



2017/2018 ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE REPORT

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 320)

* For identification purposes only

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About the Report

Overview

This is the second Environmental, Social and Governance (“ESG”) Report published by Computime Group Limited (“Computime”, the “Company”, the “Group”, “we”, “us”, or “our”), which discloses our management approach and performance in the areas of product responsibility, labour practices, environmental protection, ethical operation and community engagement. Unless otherwise stated, this report covers our achievements in ESG management from 1 April 2017 to 31 March 2018 (“FY2018” or the “Year”). Certain metrics of the period from 1 April 2016 to 31 March 2017 (“FY2017”) are presented for comparison purposes.

Basis of compiling the report

This ESG Report was compiled in accordance with the Environmental, Social and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited (“HKEx”). The reporting contents were determined by a set of procedures, including identifying and prioritising stakeholders, identifying and prioritising material ESG issues, and compiling and verifying environmental and social metrics.

Reporting scope and boundary

Unless otherwise specified, the contents and metrics in this report cover Computime and the subsidiaries of the Group.

Sources of data and assurance of reliability

The data and case studies in this report were prepared based on our internal statistical reports, internal policies and other internal documents. The board of directors of the Company (the “Board”) hereby confirms that no false or misleading statements have been made in this report.

Board approval

This report has been reviewed and confirmed by the management team and was approved by the Board on 27 June 2018.



Our Environmental, Social and Governance Performance

Comptime Group Limited is a global enterprise primarily focusing on the design, manufacturing, and distribution of electronic control systems and connected devices through leveraging our core capabilities in electronics and wireless technologies. In a world where natural resources are becoming scarce, we play a part in advancing technology which maximises our resource consumption efficiency. Connected devices, control systems and the Internet of Things (“IoT”) are leading us to a greener and smarter lifestyle. The Company has invested in development of solutions which helps to manage how resources are being consumed, in particular saving energy and avoiding wastage. We are excited about this important role that we play, and look forward to contributing to a brighter world for future generations to come.

Environmental protection and upholding labour standards are key priorities of the global electronic supply chain. As a responsible member of this supply chain, the Company pays close attention to our compliance with environment, labour, business ethics, industry standards, and applicable regulations. On behalf of our customers, we also select our suppliers in accordance with the environmental and social responsible principles. The consideration of environmental, social and governance risks and opportunities has always been part of our decision-making process and operational management. We take our responsibility seriously in order to strictly comply with relevant industry standards, laws and regulations related to environment, labour, and business ethics.

Our management perspective on Environmental, Social and Governance issues

Through our conversations with different stakeholders, we acknowledge that an effective management of Environmental, Social and Governance performance reflects a culture of sound business practices and wins the trust of stakeholders. Various policies, which are guiding principles of ESG management, have been effectively implemented across different departments and locations at the Company. The Legal and Corporate Affairs Director, who reports to the Chief Financial Officer, leads the ESG disclosures and risk management efforts. Our Human Resources department and Environmental, Health and Safety (“EHS”) team oversee the implementation of management policies and initiatives in labour practice, community engagement, environmental and occupational health and safety issues. Our Research and Development (“R&D”), Engineering and Manufacturing departments are diligently collaborating to design and manufacture innovative products, and ensuring our materials and products are sustainable with limited natural resources. Our Quality department verifies and validates that our products are safe, delivered with the best quality, and without significant impact on the environment.

Comptime has obtained a Bronze Recognition Level from EcoVadis in their Corporate Social Responsibility (“CSR”) Rating, an assessment rating in the areas of environmental, labour practices and human rights, fair business practices, and sustainable procurement. The recognition demonstrated our effort in managing these ESG-related issues and also provided areas of improvement for our further work. We are committed to continuously improving our sustainability performance in our business operation, supplier management and products.

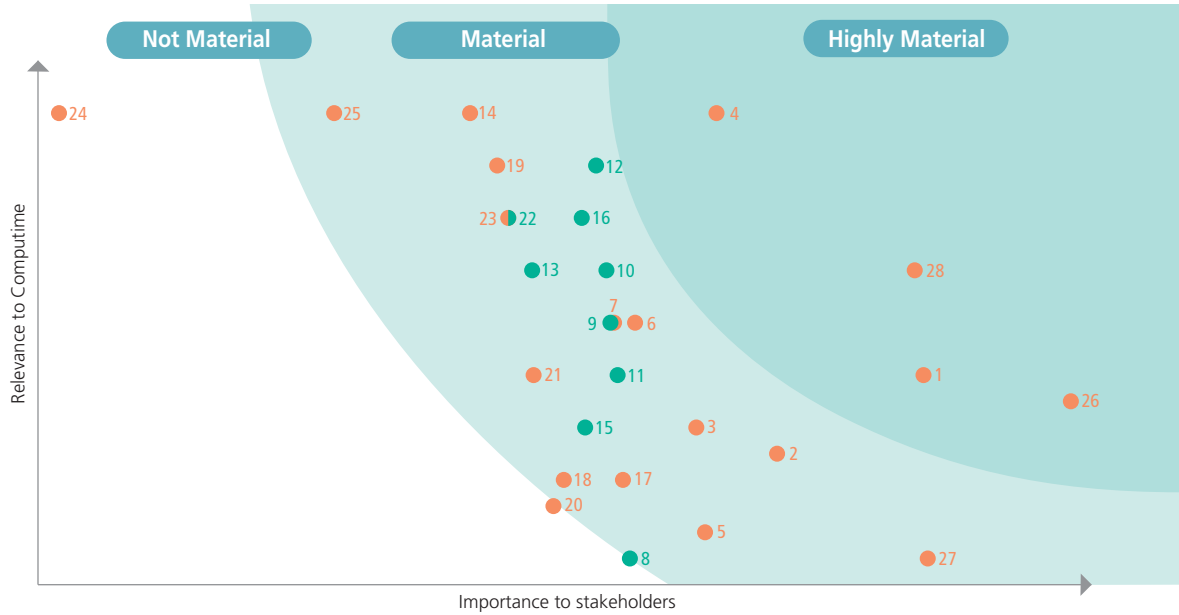
Stakeholder engagement and materiality analysis

The opinions of our stakeholders, such as our customers, employees, and suppliers, are a key source of information for the evaluation of our ESG risks and opportunities. These stakeholders have been engaged through survey in which we understand how they have conceived the impact of these aspects on them and a materiality matrix was constructed with senior management’s consent. The materiality of each aspects has been considered when deciding the depth of disclosure of respective aspects in this ESG report:



