

# **CPH LTD**

## **Sustainability Report 2018**

### **TABLE OF CONTENTS**

<b>03</b>	<b>BOARD STATEMENT</b>
<b>04</b>	<b>ORGANISATIONAL PROFILE</b>
<b>05</b>	<b>APPROACH TO SUSTAINABILITY</b>
<b>08</b>	<b>ECONOMIC</b>
<b>09</b>	<b>ENVIRONMENTAL</b>
<b>11</b>	<b>SOCIAL</b>
<b>14</b>	<b>GOVERNANCE</b>
<b>16</b>	<b>GRI STANDARDS CONTENT INDEX</b>

# BOARD STATEMENT

We are pleased to present the inaugural annual Sustainability Report of CPH Ltd. (“CPH”, the “Company”, and together with its subsidiaries, the “Group”) for our financial year ended 31 March 2018 (“FY2018”). This report is prepared by taking reference from the requirements of Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist and references the Global Reporting Initiative (GRI) Standards, which represent the global best practices for reporting on a range of economic, environmental and social impacts. This report highlights the key economic, environmental, social and governance (“EESG”) related initiatives carried throughout a 12-month period, from 1 April 2017 to 31 March 2018.

Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management and approved by the Board. The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The board of directors of the Group (the “Board”) has overseen the management and monitoring of these factors and takes them into consideration in the determination of the Group’s strategic direction and policies.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to [cwchong@circuitsplus.com.sg](mailto:cwchong@circuitsplus.com.sg).

29 March 2019

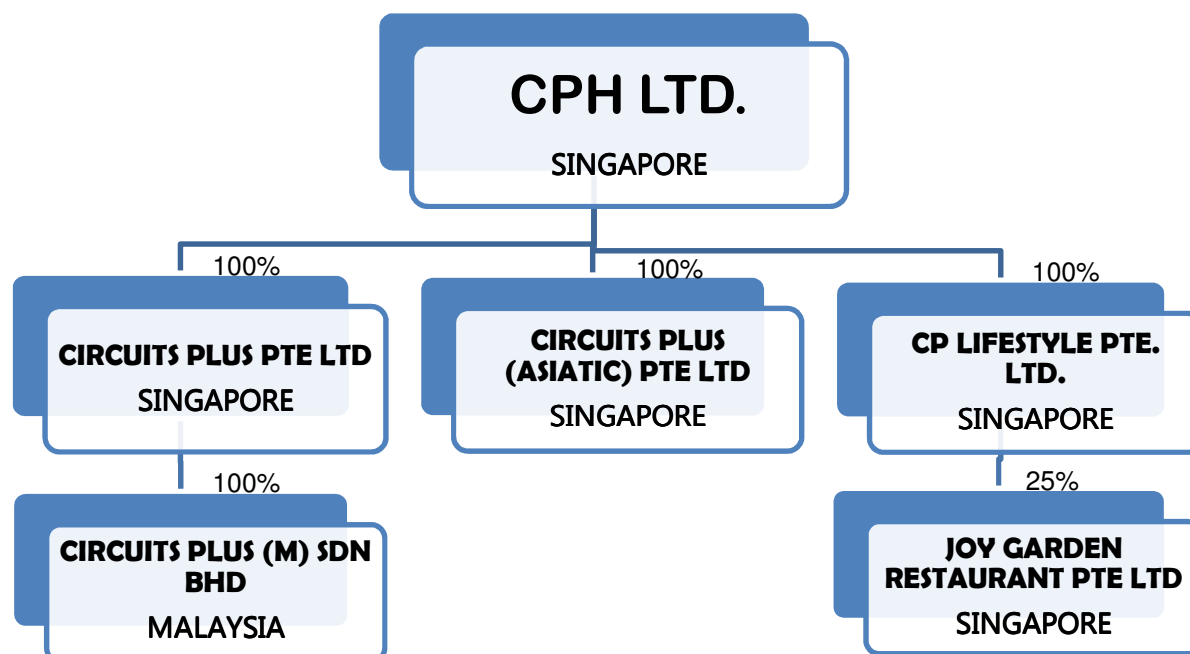
# ORGANISATIONAL PROFILE

CPH Ltd. is incorporated in Singapore with its registered address at 8 First Lok Yang Road, Singapore 629731. The Company is currently listed on the Catalist board of the SGX-ST. The main activity of its two principal subsidiaries is in the manufacturing and sale of printed circuits boards (“PCB”) and advance interconnect substrates. The Group also holds an indirect interest of 25% in Joy Garden Restaurant Pte Ltd, which is in the food and beverage business.

