



CW GROUP HOLDINGS LIMITED

創達科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1322



2016

Environmental, Social and Governance Report

Environmental, Social and Governance Report

This report discloses Environmental, Social and Governance (“ESG”) performance of CW Group Holdings Limited (the “Group”) in accordance with the “comply or explain” provisions of the ESG Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“ESG Reporting Guide”).

Reporting Scope

This report covers the ESG performance during the 2016 financial year of our principal businesses in Singapore which are major contributors to our revenue. The operation consists of two business segments:

- Precision engineering solutions projects
- Provision of comprehensive maintenance and after-sales technical support services

For details of our business segments, please refer to page 7 of the Business Review section in the 2016 Annual Report. We will gradually expand the reporting scope in future reports to provide a greater coverage of our ESG performance.





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Our ESG Approach



In 2016, an ESG Committee was established to ensure the Group's ESG performance is an integral part of our long-term business development. It is chaired by our Chief Financial Officer and reports directly to the Board. The ESG Committee works closely with the Audit Committee to identify and monitor ESG-related risks and opportunities.

In preparing this report, we engaged an external consultant to identify material ESG issues within the reporting scope. The issues were approved by the Group's senior management. Our performance related to each material ESG issue is discussed in the following sections of this report. Regular reviews will be taken place to ensure these issues remain material to the Group.

Material ESG Issues	Description	Corresponding ESG Reporting Guide Aspects
Environment		
Use of Materials	Approach to select and procure more sustainable materials and machineries for customers throughout our operations.	A2: Use of Resources
People		
Employment	Approach of staff recruitment and retention, benefits, workforce composition, labour practices and human rights.	B1: Employment
Health and Safety	Measures to ensure occupational health and safety of employees and other people in workplaces.	B2: Health and Safety
Employee Development and Training	Approach and initiatives to develop the competencies and skills of our workforce.	B3: Development and Training
Supply chain		
Supply Chain Management	Procurement practices and supplier engagement and management on ESG issues.	B5: Supply Chain Management
Product and Service Responsibility	Approach and practice to ensure quality of the Group's products and services and the handling of customers' feedback.	B6: Product Responsibility*
Customer Privacy	Approach to protect customer privacy and ensure data security.	B6: Product Responsibility*
Anti-Corruption	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7: Anti-Corruption
Compliance		
Compliance	Relevant laws and regulations that apply to the Group; approach to meet all relevant laws and regulations; the extent that the Group goes beyond compliance.	N/A

* Description of B6: Product Responsibility refers to health and safety, advertising, labelling and privacy matters to products and services, which partly relates to our product design and manufacturing operation and does not fall into current reporting scope.

Our Operation



■ Open house visit of supplier's factory

The Group understands that proper supply chain management is essential to sustainable business growth. We establish long-term relationships with suppliers to ensure that there are robust risk management structures along our supply chains. We strive to adhere to international standards to provide products and services to our customers that are of excellent quality.

Supply Chain Risk Management

We require our suppliers to comply with local laws and regulations. Most of the supplies for our precision engineering solutions projects business segment are procured from Japan and Germany. Both countries have strict laws and regulations governing social and environmental risks. For example, suppliers from Japan and Germany, respectively, are required to comply with the policies set down by The Ministry of Economy, Trade and Industry (“METI”) and the Federal Office for Economic Affairs and Export Control (“BAFA”), to ensure that their products are not linked to or supporting terrorist activities. In addition, the Group complies with relevant laws and regulations to prevent any form of child employment or forced labour throughout our operations. We also expect the same from our suppliers.

Supplier Engagement

Various engagement channels are in place to foster and maintain strong relationships with our suppliers. Our Know-Your-Vendor programme provides a platform to better understand our suppliers and support our business decision-making process. Representatives of the Group regularly attend machine tool trade fairs and conduct supplier factory visits. Customer feedback is collected and reflected to our suppliers for continual product and service quality improvement.

Product Responsibility

We are dedicated to providing professional after-sale maintenance and operational technical supporting services to our customers. All of our production modules comes with one year of complimentary maintenance service upon final installation. Training is provided to our customers following installation of our products.