Our Environmental, Social and Governance performance (continued)

Materiality matrix for Environmental, Social and Governance Aspects



Subject	Not material No. Aspect	Material No. Aspect	Highly Material No. Aspect
Environment		8 Efficient use of raw material 9 Offering products that are of environmental value 10 Minimising general waste 11 Air pollutant emission 12 Energy consumption and carbon reduction 13 Efficient use of packaging materials 15 Minimising waste water discharge 16 Compliance to environmental regulations 22 Efficient use of water	
Social	24 Workplace diversity	2 Forbidding child labour 3 Customer health and safety 5 Customer data privacy 6 After-sales services and response to complaints 7 Reasonable complaint handling time frame 14 Supplier management 17 Fair working hours and holidays 18 Intellectual property management 19 Anti-corruption 20 Fair remuneration package for employees 21 Compliance to product and marketing regulations 23 Equal opportunity 25 Community investment 27 Staff retention and caring of employee	1 Product and Services Quality 4 Occupational Health and Safety 26 Compliance to labour regulations 28 Development and training

The Company has already disclosed the management approach and performance in relation to these material aspects in this report.



Exceeding customers' expectations

Our mission is to create and provide products and services that exceed customer expectations, solve problems, and improve lives. We invest in research, development and production of products with a “can-do” spirit. In order to live out our values, we are willing to take one step further to achieve customer satisfaction. We are strategically expanding our market in high value-added areas by meeting and surpassing the needs of our clients. Our aim has always been to achieve zero defects through preventing mistakes along the production chain, and continuously improving our manufacturing practices. We ensure full compliance of relevant local and international laws and regulations on product labelling, product safety and marketing.

On top of assuring production quality, we put great emphasis on innovation and creativity, aiming to provide reliable and powerful solutions that enhance the lives of end-users. We have invested in R&D centres in Silicon Valley in the United States, Hong Kong and Shenzhen, with over 50 R&D researchers and over 150 engineers working in electronics, software and mechanical design. Our researchers and engineers work jointly in advancing new technologies across a spectrum of intelligent control technologies with a particular focus on the Internet of Things. Our solutions are leading to smarter lifestyles, and smarter management of electricity consumption at residential, industrial and commercial premises.

Driving sustainability through creative engineering

Computime's creative engineering approach solves problems and improves lives with state-of-the-art technologies in combination with easy-to-use features. Integrating our extensive experience of different wireless protocols, such as Wi-Fi, Zigbee, Bluetooth Low Energy and Z-Wave, our team has a great capacity to provide optimised solutions to our customers. In particular, we have been involved in ZigBee technology for more than a decade and contributed to the initial definition of Smart Energy Profile and interoperability tests.

The Company has also been recognised for its leading position in RF (Radio Frequency) solutions. With over 10 years of experience in networked RF solutions, the Company has become one of the earliest entrants to the IoT market. The Company has made use of IoT technology to offer more innovative home automation products.

We distribute and market our thermostatic controls, home automation and sensor products under the brand name of SALUS. The majority of SALUS products allow smart control of electricity consumption at home. All products are designed in compliance with EnergyStar and/or other energy-related regulatory requirements. In general, our thermostatic-related products can help customers save up to 25% of energy usage.

In compliance with European Union's Waste Electrical and Electronic Equipment Directive, our products are designed to be easily dismantled, facilitating the recovery of materials from phased-out products.



Exceeding customers' expectations (continued)



Auto Balance Actuator ("ABA") to maximise energy efficiency and comfort

ABA is a newly launched underfloor heating control product powered by innovative technology to tackle the problems associated with conventional actuators, thereby improving home comfort and heating efficiency. In a conventional actuator heating system, complicated manual calibration work is usually required to achieve uniform heating throughout the entire home. Without frequent calibration by installers to adapt to changing micro-climates, temperature regulation may be inefficient and lead to wastage of energy. Our ABA completely tackles this issue with the use of an automatic balancing system, making system balancing in a simple and quick operation. Users may therefore enjoy a constant temperature in all areas of the home. In addition, ABA operates with substantial energy saving compared to conventional actuators. ABA consumes only 0.5W of electrical power while conventional actuators use 2-3W.



SALUS Smart Comfort System

In some parts of the world, winter brings sub-zero temperatures. Heating control is therefore a very important aspect of people's lives, as it is the heart of home comfort and represents a significant portion of energy consumption. Leveraging our expertise in the Internet-of-Things, we have launched the Smart Comfort System under the SALUS brand. In its full capacity, the system automatically regulates indoor temperature, optimises the use of lights, and monitors electricity consumption of the home. The system can be controlled by smartphone with the SALUS Smart Home app – remote controllers are not required.

This plug-and-play system comprises a gateway, thermostats, sensors, switches, and relays. It is compatible with all major heating/cooling systems, ensuring the home is always at a comfortable temperature and reducing energy consumption by heating specific rooms only when necessary. The Smart Comfort System is also flexible, allowing the addition of other smart home devices such as sensors and smart plugs. Through a cloud-based distributed rules engine, homeowners can manage their homes intelligently by creating rules that automate how home devices work with each other. Complete with an intuitive app and voice control, the Smart Comfort System gives homeowners a warm, secure, and energy-efficient home, and most importantly, peace of mind.



"At Computime, we are committed to providing innovative, reliable and powerful solutions that enhance the lives of our customers."

– Dr. King OWYANG, Executive Director and CEO of Computime



Exceeding customers' expectations (continued)

Quality assurance

Computime is committed to providing high quality and reliable products to our customers. We take ownership of every phase of the product life cycle to ensure our products are of the highest-quality standard, and to progress towards our goal of zero defects. Our facilities have achieved ISO 9001 Quality Management certification. In particular, we have obtained IATF 16949 and ISO 13485 certification for our automotive and medical products respectively. To further eliminate non-testable field failures, we have established and implemented an ElectroStatic Discharge ("ESD") control, certified with ANSI ESD S20.20, to protect electrical or electronic parts, assemblies and equipment susceptible to damage by ESD. Computime is a registered participant of the US Customs-Trade Partnership Against Terrorism ("C-TPAT") Global Security Verification, which enables us to support our customers by delivering products compliant with specific requirements. In addition, we are in compliance with the Radio Equipment Directive ("RED") harmonised standard for all our radio equipment products shipping to Europe.

In practice, we implement quality control throughout the entire production process, from Early Design Concept Review, Design Quality Audit, Design For Manufacturing, Design For Testing and both Design and Process Failure Mode Effect Analysis. Our independent advanced quality and reliability functions ensure that every product meets stringent quality standards before being released for pilot production.