With more than 30 years of experience in the PCB business, the Group has developed good working relationships with customers in a wide spectrum of industries including the telecommunications, automotive, industrial equipment and instruments, consumer electronics, personal computers (“PC”) and PC peripherals and healthcare industries. Presently, the customers are spread across various regions including Europe, Japan and Southeast Asia. The Group also works closely with its material and equipment suppliers to provide total PCB solutions for its customers.

The Group has a pool of highly experienced and well qualified management staff, supported by trained technical personnel, to meet the challenges of the global market to provide good service and high quality PCBs to its customers. The principal subsidiaries were awarded ISO 9001 & ISO 14001 certifications for their commitment to quality products and services, as well as to environmental preservation.

The chart below illustrates the organization structure of the CPH Group:

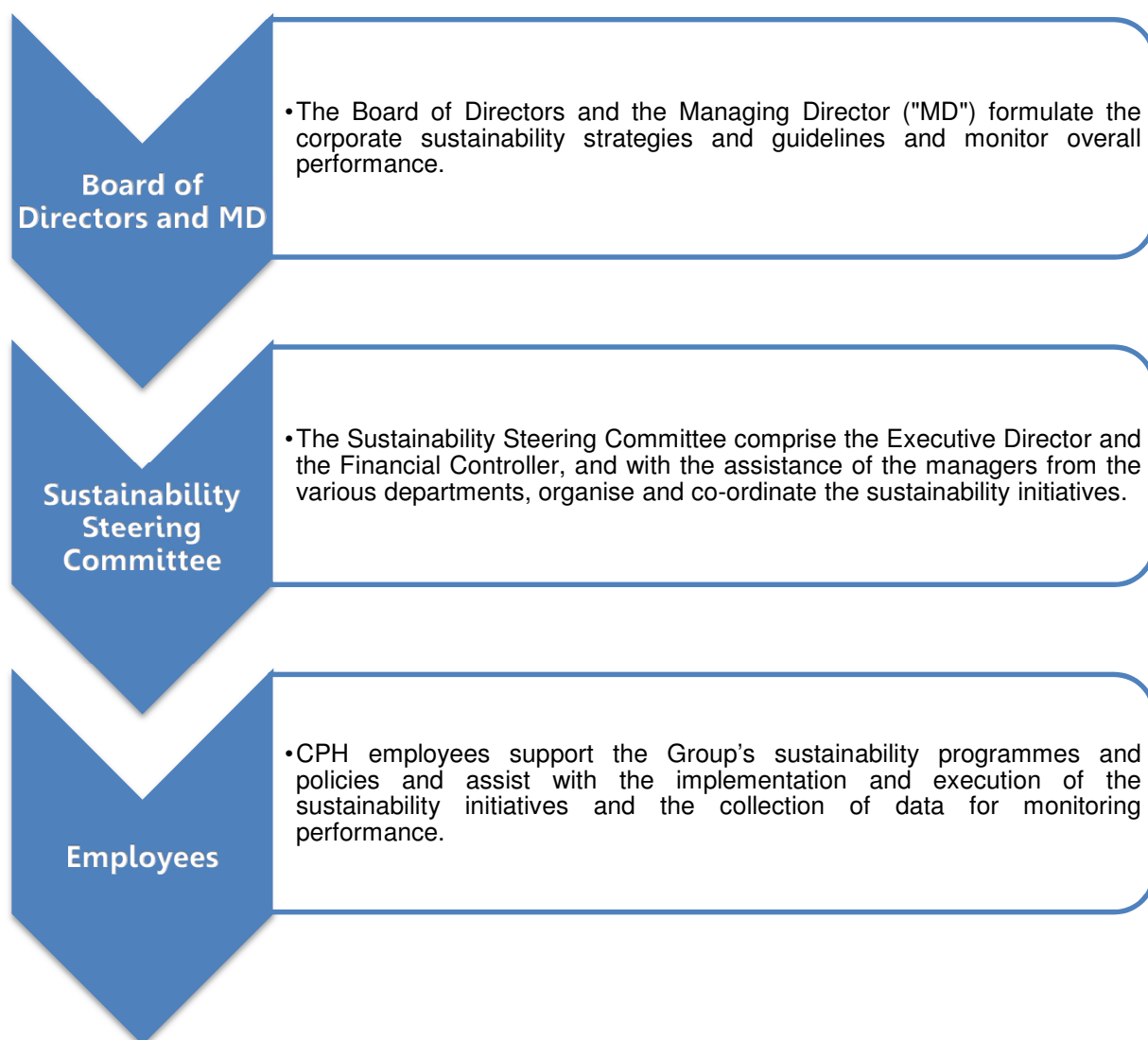


# APPROACH TO SUSTAINABILITY

## SUSTAINABILITY METHODOLOGY



## SUSTAINABILITY GOVERNANCE



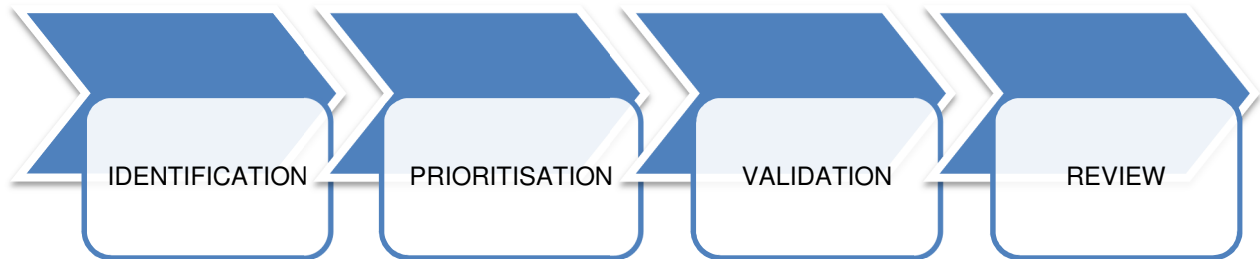
## STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, shareholders, employees, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

Key Stakeholders	Engagement Platforms	Frequency of Engagement	Key Concerns Raised
<b>Customers</b>	Meetings, events, phone calls, teleconferences and email communications	Regular basis	Quality control and on-time delivery, technical support, competitive pricing, suitable payment terms
<b>Suppliers</b>	Meetings, phone calls, teleconferences and email communications	Regular basis	Quality of products, smooth and timely delivery, competitive prices
