got recognition from multiple parties, for example, the Guangxi factory got the award of "Advanced Enterprise on Poverty Alleviation" in 2021.

>>Honors and Awards

- Loong Run (He Yuan) Toy Company Limited



Bronze Prize of Guangdong  
Poverty Alleviation Award

- Combine Will (Cangwu) Industrial Co., Ltd.



Poverty Alleviation Pioneering  
Enterprise Award



Caring under COVID-19

- To speed up COVID-19 vaccination rates in local communities, a standard vaccination facility was set up in CWII factory compound under the guidance of local vaccination in 2021, which was convenient for employees, employees' families and surrounding villagers to get vaccinated. As of 31st December, more than 15,000 doses of vaccines of COVID-19 were administered while more than 6,000 out of it were for people from local community. During the opening hours of each vaccination day, volunteers from CWII maintained the overall operation of the vaccination center, and some essential medicines (paracetamol, vitamin, and antacids), and milk were available for people.
- Five sets of oxygen generators and oximeters were donated to a volunteering organization in Jakarta, which provides volunteering care to those infected people, and three sets to the local COVID-19 force team from the police department.







### Community Safety

To enhance the traffic safety of the local community, a traffic safety promotion program was launched in Heyuan factory in April 2021. The volunteer team went out every day to promote the importance of traffic safety for surrounding residents, particularly focusing on pedestrian and motorcycle traffic safety.



### Care for the Socially Disadvantaged

HYLR has long been a pioneer in local poverty alleviation. Our efforts in aiding the socially disadvantaged have been recognized by the society and the government, such as visit to elderly homes, centers for disabled persons and welfare centers for children, in addition to our monetary input. Our volunteers bring small gifts, and select games for interactions and ways of conversation based on characteristics of specific communities to make them feel deeply valued by the society. GXCW, with a tradition in poverty alleviation, pays more attention to education of children from poverty-stricken families. Directors of the Group led local management team to visit local low-income families, solve their problems, and provide educational subsidies and encouragement to their school-age children in 2021.



### Improving Community Environment

CWII has set a great example in 2021 by combining waste recycling with community sanitation maintenance. HYLR took the initiative to take part in the “Building Beautiful Home” campaign of their community in April 2021. Its volunteers helped with regular clean-up in blind spot of community sanitation work and places with big crowds.

A total of more than 6,500 people benefitted from our community initiatives.







## GRI-SGX Content Index

Disclosure	Description	SGX	Page	Remarks
<b>GRI 102: General Disclosures 2016</b>				
<b>Organizational Profile</b>				
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102-3	Location of headquarters	-	6-7	
102-4	Location of operations	-	6-7	
102-5	Ownership and legal form	-	6-7	
102-6	Markets served	-	6-7	
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102-13	Membership of associations	-	6-7	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	LR711B-1e	4-5	
102-15	Key impacts, risks, and opportunities	PN7.6-3.3	13-21	
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102-16	Values, principles, standards, and norms of behavior	-	12	
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**Stakeholder Engagement**

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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 employee can furnish feedback and suggestions.
102-42	Identifying and selecting stakeholders	-	17-18	
102-43	Approach to stakeholder engagement	-	17-18	
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## Reporting practice

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102-55	GRI content index		-	58-63
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## Material Topics

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**GRI 305 Emissions 2016**

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**GRI 408 Child Labor 2016**

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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)