Along with the quality of our products, we ensure that our products meet the health, safety and environmental requirement of major markets. Our products are certified to meet different testing and product safety standards issued by the following institutes, such as UL, TUV, CSA, VDE, ETL, Nemko, China Compulsory Certification ("CCC") and China Quality Certification ("CQC"), where they are applicable. Our manufactured products for medical applications are also registered with the Food and Drug Administration of the United States ("US FDA"). We have an internal list to assess overall product safety hazards. As part of the quality assurance process, stress tests and abnormal tests are conducted to ensure minimised hazards.



Exceeding customers' expectations (continued)

Listening to customers' feedback

We actively communicate with our customers to listening to their feedback. Our account managers are responsible for maintaining close working relationships with our Original Equipment Manufacturer and Original Design Manufacturer ("OEM/ODM") customers, while other customers of our SALUS brand are supported by our SALUS subsidiaries.

Our OEM/ODM customers are major global electronic product manufacturers and suppliers. Comptime strengthens relationships with these customers through offering exceptional quality. Our account managers are responsible for day-to-day engagement with our clients. Customers can file complaints through complaint forms and discussions with our account managers. Justified complaints which are not resolved through communication will be filed for further handling. Thus far, we have only received occasional reports on functional and cosmetic issues. Where customers identified such problems, shipped products are recalled and failure tests are conducted to justify customers' complaints. During the Year, we received a total number of 366 complaints about our products and services; no products shipped were recalled due to health and safety issues. We arrange failure tests on products returned to the Company to confirm the quality of our recalled products.

Customers of the SALUS brand include professional wholesalers and distributors, as well as professional installers based in Europe and North America. We support end-users and installers of our products through a technical support hotline, emails and social media. Most enquiries via the technical support hotline are about operational and installation issues, which are usually solved efficiently with professional instructions and advice from our employees. We have also published commonly raised questions on the SALUS website for customers' easy reference. Enquiries classified as complaints, are further handled by the Product Development Director. In addition to the technical hotline, customers can provide feedback through SALUS's regular Customer Satisfactory Forms. Customer Satisfactory Forms are distributed to our customers by email. Customers fill in the forms with comments on a voluntary basis, for us to understand their level of satisfaction. Our Customer Service Administrator is responsible for communicating regularly with our distributors to ensure our standards for service and delivery of products are met, and that our customers are satisfied. The administrator sends monthly reports with the service and delivery results to the Sales Directors for further review and follow-up actions.

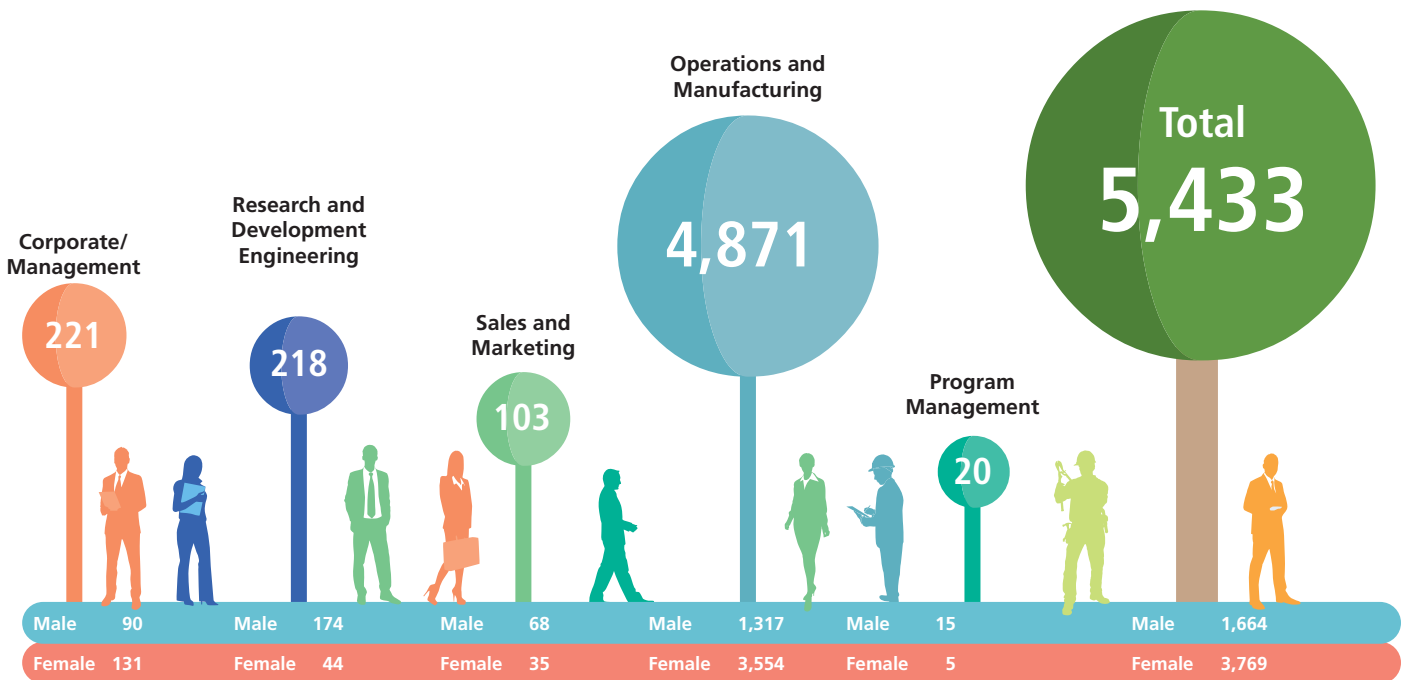


People-oriented

Talent is essential to the development of the Company. Comptime is committed to providing employees with a friendly, safe and people-oriented working environment. We embrace diversity in all roles and positions. We strive to take positive action to ensure that employees and potential employees are not discriminated against on the basis of race, skin colour, national origin, religion, sex, marital status, age, sexual orientation, disability or veteran status in recruitment, hiring, compensation, training, and promotion. The Company implements comprehensive, merit-based employee selection assessment, so that favouritism in the selection process is avoided. The rights of employees are well communicated and explained in our Company’s employee handbook.

Our employees enjoy freedom of association, and a labour union has been set up. We are open to listening to the concerns and needs of employees through our engagement with labour representatives, so as to continuously improve our labour policy. We observe and comply with local labour practices regulations, including but not limited to the Labour Law and Labour Contract Law of the People’s Republic of China, and the Employment Ordinance of the Hong Kong Special Administrative Region.