<b>Shareholders</b>	Announcements on SGXNet, annual general meetings, annual reports, the Company's website (www.circuitsplus.com.sg)	Half yearly for financial results announcements, general meetings are held annually, other communications on ad-hoc basis throughout the year	Profitability and returns, good corporate governance, timely and accurate information
<b>Employees</b>	Induction programme for new employees, team discussions, training sessions, meetings, feedback channels, emails, performance reviews	Regular basis	Career growth, training opportunities, benefits and incentives, pleasant and safe working environment, alignment of personal goals with Company's goals
<b>Regulators</b>	Seminars and consultation sessions with key regulatory bodies, meetings	On-going basis for reviews and updates, and whenever there are changes in regulations	Compliance with laws and regulations, safe environment, health and other social issues
<b>Community</b>	Phone calls and other communications with non-profit organisations	On-going basis	Corporate citizenship

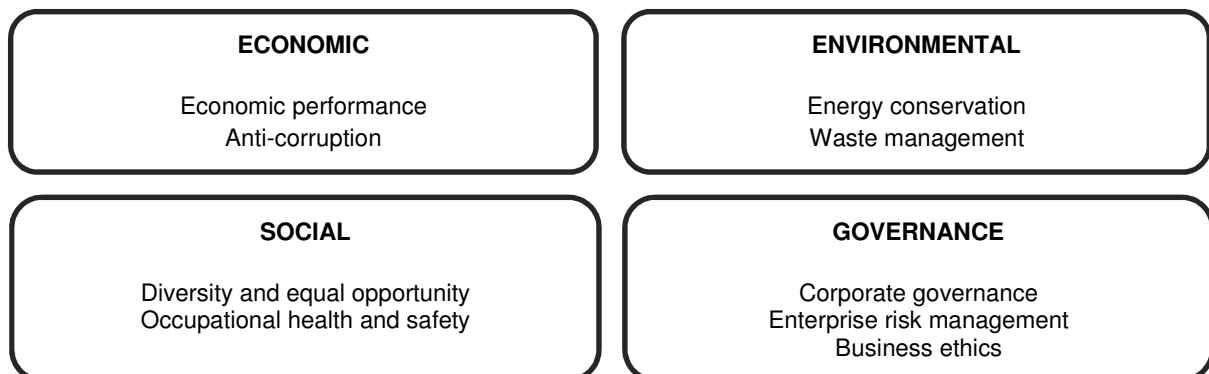
## MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised to identify material factors which are subject to validation. The end result of this process is a list of material factors disclosed in the Sustainability Report. Process of which are as shown below:



The Group has conducted a materiality assessment during the year with the engagement of an external consultant, spearheaded by the Sustainability Steering Committee. We engaged our employees from different departments, seeking our internal stakeholders' feedback for prioritisation of these topics. Going forward, materiality review will be conducted every year, incorporating inputs gathered from stakeholders' engagements.

