



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



2017

Environmental, Social and Governance Report

Environmental, Social and Governance Report

About the Group

Founded in 1996 and headquartered in Singapore, CW Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) provides precision engineering solutions to our customers in a wide range of manufacturing industries, including precision machine tool engineering, energy, electronic/semi-conductor, automobile, oil, gas and marine, and aerospace industries. We have continually expanded our operations across Asia and Europe to broaden our customer base and provide our services to a larger market.

About this Report Reporting Approach

This is the Group’s second Environmental, Social and Governance Report (this “**Report**”). This Report discloses our annual Environmental, Social and Governance (“**ESG**”) performance in accordance with the “comply or explain” provisions of the Environmental, Social and Governance 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 our ESG performance during the 2017 financial year of our principal businesses in Singapore which are major contributors to our revenue. The operation consists of two business segments entirely owned by the Group:

- 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 2017 Annual Report. Through this Report, we aim to enhance our ESG performance disclosure by reporting relevant quantitative information about our environmental and social performance.



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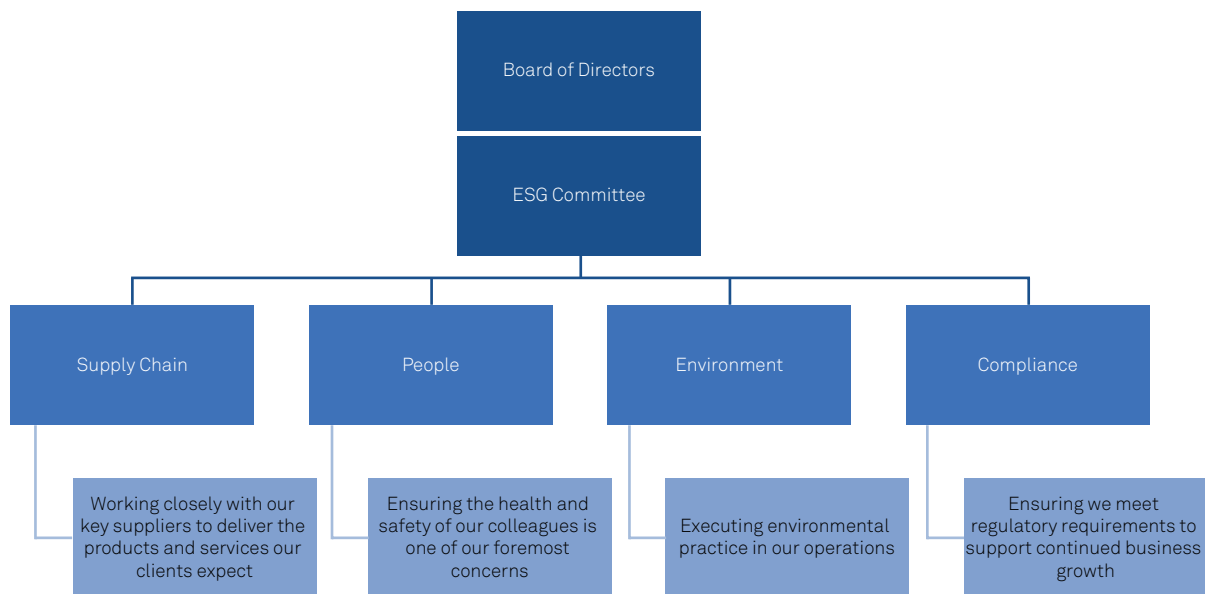
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Our ESG Approach

We established our Environmental, Social and Governance Committee (“**ESG Committee**”) in 2016 with the aim of monitoring our operational performance in four focus areas, namely supply chain, people, environment and compliance, and ensuring that these are incorporated into our operation and long-term business development objectives. Chaired by the Group’s Chief Financial Officer, the ESG Committee works closely with the Audit Committee to identify and monitor ESG-related risks and opportunities, as well as make progress reports to the Board on a timely basis.

What is Material to Our Operations?

In 2016, the Group identified our material ESG issues under our four focus aspects. The list of issues was reviewed in 2017 by the senior management and are deemed being material during the reporting year. Our corresponding performance related to each material ESG issue is discussed in each of the following sections of this Report.



List of Material Issues

Focus Areas	Material ESG Issues	Description	Corresponding HKEX ESG Aspects
Environment	Use of Resources	Approach to select and procure more sustainable materials and efficient machineries for customers and throughout our operations.	A2: Use of Resources
People	Employment	Approach to staff recruitment and retention, benefits, workforce composition, labour practices and respect of 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
Operations	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 handle 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; extent that the Group goes beyond compliance.	B1: Employment B2: Health and Safety B6: Product Responsibility B7: Anti-Corruption

Our Operation

The Group is committed to operating our business in a sustainable and responsible manner. We maintain long-term relationships with our suppliers to ensure that supply chain risks are robustly managed. We strive to adhere to international standards throughout our operation to provide excellent product and service quality to our customers.