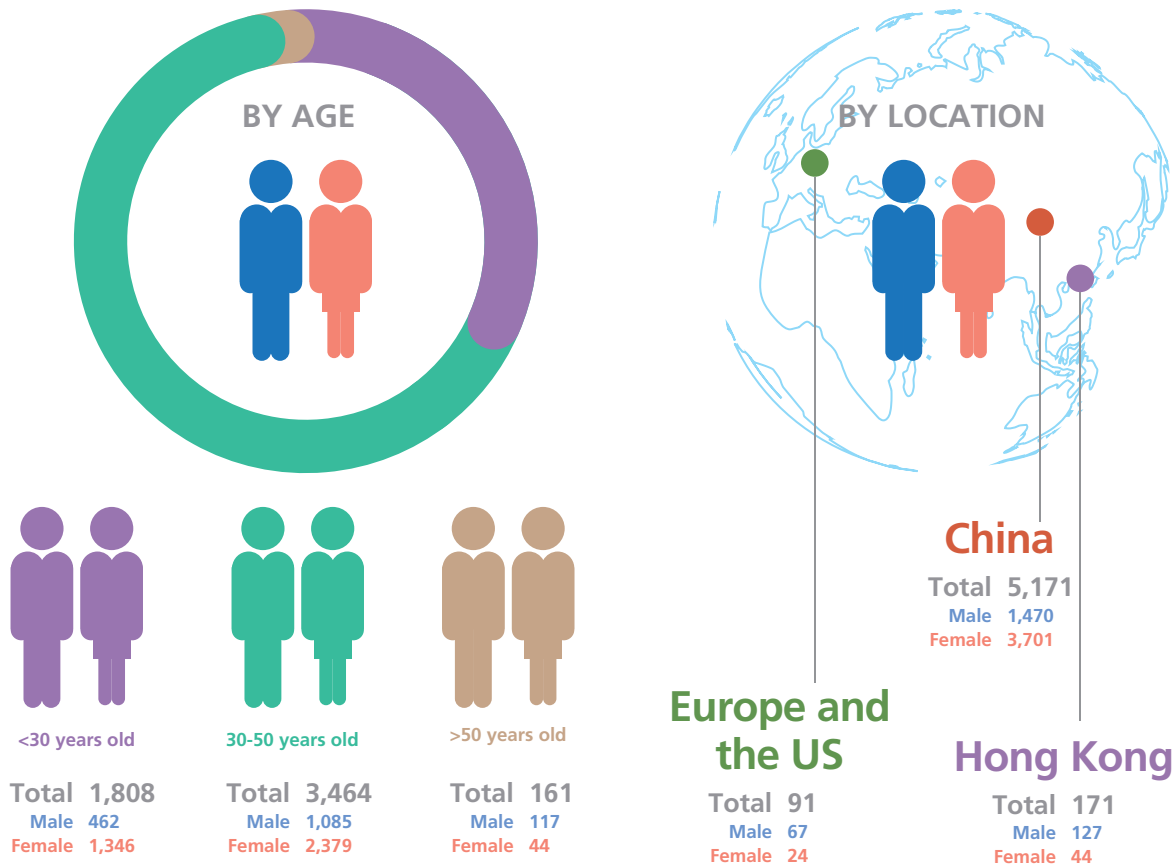
As at 31st March of 2018, our Company employed a total of 5,433 employees¹:



¹ We have experienced a significant drop in headcount in manufacturing compared to the previous reporting year. Labour cost in Guangdong province is gradually increasing due to an increasing competition for labour from other provinces in China. We are working towards leaner production lines to reduce our dependence to labour through automation, production process improvement and training. Low performers were laid off. Low performers were identified through fair performance appraisal mechanism. Laid-off decisions were informed in advance. Employees were sufficiently compensated.



People-oriented (continued)



Respecting employees' rights

Computime observes the electronic industry's expectations for labour practices, such as the Responsible Business Alliance's² Code of Conduct and the Ethical Trading Initiative Base Code. We acknowledge clients' expectations on controlling the working hours of employees. As such, controlling working hours has become a management priority this year. Workers' working hours are now controlled at a level agreed by our key clients. Employees only work overtime if required and on a voluntary basis. Overtime work during rest days and holidays is also voluntary, and compensated by overtime pay and compensatory leave in accordance with local employment laws.

Workers' remuneration packages includes base salary, a performance bonus and a discretionary bonus. The base salary level exceeds local minimum wage requirements. Our employees are also entitled to statutory holidays, rest days, maternity leave and paternity leave. Employee-related insurance benefits, including medical and dental insurance, life insurance, accident insurance, as well as travel insurance, are also in place to provide greater protection to our employees.

2 Formerly Electronic Industry Citizenship Coalition.



People-oriented (continued)

We believe that a diverse and inclusive company culture helps to inspire creativity and provides a foundation for sustainable success. Computime treats employees equally and strives to take positive action to ensure that employees and potential employees are not discriminated against on the basis of race, skin colour, national origin, religion, sex, marital status, age, sexual orientation, disability or veteran status in recruitment, hiring, compensation, training, and promotion. The employees are evaluated based on their competence in performing specific duties. We are committed to providing a fair working environment and creating an atmosphere of open communication for all of our people.

The above policy and commitment has been well communicated to all employees through the distribution of our Employee Handbook. As such, our employees are well informed of their rights and responsibilities.

Growing our talent

Training is important in enhancing people's capability to cope with the Company's accelerating growth and expansion. Other than the training and development policy which shows our encouragement of employees' continuous development, we have also included Individual Development Plans in our yearly performance reviews to guide our employees' long-term development in the Company. A corresponding team in the Human Resources Department is responsible for managing training records and individual training hours, keeping track of the implementation of training plans.

We offer various on-boarding training to new recruits at our offices and factories. To familiarise new recruits with our Company culture, basic training such as introductions to our Code of Conduct, IT system, Quality Policy, and other policies are provided. On-the-job training is arranged by supervisors for new recruits or employees new to specific tasks. Apart from on-the-job training, we provide internal knowledge-based learning and skill-based learning such as Enterprise Resource Planning (ERP) and Human Capital Management (HCM) training.

In addition to internal training programs, employees are encouraged to participate in external training programs related to their developmental needs. During the Year, employees were given the opportunity to participate in external programs on human resources, corporate governance and insider dealing. Participation in job-related training initiated by the Company is eligible for full subsidy. Employees may also apply for full subsidy for self-initiated programmes provided that the employee has passed probation. Trainee's performances are evaluated to ensure that their abilities meet corporate standards.