In order to determine if an aspect is material, we assessed its potential impact on the economy, environment and society and its influence on the stakeholders. Applying the guidance from GRI, we have identified the following as our material EESG factors:



## TARGETS

*This is our inaugural report and we are currently in the process of improving and refining our data collection methods so as to obtain meaningful and reliable data to track and provide the basis for us to determine trends for the purpose of setting targets. Accordingly, we have deferred the process of target setting till later when adequate data is available to set reasonable targets.*

# ECONOMIC

## ECONOMIC PERFORMANCE

The overall business environment in which the Group operates has faced considerable challenges over the past few years and this has affected the profitability of the Group. As we continue to take steps to scrutinize all aspects of our operations with a view to improving our operating efficiency and reducing overheads, we also continue to explore rigorously all opportunities to diversify from our PCB business.

The Group had recently announced a “reverse takeover” for the purposes of the Catalyst Rules of the SGX-ST to acquire the entire issued share capital of oCap Management Pte Ltd ( “oCap”) by issuing shares of the Company (“Proposed Acquisition”). Please refer to our announcement on SGXNET dated 22 November 2018. As at the date of this report, the Company and oCap are in the process of preparing documents for submission to the relevant authorities for clearance prior to holding an extraordinary general meeting to obtain shareholders’ approval for the Proposed Acquisition.

For detailed financial results of the Group, please refer to the following sections in our Annual Report 2018:

- Operations Review, page 3
- Financial Statements, pages 40 to 43

## ANTI-CORRUPTION

The Group expects the management teams in both Singapore and Malaysia to be aware of the legal and regulatory requirements applicable to our businesses so as to manage our operations in accordance with the applicable laws and regulations in each country. In particular, the Group requires all staff to carry out business transactions with integrity and avoid corruption or bribery in any form.

In the context of Singapore, we are subject to the Prevention of Corruption Act, which covers employees, public servants and others who corruptly receive or give bribes as an inducement or reward for performing or not performing a transaction. The law also has extra-territorial effect, so Singaporeans who offer bribes or receives bribes overseas will be liable for punishment.

Our finance teams oversee the implementation of appropriate controls and procedures to monitor and detect possible corruption or bribery cases, for instance, the prevention of inappropriate forms of payment. This includes, for example, duplicate or overpayments, and payment requests to third parties not associated with underlying transactions. We will take disciplinary action against any employee confirmed of bribery or corruption or may also refer the case to the relevant law enforcement authorities.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in the areas of:

1. Fraudulent financial reporting
2. Misappropriation of assets
3. Improper or unauthorized expenditures including bribes
4. Violations of laws and regulations, for instance, securities frauds
5. Substantial and specific danger to public health or safety

The whistle blowing disclosure channels are also available to our customers, suppliers and other third party business associates. Whistle-blowers may address their concerns via the email address [auditcom@circuitsplus.com.sg](mailto:auditcom@circuitsplus.com.sg) and the Audit Committee will withhold the identity of the complainant and carry out confidential investigations, as appropriate.

For the financial year under review, we have not received any report of corruption. There were also no whistle blowing reports received.

Our target for the next financial year ended 31 March 2019 ("**FY2019**") is to maintain the current status of zero confirmed cases of corruption.



# ENVIRONMENTAL

We strive to carry out our business operations in a socially responsible manner and are committed to do our part to contribute to the global goals of climate change mitigation and resource conservation. Our environmental efforts' focus is on ensuring our manufacturing processes meet or exceed regulatory requirements, as well as on finding ways to reduce energy consumption and waste.

## ISO 9001/ ISO 14001 Certification

The Group's PCB business continuously maintains both the ISO 9001 and the ISO 14001 certifications. The certification process allows the Group to effectively identify, manage and monitor both product quality issues as well as environmental issues arising from its manufacturing processes.

The Group is conscientious in upholding its good record of compliance and maintaining its ISO certifications.