Our number of suppliers are detailed by geographical region below. We disclosed the data for us to better understand our supply chain risks and opportunities.

Supply Chain Risk Management

The Group complies with all relevant local laws and regulations and we require that our suppliers do likewise in the locations of their operations. Significant proportions of supplies for our precision engineering projects are sourced from Germany and Japan, where stringent policies and regulations on environmental and social risk management are set by their respective governments. For example, The Ministry of Economy, Trade and Industry (“METI”) in Japan and the Federal Office for Economic Affairs and Export Control (“BAFA”) in Germany require that our suppliers’ products are not linked to or supporting activities that would expose the Group to modern slavery or funded terrorism throughout the procurement process.

Supplier Relationships

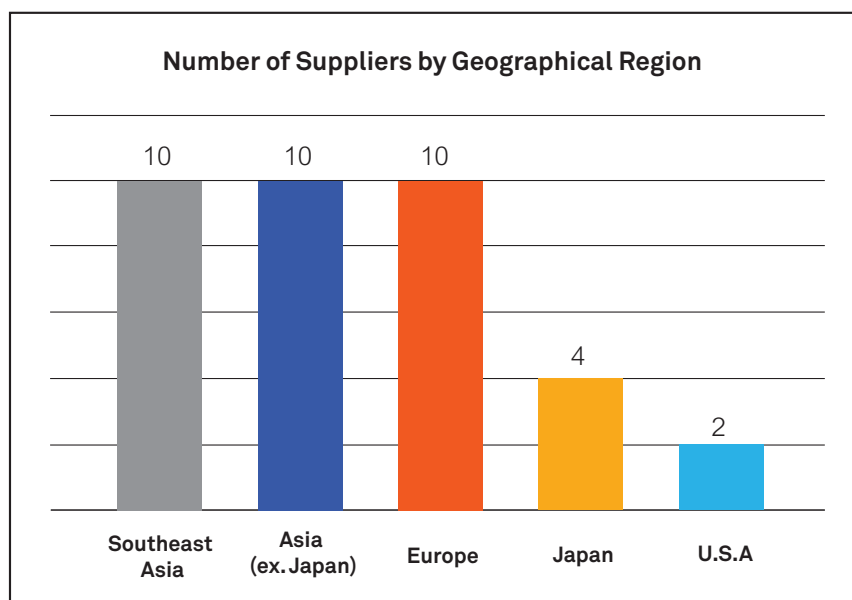
We maintain strong and long-term relationships with our suppliers through various engagement channels, including regular e-mail exchanges, supplier factory visits and participation in exhibitions and fairs. Customer feedback is collected and reflected to our suppliers for continual product and service quality improvement.

Product Responsibility

Upon purchase of production module, we provide professional after-sales maintenance and operational technical support to our customers. Post-installation training is also provided to our customers.

Data Privacy

The Group is strongly committed to protecting the data of our customers. Only employees with relevant clearance are eligible to handle confidential or sensitive information. All confidential and sensitive documents are shredded prior to disposal. During the reporting period, there were no confirmed cases of data leakage.



Our People

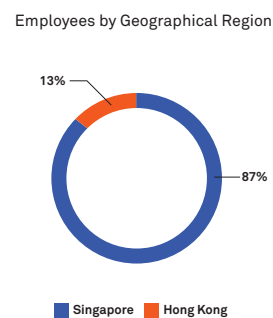
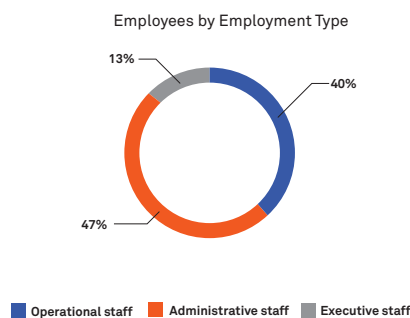
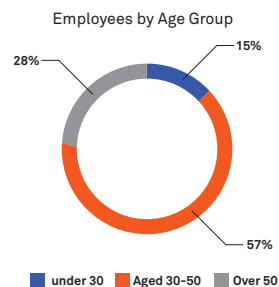
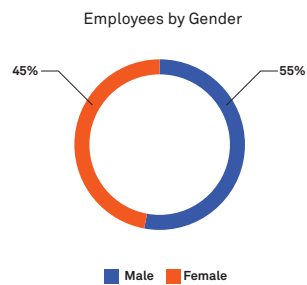


We aim to attract and retain dedicated individuals who strive to add value to our team and contribute to the growth of the Group. Our human resources policies were set up to ensure that our employees feel secure in a healthy, safe and dynamic workplace. Through competitive remuneration and opportunities for training and career development, we are committed to developing a motivated and engaged workforce. We abide by all local laws and regulations outlined by the Singapore Government's Ministry of

Manpower ("MoM"). The Group's Whistle Blower Policy ensures that our employees can raise any concern or grievance in a confidential manner for independent investigation.