Technical training is provided to employees involved in the production and quality management of medical and automotive products. For example, special validation training is arranged for personnel whom perform the installation, performance or operational qualification of medical devices. Training is also provided to enrich the technical skills and knowledge needed to operate specialised tools or perform particular techniques. In particular, a series of basic knowledge on electric circuits, soldering, machine repairing etc., is provided to employee, as an opportunities for them to perform different tasks.



People-oriented (continued)

Additional training courses are provided to line leaders, who demonstrate high performance and being promoted from general operator by supervisor. We see their potential to be a foreman and therefore offer specific training courses to them to provide all-round training with both management and technical skill and knowledge for their further development opportunities.

Average training hours received per employee in FY2018



Listening to our employees

In order to further enhance the relationship with our employees, an employer-labour communication channel has been established at our factories. Our employees are entitled to freedom of association and collective bargaining rights. Labour representatives are elected by members of the union at the factories, while factory management forms a committee to meet with labour representatives to address employees' concerns relating to safety at work, housekeeping in working and living areas, benefits and facilities, etc.

The meetings between labour representatives and factory management have been a very effective communication channel for addressing employees' concerns. In the past year, labour representatives have raised a number of suggestions, including the replacing of appliances, maintaining the hot water supply system and furnishing of dormitories. The representatives also requested increases in workers' bonuses, and for additional operational and short-term English language courses. We paid close attention to the voice of the labour representatives and assigned dedicated personnel to follow up on these requests.



People-oriented (continued)

During this Year, labour representatives raised the concern that workers expect more leisure activities at the factories. As such, the Human Resources Department has organised a series of tug-of-war contests and ‘knowledge and skills’ contests. Another highlight was a worker talent show and lucky draw event.



Tug-of-war event



‘Knowledge and skills’ contest

Talent show and lucky draw event



Computime also organises company-wide gatherings, like annual dinners and festive celebrations, to take the opportunity to show its appreciation to all employees for their hard work and contributions.



People-oriented (continued)

Promoting occupational health and safety

Computime strives to maintain a stable and healthy workforce for the sustainable growth of the Group. Computime has established the following Occupational Health and Safety Management Policy to safeguard the health of our employees.

- To comply with relevant ordinances and regulations, and customer's requirements related to occupational health and safety
- To continuously improve the working environment and eliminate safety risk factors
- To ensure the efficiency of the occupational health and safety management system and its continuous improvement
- To offer sufficient occupational health and safety training to our employees so that they are capable of protecting themselves from health and safety risks

During the Year, we are in compliance with relevant laws and regulations related to occupational health and safety, including but not limited to the Production Safety Law of the People's Republic of China and the Occupational Safety and Health Ordinance of the Hong Kong Special Administrative Region.

Factory Safety Offices and Safety Champions are assigned for each factory, building and floor to implement our Occupational Health and Safety Management Policy from macro- to micro-level. Factory Safety Offices are responsible for overseeing the working environment in factories and arranging induction training for new employees, while Safety Champions are responsible for executing safety-related procedures.

To eliminate safety hazards at work, all employees are trained to use personal protective equipment ("PPE") properly and are required to wear appropriate PPE before they commence their work at the production line. Specific work licences are required for employees who are engaged in mechanical operations, such as electric welding, operating electrical equipment and lifts.

Safety training is provided in addition to induction training to ensure our employees are well equipped with occupational health and safety knowledge. Through such training, the Occupational Health and Safety Management Policy is well communicated. In the reporting period, we have conducted various training sessions to cover topics such as chemical hazards, mechanical and electrical equipment safety, traffic management, hand protection, hand and power tool safety, fire safety, and certified training such as the high risk procedure certificate.



People-oriented (continued)

Recognising the possible risks of fire and chemical leakage, Fire Protection Procedures and Chemical Storing and Handling Procedures have been established. Factory Safety Offices are responsible for checking and ensuring that firefighting facilities, such as fire escapes, alarms and extinguishers are appropriately maintained according to relevant national regulations. Evacuation drills are conducted at least twice a year for all operations, shifts and departments. Responsibility for chemical handling is clearly stated in the procedure. Daily inspection of chemicals stored in warehouses is conducted to ensure early detection should there be any chemical leakage. Chemical storage personnel are required to attend regular chemical leakage drills so as to be prepared in the event of an emergency.

When an incident occurs, emergency responses and procedures will be activated. A work-related injury and accident investigation report will be submitted to the occupational and safety management representative for approval. The approved accident report will then be publicised to all employees to prevent the recurrence of such incidents.

During the Year, there is an increase in lost days due to injury. Two incidents were contributing to such significant increment. Where both incidents involve the use of machinery, the management representatives took immediate actions to upgrade the machines of concern with addition safety devices to eliminate the hazard. Additional trainings were offered to ensure that the workers are aware of the manufacturing safety procedure. We will continue to examine and review hazards associated with machines to protect our workers.

Safety Performance of Computime in FY2017 and FY2018

Safety indicators	FY2017	FY2018	Y-o-Y change
Number of casualties	0	0	0
Lost days due to injury	603	764	+26.69%



People-oriented (continued)

Preventing child and forced labour

Computime forbids the use of forced, bonded or prison labour to protect the human rights of our employees. We comply with relevant local and international regulations on the use of child labour, including but not limited to the Labour Law and Labour Contract Law of the People's Republic of China which stipulates the prevention of the use of child labour of ages under 16 and the prevention of any unlawful way of forced labor, and the Employment of Children Regulation under the Employment Ordinance of the Hong Kong Special Administrative Region.

During the hiring process, all candidates are required to provide identification documents to reveal their age; an employment contract is also duly entered into to ensure the appointment is voluntarily and mutually agreed upon by both parties. Any forged documents in applications are considered to be fraudulent and the concerned individuals will not be hired.

Whistleblowing

Computime is committed to upholding our values of honesty, integrity and impartiality. We provide appropriate training to employees to ensure they are well aware of and follow ethical business conduct and internal whistleblowing policies as stated in our Code of Conduct.

Reporting channels are provided for our employees to raise concerns about any suspected misconduct, unethical behaviour or breach of the Code of Conduct. Employees can report such suspected non-compliance cases directly to department heads, the internal audit department, the senior management team or members of the Audit Committee of the Group. An investigating officer with suitable seniority at the Company will be appointed or a special committee will be formed to conduct an investigation of the complaint. The identity of the whistle-blower will not be disclosed without his or her consent. If an investigation discloses a possible criminal offence, the person of interest and the matters will be reported to the relevant law enforcement authority.