Data Privacy

We have stringent measures in place to protect operational and customer data privacy. Non-disclosure agreements are signed by all our suppliers. A systematic approach is implemented internally to ensure that only designated employees have access to sensitive and confidential information. All confidential documents are shredded and collected by qualified companies for further processing. No confirmed cases of data leakage were identified during the reporting period.

Our People



Human capital is the Group's most valuable asset. A robust set of human resource policies and procedures are in place to ensure a fair, ethical and competitive workplace for our employees in terms of remuneration, career development, equal opportunity, welfare and other labour practices. We strictly comply with local laws, regulations and guidelines set out by the Singapore Government's Ministry of Manpower ("MoM").

Talent Recruitment and Development

The Group's Recruitment Process Policy and Re-Hire Former Employee Policy detail our approach and procedure related to recruitment. We also signed a pledge with MoM to adopt the Fair Consideration Framework, which ensures fair employment practices that are open, merit-based and non-discriminatory. Regular salary benchmarking is conducted to ensure our employment packages remain competitive.

Training needs assessments and reviews are conducted on a timely basis to ensure that our employees are competent when performing their tasks and prepared for future challenges. All our new employees go through orientation training led by our Human Resources Department and receive on-the-job training from their supervisors. Refresher courses and other specific training sessions and development programmes are delivered based on employee needs and positions. These include, but are not limited to, talks and seminars, workshops and other programmes conducted locally and overseas.

Annual performance appraisals are in place to review employee performance. These provide an opportunity for us to understand the views of our employees regarding the company, their career expectations and aspirations.



Our People

Occupational Health and Safety (“OHS”)

We are committed to complying with OHS laws and regulations. Our OHS Policy stipulates the responsibilities of our managers and supervisors to protect our employees, sub-contractors and properties under our control in all our workplaces, thereby ensuring our compliance with laws and regulations. Guidelines and training are delivered to our employees to promote OHS awareness. Safety risk assessments are conducted regularly to ensure the continual improvement of the workplace environment.

During the reporting year, we obtained BizSAFE's Workplace Safety and Health Level 4 certificate. BizSAFE is a five-step program which enables companies to build up their workplace health and safety capabilities through continuous review and improvement. This certificate demonstrates our efforts to create a safe working environment for our employees. The Group is working with other departments to achieve the next step of the programme.

Anti-Corruption

Our Anti-Corruption Policy sets out our zero-tolerance stance towards corruption and bribery associated with the Group's employees. The Employee's Gift Scheme Policy strictly stipulates the value of gifts employees may receive and deliver. Our internal audit team, Human Resources Department and Finance Department are responsible for identifying potential risks and taking corresponding actions. A Whistleblowing Policy is in place to enable employees to raise any grievances in a confidential manner. No confirmed corruption or related cases were identified during the reporting period.

Employee Wellbeing and Engagement

We regularly review employee welfare packages and benchmark them against companies in the market. Apart from the benefits set out by local laws and regulations, we have also put in place policies to enhance employee wellbeing such as overtime pay, compassionate leave, child care leave, marriage leave, paternity and maternity leave.

We believe a balanced lifestyle is essential for employee development. External experts are regularly invited to deliver talks and seminars to our employees to promote health and wellness. Our Employee Goodwill Program aims to foster a culture of work-life balance for our employees through outings, dinners and other events. For example, a trip to Thailand was organised to enhance relationship bonding among our employees and their family members.



The Environment

The Group is mindful of the impact of our operations on the environment. We are committed to reducing our environmental impact through the inclusion of environmentally friendly elements in our products and services as well as raising environmental awareness among our employees.

Environmental Consideration of Our Services

We strive to lower the operational cost of our customers' energy consumption by designing more efficient production lines and procuring more effective machines. We encourage our customers to select more energy efficient machines as part of our efforts to encourage them to embrace environmental stewardship. Video conferencing and hotline services are in place to provide programming assistance to our customers, which in turn help to reduce the environmental footprint of our employees' travel.



- Posters are displayed in prominent office areas to promote environmental awareness.