Employee Composition

As of 31 December 2017, 47 full time staff are employed by the Group's Singapore and Hong Kong offices. Breakdown by gender, age group, employee type and geographical region are detailed below.



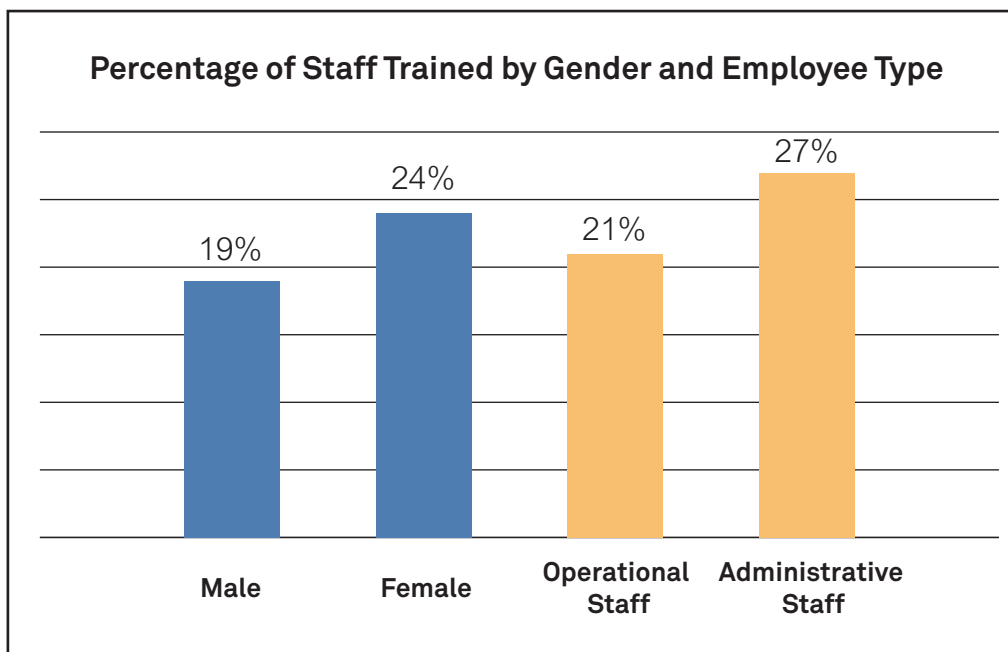
Our People

Talent Recruitment and Development

The Group's Recruitment Process Policy and Re-Hire Former Employee Policy detail our approach and procedures relating to recruitment. We adhere to Singapore's MoM guidelines for employee recruitment, compensation, benefits, and promotion. We also continue to stand by our pledge with MoM to adopt the Fair Consideration Framework, ensuring fair employment practices that are open, merit-based and non-discriminatory. Our competitive remuneration packages are set through regular salary benchmarking and annual performance appraisals, through which our employees' efforts and achievements are recognized in the forms of salary increase and promotion.

Developing Talent & Careers

Our Employee Learning and Development guidelines provide our approach to staff training and development. Every new hire will go through induction and on the job training to better understand our corporate culture and operation. Various learning and career development opportunities are provided for our staff to upgrade their skills and expertise. We arrange for our engineers to attend training sessions regularly with original equipment manufacturers ("OEM") to equip with the latest precision engineering equipment knowledge. We also encourage our staff to attend external training courses and seminars to keep abreast of the latest industry developments. The diagram below illustrates the training profile of our employees.



Occupational Health and Safety

The Group places health and safety as a top priority. Our Occupational Health and Safety (“OHS”) Policy outlines our responsibilities for staff and guidelines for sub-contractor safety to ensure relevant regulatory compliance. OHS guidelines and training are provided to our employees to increase health and safety awareness, and regular safety risk assessments drive continuous improvement in our workplaces.