## ENERGY CONSERVATION

We believe in investing our time and effort towards energy efficiency, as we will not only help protect the environment but also lower our financial costs. The Group's electricity consumption is mainly for the Malaysian factory's manufacturing processes. However, the maintenance of the offices in Singapore and Malaysia where our subsidiaries are situated also account for some of the energy usage for operating office equipment, lighting as well as air-conditioning systems. We have not gathered sufficient data to track the total consumption of electricity for the Group for FY2018 but we will work towards improving our data collection from the next financial year onwards. In addition, we have also adopted the following conservation initiatives across the subsidiaries since FY2018:

- Adhere strictly to maintenance schedules of all our machines to check that all parts are in good condition, moving parts are well-lubricated, worn off attachments, for instance, drill heads are replaced, to ensure energy efficient and safe operations.
- Regular maintenance of office equipment such as refrigerators and air-conditioners, including cleaning filters to maintain cleaner environment and efficient operations
- Switching off lights, computers and air conditioning systems at the end of the work day
- Use energy saving equipment and lighting
- Set temperature of air conditioners to 25°C
- Raising awareness among employees and educate them about energy conservation and emission reductions

We use fuels and diesel for operating our forklifts and trucks. Regular maintenance and scheduled overhauls for our forklifts and transport vehicles are part of our asset management policy to improve fuel consumption and reduce emission of pollutants.

We are also supportive of industry-wide initiatives undertaken by our suppliers to mitigate environmental impacts. As much as possible, we purchase our raw materials from companies whose environmental management systems are ISO 14001 certified.

## WASTE MANAGEMENT

Waste materials from our manufacturing processes included PCBs rejected following quality assurance tests, PCB wastages due to panelisation, solid wastes including containers for chemicals and chemical waste in the discharged water from the factory. PCB scraps are sold to scrap dealers for recycling. Solid wastes that are toxic are separated for proper handling and disposal through licensed waste disposal contractors. The Malaysian factory has its own water treatment plant, so all waste water from the manufacturing processes are piped to the treatment tank and treated according

to local water emission standards before the effluent is discharge into the public sewer system. Our water treatment system is constantly monitored to ensure the water emission standards comply with all regulatory requirements.

As for other wastes, we strive to be environmentally responsible with our commitment towards preserving the environment through efficient waste management such as reuse and recycle.

Key initiatives which were already in place in FY2018 and as at the date of this report include the following:

- a. We remind our staff across the Group to reduce the consumption of paper through enhancements made to our daily operating routines. Such enhancements include the scanning of documents which are then stored digitally in computers and servers to avoid overprinting. We also recycle used paper, using them for drafts and internal documentation.
- b. We refurbish and reuse equipment and tools to prolong its useful life where ever possible.
- c. Used materials generated from our manufacturing operations including drill bits and copper foils are collected for outsource recycling.
- d. We are actively involved in the recycling of used packaging materials including cartons, plastic, strings, wraps, wooden pallets and paper.

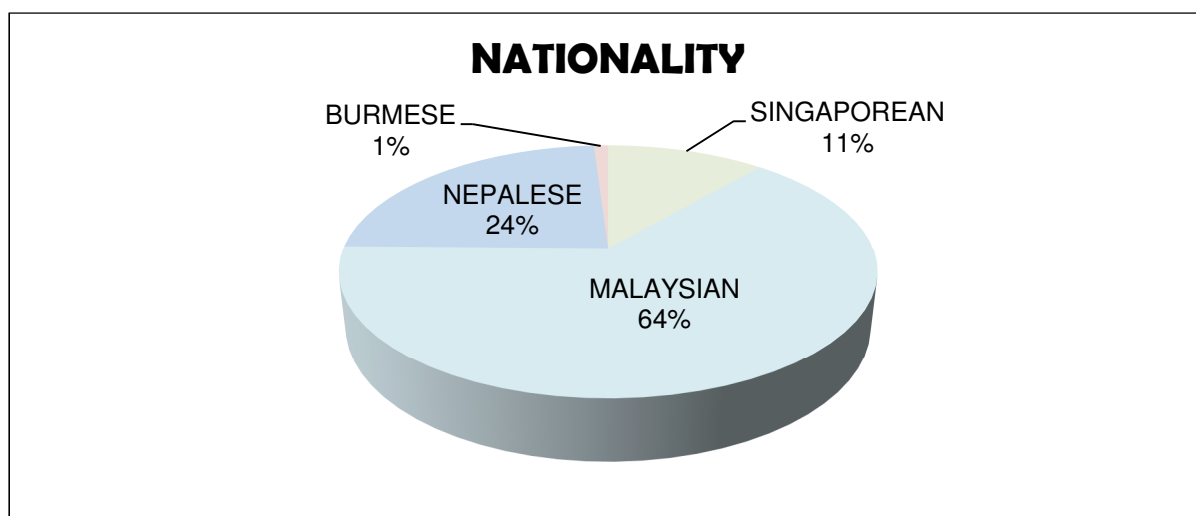
In disposing our waste, and especially toxic waste, we are committed to ensuring compliance with all applicable environmental laws. There were no incidents of non-compliance with the applicable environmental rules and regulations in FY2018 and we target to maintain the same performance in FY2019.