Protecting our environment

As we facilitate a more energy-efficient lifestyle through innovative products, Computime is also dedicated to managing the environmental impact of every aspect of our operations. The Company has been ISO 14001 certified since 2002 for its environmental management system. The following environmental policies are in place to control our emissions and the use of resources in our operations.

- To comply with relevant ordinances and regulations, and customer's requirements related to environmental management
- To prevent and control pollution and hazards, to reduce the release of pollutants and all types of accident
- To protect the environment, reduce consumption and waste of resources, advocate the recycling and reuse of resources
- To ensure the efficiency of our environmental management system and continual improvement to enhance performance
- To publicise and train all staff of the company with knowledge about the environment so that they are made aware of the importance of protecting the environment

Environmental, Health and Safety Offices have been set up in each factory to oversee the implementation of environmental policies during the manufacturing process, where our environmental impact is considered to be the greatest. During the Year, there were no incidences of non-compliance with applicable environmental laws and regulations, in particular the Environmental Protection Law of People's Republic of China.

Controlling emissions

Going beyond meeting the expectations of our stakeholders and compliance with relevant laws and regulations, the following measures in the aspects of waste management, air emissions and noise emission control are in place.

Computime advocates recycling and reuse of non-hazardous materials to minimise waste disposal. All employees are encouraged to segregate recyclable waste, such as carton boxes, plastic wraps, paper and scrap solder, and deposit it in the corresponding collection points to facilitate recycling. Carton boxes and plastic wraps are used for packaging our products as they are circulated among our factories or shipped to customers. Internal circulating packaging materials are reused as far as possible before being sent for recycling or disposal. Any scrap solder is collected and reused. Domestic waste is generated and disposed of from dormitories and factories, but the quantity is considered insignificant.



Protecting our environment (continued)

Around 770 tonnes of carton boxes, cardboards and paper, and around 186 tonnes of plastic materials have been purchased, reused, recycled and shipped.

Hazardous waste such as waste oil drums, waste tarpaulins, waste hydraulic oil, and thinner waste, is segregated from general waste and stored in designated storage units for further handling by authorised licensed contractors. A stringent management system is in place to assess the handling methods of contractors and to ensure the disposal of hazardous waste is in compliance with national statutory regulations, and no secondary pollution occurs during the process of transportation. 163.2 tonnes of hazardous waste has been generated and sent for treatment in FY2018.

Hazardous waste transferred and treated in FY2018 by category

Waste mineral oils (tonnes)	22.76
Organic solvent waste (tonnes)	40.89
Organic resins waste (tonnes)	16.85
Mercury, lead and zinc waste (tonnes)	2.03
Other hazardous waste (tonnes)	80.69
Total (tonnes)	163.22

Computime closely monitors air pollutants emitted to the atmosphere during the manufacturing activities of reflow soldering, wave soldering, and cleaning of metals. Air pollutants, such as lead, lead compounds, non-methane volatile organic compounds, and sulphur dioxide are emitted during the manufacturing process. Central exhaust treatment facilities have been installed to reduce and to treat air emissions before they are released into the atmosphere. We employ qualified third parties to test our exhaust regularly to ensure the emission levels are in compliance with the Emissions Limits for Air Pollutants, as specified by the Guangdong Provincial Government of the People’s Republic of China.

We apply noise controls in our manufacturing activities for the well-being of employees and neighbouring communities. We monitor our noise levels regularly to ensure compliance with the local policy of the Emission Standard for Industrial Enterprises Noise at Boundaries and to reduce the potential impact or issues that might affect our stakeholders and residents nearby. We provide noise management training to employees in direct contact with noisy machinery. We strictly comply with statutory working hours so that no industrial noise is produced during the night. Noise levels recorded at the periphery of our factory buildings are on average 60 dB(A) which is within the statutory limit.



Protecting our environment (continued)

Conserving resources

With reference to our policy to reduce consumption of resources, Computime has implemented the following programs to manage our energy consumption, hence managing our operational impact on climate change by reducing greenhouse gas emissions.

We mostly consume energy in form of electricity at our factories and employee dormitories. A small amount of energy is also consumed in the form of vehicle fuel. During the Year, we focused on exploring different energy management opportunities at manufacturing sites to manage the consumption of electricity. Apart from the replacement of traditional lights with more efficient LED fixtures and the installation of heat recovery systems, an energy management system is currently being set up. We are drafting our energy-saving policy and planning an energy reduction program. We will monitor electricity consumption closely to ensure our reduction program is well implemented. We are also raising employee’s awareness of energy reduction. For example, we put up signs to remind our employees to set the air conditioning temperature at 26 degree Celsius.

Energy Consumption and intensity in FY2017 and FY2018

	FY2017	FY2018	Y-o-Y change
Vehicle fuel consumption (MWh)	318	491	+54.51%
Electricity consumption (MWh)	29,701	30,781	+3.64%
Total energy consumption ³ (MWh)	30,019	31,273	+4.18%
Total energy consumption per HK\$ '000,000 revenue (MWh)	8.15	8.09	-0.78%

3 The figure reported covers manufacturing sites in China and the Hong Kong headquarters only. Operation sites excluded are offices in Europe and research centres based in the US and China. Compared to the manufacturing sites in China, the energy consumption at those excluded sites is considered insignificant.



Protecting our environment (continued)

Greenhouse gases emission and intensity in FY2017 and FY2018

	FY2017	FY2018	Y-o-Y change
Scope 1: Direct greenhouse gas emissions (CO ₂ -equivalent tonnes)	79	124	+57.0%
Scope 2: Indirect greenhouse gas emissions ⁴ (CO ₂ -equivalent tonnes)	25,760	26,723	+3.74%
Scope 1 and 2: Total greenhouse gas emissions (CO ₂ -equivalent tonnes)	25,839	26,847	+3.90%
Total greenhouse gases emission per HK\$ '000,000 revenue (CO ₂ -equivalent tonnes)	7.01	6.94	-1.04%

Water consumption and intensity in FY2017 and FY2018

	FY2017	FY2018	Y-o-Y change
Total water consumption ⁵ (m ³)	346,554	282,311	-18.54%
Total water consumption per HK\$ '000,000 revenue (m ³)	94.08	73.00	-22.41%

Product environmental stewardship

Our product design meets the European requirements under the RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) directives to protect customers' health and the environment, regardless of the final destinations of the products shipped. Our final products are packaged with carton boxes and relatively small quantities of plastic materials. Both materials can be easily recycled.