Since 2016, the Group has obtained level 4 certification of BizSAFE, a five-step program to promote workplace health and safety. Looking forward, we aim to achieve the higher level of BizSAFE STAR as a part of our continuous commitment towards safeguarding our staff and other individuals on our operational sites. There were no fatalities or lost days due to work injuries during the reporting period.

Anti-Corruption

Ensuring ethical business practices and culture is essential for maintaining long-lasting relationships with our business partners. We have zero tolerance towards any corruption and bribery activities, and extortion, fraud and money laundering associated with our employees or business activities. Our

Business Conduct & Ethics and Whistle Blower Policy set out guidelines of ethical behavior for our employees and procedure for them to raise any grievances in a confidential manner. The Employee’s Gift Policy clearly stipulates the value of gifts that can be exchanged. There were no incidents of corruption, bribery, extortion, fraud or money laundering reported or identified during the reporting period.

Employee Wellbeing and Engagement

The Group aims to foster a caring workforce environment in which employees are treated with respect. We regularly review and benchmark employee welfare packages to ensure that these comply with local laws and regulations and remain competitive in the market. All employees are entitled to marriage leave, parental and maternity leave, child care leave, overtime pay and compassionate leave. Through our employee-centric approaches and Employee Goodwill Programme, we aim to promote work-life balance culture and boost staff morale, such as by reducing working hours during festive occasions and organizing company trips for employees.

During the reporting period, the Group also received the NS Mark as an acknowledgement of our support towards National Service and Total Defense.



The Environment

The Group complies with relevant local environmental laws and regulations where applicable to our operations. We are conscious of the environmental impact throughout our operations, and strive to reduce such impacts through the inclusion of environmentally friendly elements in our products and services, as well as raising the environmental awareness of our staff.

Environmental Consideration of Our Services

We understand there is an increasing demand for environmentally friendly products and services driven by the government and industry requirements. Starting from the production line designing phase, we prioritize machine lifecycle longevity and environmental impact during operation as important considerations. We also encourage our clients to use machines with higher energy efficiency and which produce less wastage throughout their operation. Coolants with lower environmental impact are also provided to our clients with purchased machinery to encourage them to embrace environmental stewardship.

Green Office Practices

We continue to promote green office practices which not only reduce energy consumption and waste production but also help to minimize our operational costs. We give preference to environmentally friendly office supplies and periodically remind our staff to practise environmental protection through e-mails and posters. We also encourage them, for example, to separate and dispose of office waste into the recycle bins in our office building. We also regularly monitor office resource consumption, specifically use of electricity and water. Relevant departments are alerted of any anomalies.



Energy and Greenhouse Gas (GHG) Emissions

The most significant source of our energy consumption comes from our electricity purchased from the local grids for the use of office operations. During 2017, energy consumption was similar across our offices in Singapore and Hong Kong, despite our Hong Kong office having fewer staff. This is due to subletting 50% of our office space in Hong Kong to a third party.

2017 energy consumption and GHG emissions

	Hong Kong Office (including subletting area)	Singapore Office
Electricity Consumption (kWh)	38,306	38,500
Electricity Intensity (kWh/m ²)	180.69	42.40
Scope 2 Emissions ¹ (tCO ₂ e)	19.54 ²	16.34 ³
Scope 2 Emissions Intensity (tCO ₂ e/m ²)	0.09	0.02

¹ Scope 2 emissions accounts for GHG emissions from the generation of purchased electricity consumed by a company.

² GHG emissions factor 0.514 kg CO₂e/kWh obtained from the 2017 Sustainability Report of The CLP Group, Hong Kong.

³ GHG emissions factor 0.4244 kg CO₂e/kWh obtained from Energy Market Authority, Singapore.

Our Community

Through philanthropic donations and volunteering activities, the Group strives to provide support to local charities in their quest to create positive impact in our society. During the year, we encouraged our staff to donate to the Children's Cancer Foundation to help improve the quality of life of children with cancer and their families. We also supported The Food Bank by helping to collect and distribute food to local beneficiaries.