# SOCIAL

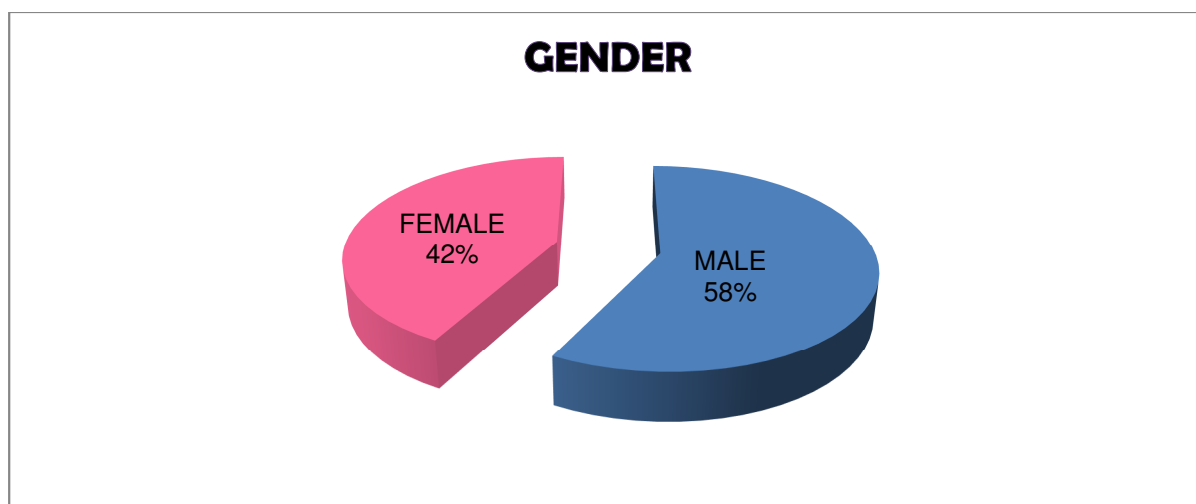
## DIVERSITY AND EQUAL OPPORTUNITY

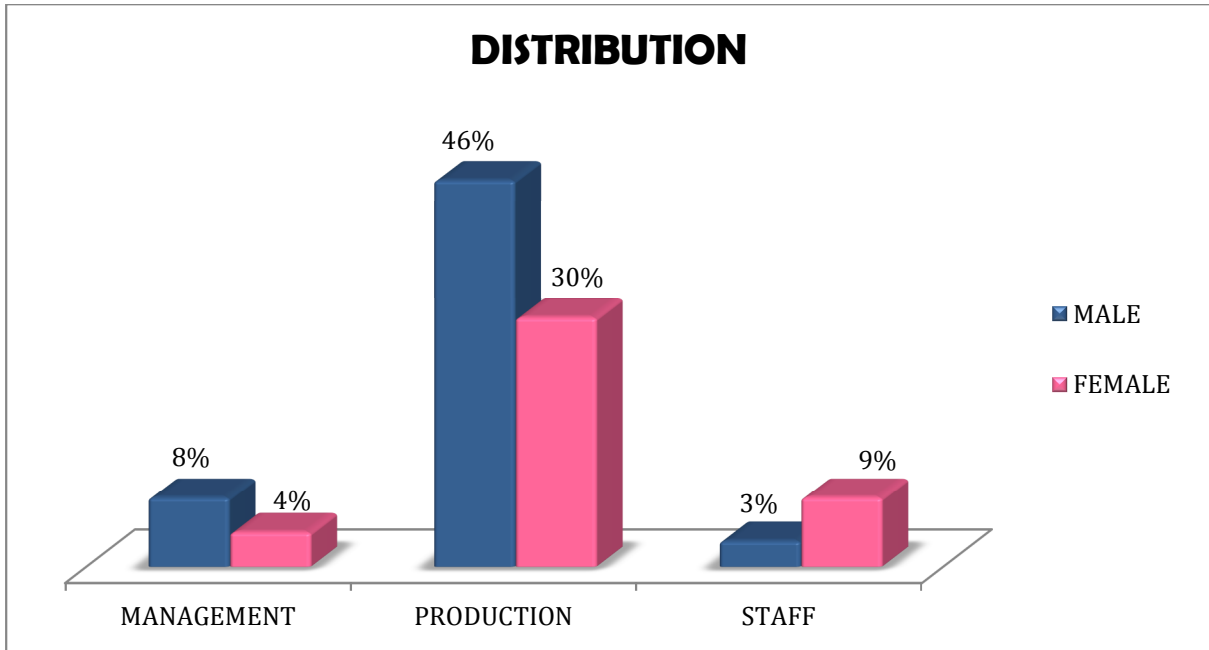
We are an equal opportunity employer and embrace the principles of equality and non-discrimination when hiring employees. Recruitment, remuneration, promotion and benefits are handled based on objective assessment, equal opportunity and non-discrimination basis, regardless of gender, race, religion, age or marital status.