4 The emission factors used for calculating carbon emission associated with purchased electricity in South China is the latest figure announced by the Department of Climate Change of National Development and Reform Commission. The Greenhouse Gas emission figure has therefore been restated.

5 The figure reported covers manufacturing sites in China only. Operation sites excluded are offices in Hong Kong and Europe, and research centres based in the US and China. Compared to the manufacturing sites in China, the water consumption at those excluded sites is considered insignificant.



Upholding our ethical values

Integrity is fundamental to the continuity of our business. Computime is committed to upholding a high level of ethics and business conduct among our customers, employees, and suppliers. We have formulated a Code of Conduct based on the relevant laws and regulations on business ethics, in particular the Prevention of Bribery Ordinance of Hong Kong Special Administrative Region. The Code of Conduct serves as a framework for employees to respond to different situations in business dealings.

We acknowledge our role in managing the environmental and social impact of our products along the electronic manufacturing service industry chain. We therefore apply stringent requirements to our suppliers in terms of environmental and social performance during supplier selection and management.

Anti-corruption

Computime ensures every employee acknowledges our Code of Conduct and acts accordingly to create a transparent, friendly and healthy corporate culture in our Group. Any forms of ethical violations, such as corruption, bribery, money laundering, or any illegal acts are prohibited in our Group. Detailed guidelines and rules to prevent such cases are clearly set out in our Code of Conduct. In particular, employees are not allowed to receive any benefits, gifts or any improper advantage during business contacts with contractors, suppliers and customers. Awareness training is provided to employees to prevent cases of corruption and bribery. A confidential whistle-blowing system is in place to handle the investigation of any misconduct or malpractice. During the Year, there were no legal cases regarding corrupt practices brought against the Company or our employees. No incidences of inappropriate behaviour were reported by the whistle-blowing system or internal audit sector.

Protecting patented and confidential information

Computime treasures our employees' ideas and value creativity. Research and Development is of significant importance for business growth and future development. With 4 R&D and Engineering Centres operating globally, Computime registered 2 new patents this Year. To safeguard the confidentiality of products under development and related product information, we have formulated Company Confidential and Proprietary Information Policy. This policy gives clear guidelines for handling copyright and patented proprietary information, such as design and production technologies for either developed or developing projects. Employees are not allowed to disclose information classified by the Company without approval for personal interest. Employees can only access the hard copies of engineering and manufacturing design guidelines that are classified as confidential in assigned areas of offices.



Upholding our ethical values (continued)

We have also established a set of proprietary information management procedures for protecting the proprietary information of our OEM/ODM customers. We strictly prohibit copying or applying customers' proprietary technology to other projects without their consent. When our researchers, product developers and engineers receive confidential proprietary information from clients, Computime implements the following controls to mitigate the risk of information leakage:

- When engaged by a client, Computime signs a confidentiality agreement.
- Only managers or above can retrieve customers' proprietary information. Access to more sensitive information, such as the source code of our customers' proprietary software, is only granted to senior managers and above. Access to proprietary information by lower-rank engineers is forbidden. This is achieved through controlling the access rights to our database. If proprietary information needs to be passed to an engineer to facilitate their duties, Computime limits the disclosure of such information to individuals who have a need to know, and strictly controls such disclosures.

Engineering Department is split into a number of sub-teams which work on their own projects separately. Projects concerning a specific client are assigned to a specific sub-team. As such, we limit the number of engineers obtaining proprietary information.

Managing our supply chain

To manage the environmental and social risks along our supply chain, Computime has formulated sustainable procurement practices by requiring our suppliers to meet the Group's standards in environmental management, to comply with our conflict mineral policy and with our requirements under the REACH and RoHS directives. We conduct supplier qualification audits to ensure relevant environmental and social management systems are in place as per our standard. We have an annual supplier audit plan for our suppliers. Audits are also conducted on new suppliers and existing suppliers when we have concerns about product quality.

The environmental and social management capabilities of suppliers are crucial requirements in our supplier selection process. Suppliers are required to complete our self-assessed Supplier Audit Checklist. In the checklist, we clearly state our environmental and social expectations of suppliers on aspects such as pollution control, human rights protection, security and anti-terrorism practices, and hazardous substance avoidance. Specific expectations include but not limited to a Health and Safety Committee has been formed to be held accountable for health and safety issues, and/or collections of documents recording the key environmental elements of operations. Suppliers are scored based on whether relevant policies have been implemented or supporting documents can be provided. Only those meeting our minimum requirements are qualified to be suppliers. Any current or potential suppliers who score under our minimum requirements are required to respond with corrective actions and implementation timelines to the Company within 2 weeks. We then conduct a subsequent follow-up audit. Suppliers with ISO9001, TS16949 or ISO14001 certification(s), or with regular sustainability assessments, and improving transparency in business operations are given higher priority in our supplier selection process.



Upholding our ethical values (continued)

Number of suppliers by geographical region

Geographical region	Number of suppliers
China	700
Asia except China	146
Europe	84
North America	62

Respect for human rights

Computime acknowledges the emphasis of the electronic industry on human rights risks, such as the use of child and forced labour and discrimination. Our commitment to prevent the use of child labour and forced labour extends to our suppliers. Such cases are strictly prohibited to protect the human rights of the employees of our suppliers.



Community engagement

Computime strives to build a stronger community by working with local and international organisations. During this Year, we established the Computime Volunteering team and introduced a Volunteer Leave Policy. We have identified volunteering as our key philanthropic approach. Our employees shall be given room, time and rewards to create positive and sustaining impacts on our community. Volunteering is good for our people as it develops new and enhances existing skills, builds new connections, breaks down barriers, and offers a sense of achievement. In turn, the Company enjoys an outward-looking workforce with better skills and leadership and a workforce who takes pride in the Company. One of our senior management members participates in the volunteer team to show management support for corporate volunteerism. The newsletters of the Volunteering Team have been circulated to raise awareness of volunteerism within the Company.

Any employee may now be granted up to eight hours per year of paid volunteer leave as a support for corporate volunteerism. The leave can be granted as long as the employee is engaged in volunteering activity with an approved non-profit organisation (“NPO”), and has the consent of their respective departmental or divisional managers.

With a formal policy on corporate volunteering, Computime is able to extend its reach in community investment, and to demonstrate the value of building a stronger community. With the effort of our employees, the Computime Volunteering team works closely with local NPOs to support different community projects.