Children's Cancer Foundation Collection

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ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
A.Environmental		
A1 Emissions		
<p>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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	<p>Explain: The Group currently does not have the relevant policies in place addressing this aspect and the laws and regulations related to this aspect do not have significant impact on the Group.</p> <p>Emissions is not regarded as a material issue to the Group under the reporting scope. We will keep track of environmental performance including our energy consumption, GHG emissions and waste management.</p>	The Environment
<p>KPI A1.1 The types of emissions and respective emissions data.</p>	<p>Comply: In this report, the Group disclosed CO₂e emissions (scope 2) from purchased electricity only as it is the most significant source of our emissions. Our operation does not produce significant amounts of air pollutants, discharges into water and land, hazardous and non-hazardous waste so we do not report on these types of emissions.</p>	The Environment
<p>KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Comply: In this report, the Group disclosed CO₂e emissions (Scope 2) from purchased electricity only as it is the most significant source of our emissions.</p>	The Environment
<p>KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Explain: Our operation does not produce significant amounts of hazardous waste. This KPI is therefore not regarded as material to the Group under the reporting scope.</p>	N/A
<p>KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Explain: Our operation does not produce significant amounts of non-hazardous waste. This KPI is therefore not regarded as material to the Group under the reporting scope.</p>	N/A
<p>KPI A1.5 Description of measures to mitigate emissions and results achieved.</p>	<p>Explain: We offer our clients options of machines with higher energy efficiency throughout operation. However, we do not have a direct control over usage and are not able to measure the results.</p>	The Environment
<p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</p>	<p>Explain: Our operation does not produce significant amounts of hazardous or non-hazardous waste. This KPI is therefore not regarded as material to the Group under the reporting scope. We, however, encourage our staff to separate and dispose of office waste into recycle bins in our office buildings.</p>	N/A

ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
A2 Use of Resources		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Explain: The Group currently does not have the relevant policies in place addressing this aspect. 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.	The Environment
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Comply: The Group only disclosed our electricity consumption as the most significant source of our energy consumption comes from purchased electricity from the local grid.	The Environment
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Explain: Our operation is not water demanding and our major source of water consumption comes from daily office operation. This KPI is therefore not regarded as material to the Group under the reporting scope.	N/A
KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Explain: This KPI is not regarded as material to the Group under the reporting scope. We have disclosed information on our approach towards reducing resource consumption in this Report.	N/A
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Explain: Our operation is not water intensive and our major source of water consumption comes from daily office operation. This KPI is therefore not regarded as material to the Group under the reporting scope.	N/A
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Explain: Our operation does not produce packaging material used for finished products. This KPI is therefore not regarded as material to the Group under the reporting scope.	N/A
A3 The Environment and Natural Resources		
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Explain: The Group currently does not have the relevant policies in place addressing this aspect. The aspect of The Environment and Natural Resources is not regarded as a material issue to the Group under the reporting scope. We procure machines from suppliers in accordance with our customers' requirements and therefore do not have a direct control over the decisions made by them which may have an impact on the environment and natural resources. As detailed in Our Operations section, we aim to reduce environmental risks through our supplier selection process	The Environment
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Comply	The Environment

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ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
B. Social		
Employment and Labour Practices		
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
KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	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
KPI B2.1 Number and rate of work-related fatalities.	Comply	Our People
KPI B2.2 Lost days due to work injury.	Comply	Our People
KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Comply	Our People
B3 Development and training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Comply	Our People
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Comply	Our People

ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
B4 Labour Standards		
<p>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 and forced labour.</p>	<p>Explain: The Group currently does not have relevant policies in place and the laws and regulations related to this aspect do not have significant impact on the Group.</p> <p>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 risk of 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
Operating Practices		
B5 Supply Chain Management		
<p>General Disclosure Policies on managing environmental and social risks of the supply chain.</p>	<p>Explain: The Group currently does not have relevant specific policies in place. However, we require our suppliers to comply with local laws and regulations in order to manage their own environmental and social risks. Our supply chain risk management approach is also disclosed in this Report.</p>	Our Operation
<p>KPI B5.1 Number of suppliers by geographical region.</p>	Comply	Our Operation
B6 Product Responsibility		
<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have 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>	<p>Explain: The Group currently does not have relevant specific policies in place, and the laws and regulations related to this aspect do not have significant impact on the Group. Our approach towards product responsibility in regards to after-sales care provided upon the purchase of machinery is disclosed in this Report.</p>	Our Operation

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ESG Reporting Guide Aspect	Comply or Explain with Statement	Section
B7 Anti-corruption		
<p>General Disclosure</p> <p>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.</p>	<p>Comply: The Group's Business Conduct & Ethics and Whistle Blower Policy embedded in our staff handbook set out the relevant information on the policies and compliance with relevant laws and regulations related to our anti-corruption management approach.</p>	Our People
<p>KPI B7.2</p> <p>Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</p>	Comply	Our People
Community		
B8 Community Investment		
<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	<p>Explain: The Group currently does not have the relevant specific policies in place. The 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 impacts on local communities. However, we remain alert to the development and needs of the communities we operate within and aim to provide appropriate support to the same. Relevant information is disclosed in this Report.</p>	Our Community
<p>KPI B8.1</p> <p>Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	Comply	Our Community



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