We encourage diversity in our work force, as we believe that by bringing in people with different experiences, backgrounds and skills, we can encourage innovation and we are better able to meet various challenges. The chart below shows the breakdown of our staff force by nationality:

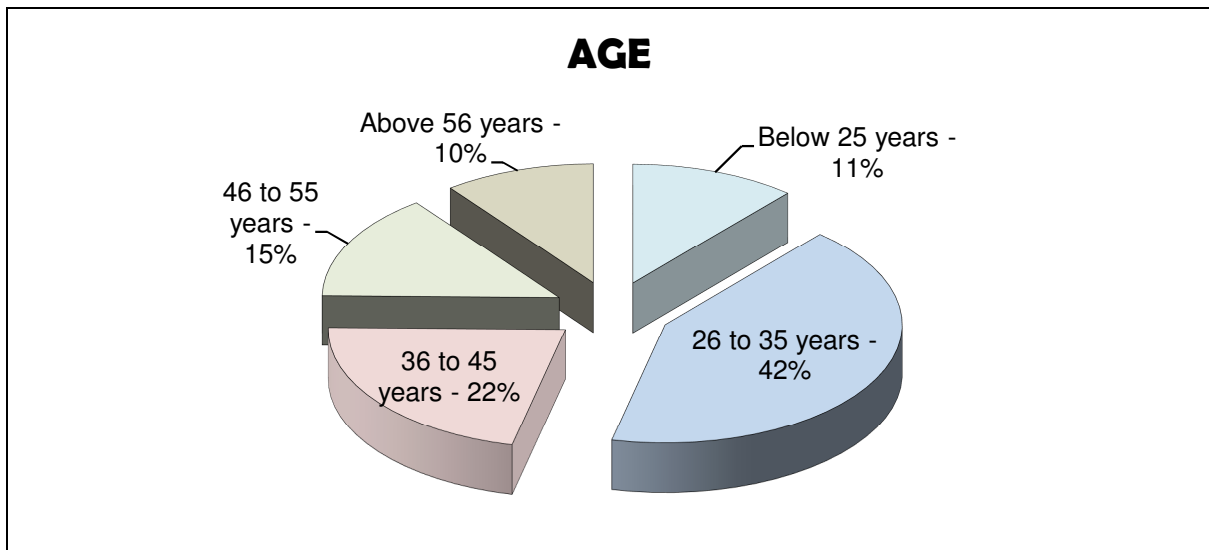


As for gender diversity, we actively address any unconscious bias for gender preference and promote gender balance. We aim to develop an inclusive culture that respects the contribution of all employees regardless of gender, race or age. The proportion of males as a percentage of the total workforce is 58%, as more men than women are working on the production floor. There are also more men than women holding management positions in our organization; however there are more women holding administrative and accounts positions in the offices, as indicated in the bar chart below.





As to age diversity, we value our matured workers for their experience, knowledge and skills, but recognize the need to train younger workers to drive the Group's operations in the future.



We provide employees with equal opportunities for training and development based on their strengths and needs, to help them achieve their full potential. Suitable training is extended to employees to enable them to perform at optimal levels and include on-the-job training and mentoring, job rotation, technical updates and courses, seminars and webinars conducted by external trainers.

Employees are appraised through inputs from the supervisors and managers, as well as periodic formal appraisals. Promotion is based on merit, competency and suitability. As we value our employees, we will double our efforts to consider promoting existing employees before hiring for new or vacant positions.