Green Office Practice

We raise the environmental awareness of our employees through various green practices in the offices. For example, preference is given to environmentally friendly office supplies and energy efficient electrical appliances that reduce the environmental impact of our office operations. Notices are sent on a timely basis and posters are displayed in prominent office areas to promote environmental awareness among our employees. We regularly monitor office resource consumption and the usage of electricity and water. Relevant departments are alerted of any anomalies.

Our Community

The Group supports the local community through employee volunteer activities and donations. For example, during the year we provided financial donation and manpower assistance to Touch Community, a non-profit organisation that supports a variety of community programs in Singapore, including services for children, youth, families, special needs and healthcare. We will continue to identify local community needs and provide support to foster a positive impact in the community.



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ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
A1: Emissions		
<p>General Disclosure:</p> <p>Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste.</p>	<p>The Group currently does not have the relevant policies in place and the laws and regulations related to this aspect do not have significant impact on the Group.</p> <p>Explain: The aspect of Emissions is not regarded as a material issue to the Group under the reporting scope. Most of our emissions originate from electricity consumption by our offices. Similarly, our wastes are mostly generated in our office premises. We do not have significant environmental impact in these areas. We educate our employees in energy saving and waste reduction and recycling practices.</p>	N/A
A2: Use of Resources		
<p>General Disclosure:</p> <p>Policies on efficient use of resources including energy, water, and other raw materials.</p>	<p>The Group currently does not have the relevant policies in place.</p> <p>Explain: Our approach to encouraging the efficient use of resources in our operation is disclosed in this report. We aim to develop and disclose relevant policies in future reports.</p>	The Environment
A3: The Environment and Natural Resources		
<p>General Disclosure:</p> <p>Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	<p>The Group currently does not have the relevant policies in place.</p> <p>Explain: The aspect of The Environment and Natural Resources is not regarded as a material issue to the Group under the reporting scope. We procure the machines from suppliers in accordance with our customers' requirements, and we do not have direct control over their decisions that might impact on the environment and natural resources. As detailed in Our Operations section, we aim to reduce environmental risks through our supplier selection process.</p>	N/A

ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
B1: Employment		
General Disclosure: Information on a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Comply	Our People
B2: Health and Safety		
General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Comply	Our People
B3: Development and Training		
General Disclosure: Policies on improving employees' knowledge and skills for discharging duties and work, and description of training activities.	<p>The Group currently does not have the relevant policies in place.</p> <p>Explain: Our approach to employee development and training is disclosed in this report. We aim to develop and disclose the relevant policies in future reports.</p>	Our People
B4: Labour Standards		
General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	<p>The Group currently does not have the relevant policies in place and the laws and regulations related to this aspect do not have significant impact on the Group.</p> <p>Explain: The aspect of Labour Standards regarding child or forced labour is not regarded as a material issue of the Group under the reporting scope. In the precision engineering industry, which requires highly skilled labour and relevant knowledge, there is less chance to involve child or forced labour. Nevertheless, the Group strictly prohibits the employment of child and forced labour in our operations and we expect our suppliers to adhere to relevant standards.</p>	Our Operation

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ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
B5: Supply Chain Management		
General Disclosure: Policies on managing environmental and social risks of the supply chain.	<p>The Group currently does not have the relevant policies in place.</p> <p>Explain: Our approach to managing environmental and social risks of the supply chain is disclosed in this report. We aim to develop and disclose the relevant policies in future reports.</p>	Our Operation
B6: Product Responsibility		
General Disclosure : Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<p>The Group currently does not have the relevant policies in place and the laws and regulations related to this aspect do not have significant impact on the Group.</p> <p>Explain: Our current approach to product responsibility related to after-sales care is detailed in the report. Our operation related to product design and manufacturing dose not fall into current reporting scope. We aim to expand the scope and supplement relevant policies in future.</p>	Our Operation
B7: Anti-corruption		
General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Comply	Our People
B8: Community Investment		
General Disclosure : Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration the communities' interests.	<p>The Group currently does not have the relevant policies in place.</p> <p>Explain: Aspect of Community Investment is not regarded as a material issue to the Group under the reporting scope, as our operations are less likely to have direct impact on local communities. However, we remain alert to the development and needs of the communities we operate within and provide appropriate support. Relevant information is disclosed in this report.</p>	Our Community



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