Partnering with S.K.H. St. Christopher’s Home

For more than a decade, Computime has been partnering with S.K.H. St. Christopher’s Home, which provides residential care and after-school services to orphans, children from broken homes and low-income families.

In November 2017, 13 Computime employees spent a day with 14 children from low income families aged 6 to 9 on a trip to Lung Fu Shan in Hong Kong. The children had an experience in dyeing cloth with coffee grounds and rubber bands. This was followed by a walk in the wilderness around the Lung Fu Shan Environmental Education Centre. Lung Fu Shan’s lush woodlands are a place where one may find many species of birds, butterflies, and insects. There are a large number of native plant species. There is also a panoramic view of the West Island and Victoria Harbour. The trip inspired the children with knowledge on sustainable living and conservation of nature.



Community engagement (continued)



Partnering with Heep Hong Society

We started a partnership with the Heep Hong Society this Year. The Heep Hong Society is committed to providing professional care, education, training, rehabilitation and family support services to children and teenagers who have developmental and learning problems. Computime sponsored and participated in a fun day event at an outdoor farm. The event was aimed at enhancing the social skills of children with SEN (Special Educational Needs). 30 children aged 2 to 5, together with 60 parents participated in the event.

Precious moments of corporate volunteers



S.K.H. St. Christopher's Home activity – Trip to Lung Fu Shan



Heep Hong Society activity

During the Year, Computime has contributed funding to different NPOs, and initiated a donation campaign where the Company matched donations from employees.



Looking forward

Computime will continue to prioritise our investment in R&D for more energy-efficient products, conducting stringent quality assurance processes, minimising environmental impact, and creating a motivating workplace. Our management team believes that acting responsibly and creating additional values are keys to a sustainable business and will lead to a long-term stakeholder's support.



HKEx ESG Reporting Guide Index

HKEx’s Environmental, Social and Governance Reporting Guide

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
Aspect A1: Emissions			
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	Protecting our environment	The air pollutant and noise emission levels of our factories in China meet the Emission Limits of Air Pollutants as specified by the Guangdong Provincial Government, Emission Standard of Cooking Fumes, and Emission Standard for Industrial Enterprises at Boundary of the People’s Republic of China.
KPI A1.1	The types of emissions and respective emissions data.	Protecting our environment: Controlling emissions	The air pollutant and noise emission levels of our factories in China meet the Emission Limits of Air Pollutants as specified by the Guangdong Provincial Government, Emission Standard of Cooking Fumes, and Emission Standard for Industrial Enterprises at Boundary of the People’s Republic of China. The Company does not have an accurate statistic on the annual total of air pollutant emissions.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and intensity.	Protecting our environment: Conserving resources	



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
KPI A1.3	Total hazardous waste produced (in tonnes).	Protecting our environment: Controlling emissions	
KPI A1.4	Total non-hazardous waste produced (in tonnes).	Protecting our environment: Controlling emissions	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	N/A	The air pollutant and noise emission levels of our factories in China meet the Emission Limits of Air Pollutants as specified by the Guangdong Provincial Government, Emission Standard of Cooking Fumes, and Emission Standard for Industrial Enterprises at Boundary of the People’s Republic of China. Further reduction of air pollutants emissions is not a priority of the Company.
KPI A1.6	Description of how hazardous and non-hazardous waste is handled, reduction initiatives and results achieved.	Protecting our environment: Controlling emissions	



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Protecting our environment	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Protecting our environment: Conserving resources	
KPI A2.2	Water consumption in total and intensity.	Protecting our environment: Conserving resources	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Protecting our environment: Conserving resources	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	N/A	Computime has no issue in sourcing water that is fit for purpose. The Group considers that we are not consuming water at a significant level, and a further reduction in water consumption is not a priority this Year.
KPI A2.5	Total packaging material used for finished products.	Protecting our environment: Controlling emissions	Packaging materials purchased are circulated and reused within the Group. The figure reported is the quantity of packaging material purchased in the Year. We expect that the figure is close to the quantity of packaging material shipped.



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	N/A	Our operation does not impact the natural environment directly, but we strive to promote environmental sustainability through product innovation. Refer to “Driving sustainability through creative engineering”.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	N/A	Our operation does not impact the natural environment directly, but we strive to promote environmental sustainability through product innovation.
Aspect B1: Employment			
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	People-oriented	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	People-oriented	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	People-oriented	This figure is considered commercially sensitive and was not disclosed.



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
Aspect B2: Health and Safety			
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	People-oriented: Promoting occupational health and safety	
KPI B2.1	Number and rate of work-related fatalities.	N/A	There were no work-related fatalities in FY2018.
KPI B2.2	Lost days due to work injury.	People-oriented: Promoting occupational health and safety	We consider the lost time rate a more appropriate indicator in reflecting our safety performance.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People-oriented: Promoting occupational health and safety	



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-oriented: Growing with our talents	
KPI B3.1	The percentage of employees trained by gender and employee category.	N/A	All employees received training in this Year.
KPI B3.2	The average training hours completed per employee by gender and employee category.	People-oriented: Growing with our talents	
Aspect 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 and forced labour.	People-oriented: Preventing child and forced labour	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-oriented: Preventing child and forced labour	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-oriented: Preventing child and forced labour	



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Upholding our ethical values: Managing our supply chain	
KPI B5.1	Number of suppliers by geographical region.	Upholding our ethical values: Managing our supply chain	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Upholding our ethical values: Managing our supply chain	
Aspect B6: Product Responsibility			
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	Exceeding customer expectations	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	There were no product recalls for safety and health reasons.
KPI B6.2	Number of product and service related complaints received and how they are dealt with.	Exceeding customer expectations: Listening to customers' feedback	In this Year, there were 366 cases of sold product returned for testing, concerning less than 0.08% of all products shipped. We do not consider all these cases formal complaints.



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Upholding our ethical values: Protecting patented and confidential information	
KPI B6.4	Description of quality assurance process and recall procedures.	Exceeding customer expectations: Quality assurance Exceeding customer expectations: Listening to customers' feedback	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Upholding our ethical values: Protecting patented and confidential information	
Aspect 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.	Upholding our ethical values: Anti-corruption	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Upholding our ethical values: Anti-corruption	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Upholding our ethical values: Anti-corruption	



HKEx ESG Reporting Guide Index (continued)

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report	Remarks
Aspect B8: Community Investment			
General Disclosure	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.	Community engagement	
KPI B8.1	Focus areas of contribution.	Community engagement	
KPI B8.2	Resources contributed to the focus area.	Not disclosed	Refer to the "Report of the Directors" in the annual report for the amount of charitable donation.