The Company and its subsidiaries will continue to abide by the local labour laws in Singapore and Malaysia to promote fair employment practices.

## **OCCUPATIONAL HEALTH AND SAFETY**

Our employees are an integral part of our organization and we are committed to providing them a safe and pleasant environment to work in. The factory floor will have safety risks, but we aim to create and sustain a safety focused, zero-accident culture.

At our production sites, the workers are required to operate various machines and equipment. We must therefore maintain a safety-conscious culture amongst our workers to avoid any industrial accidents. We have a set of safety rules and regulations in place and all new employees are briefed on safety procedures during orientation. Every employee is responsible for their own safety and the safety of their co-workers.

The house rules include:

- proper housekeeping to maintain tidy work areas to avoid falls from unexpected obstacles. Workers are to replace tools back to their original store area and to keep the aisles clear of products or debris
- cleaning up all chemical spills immediately to prevent burns and other accidents
- cleaning and sweeping the production floor regularly and at the end of the day
- no eating or drinking or smoking is allowed on the production floor
- wear the right protection equipment when handling chemicals which include gloves and face masks
- be always alert when operating machines and not engage in any unsafe or negligent act that may endanger yourself or others working in the vicinity
- always practice good personal hygiene, for instance, wash hands upon leaving the factory floor
- report to the supervisor any possible health or safety hazards that have come to your attention

Each location will have ready first-aid kits maintained on the premises to provide immediate first aid treatments to workers or others who sustain injuries at the location.

We encourage our employees to live healthy lives with proper diets and regular exercise. The Company provides free medical consultations and medication, so workers who are unwell may visit the Company approved clinics situated near each of our offices, or any government run clinics. We believe in reducing workplace stress and encourage workers to relax during breaks and to aim for work-life balance.

The Group recorded zero workplace accidents during FY2018 and we target to maintain the same performance in FY2019.

## **CORPORATE CITIZENSHIP**

It is said that sharing our blessings is what makes life meaningful. Towards that end, we also encourage our employees to give some time and effort to the communities in which they live and work. The Company helps to co-ordinate in respect of collection of recyclable used clothings, electrical appliances and other household items for donation to non-profit organisations.

# GOVERNANCE

## CORPORATE GOVERNANCE

CPH is committed to maintaining good corporate governance to enhance and protect the interests of the Company's shareholders. Our corporate governance practices are set out in the Group's annual report in the section entitled "Corporate Governance Report" (pages 9 to 28), with specific references to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). Where the Group's practices differ from the principles and guidelines under the Code, any deviation from the recommended guidelines under the Code will be duly explained and set out under the Corporate Governance Report.

The Board of Directors decides on strategic plans, key business initiatives and major investment and funding matters. The Board also reviews the financial performance of the Group, the adequacy of effectiveness of internal controls and risk management systems and ensures compliance with all laws and regulations relevant to its operations. Specific functions are delegated to Board Committees. The Nominating Committee ensures the balance and diversity of the Board, assesses the performance of the Board and of each Board Committee, as well as the contribution each director made towards the Board's effectiveness. The Nominating Committee also conducts rigorous evaluations of the independence of the independent directors. The Audit Committee works with the external auditors to evaluate the risk management and internal control systems, review financial statements including any significant reporting issues and judgements so as to ensure the integrity of the statements, and review any suspected fraud or irregularity or possible infringement of any relevant laws or regulations. The Remuneration Committee ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks.

The Board's policy is to treat all shareholders fairly and equitably and is committed to the practice of fair, transparent and timely disclosures. The Company values dialogue sessions with its shareholders and believes in regular, effective and fair communications with shareholders, hearing their views and addressing their concerns. Material information, including the Group's financial performance, is disclosed in a timely manner via SGXNET or press releases.

The Group has in place an internal compliance code to provide guidance to its directors and officers with regard to dealings in the Company's securities. Directors and officers are required to adhere to the provision of the Companies Act and any other relevant regulations, as well as to observe insider-trading laws and regulations when dealing in the Company's securities.

## ENTERPRISE RISK MANAGEMENT

The management regularly reviews the Company's business operations and activities to identify possible areas of significant business risks and works out appropriate measures to control and mitigate these risks. The Board of Directors set objectives and underlying principles of risk management for the Group, and the management then establishes the detailed policies such as risk identification and measurement, exposure limits, hedging strategies and other control measures, in accordance with the objectives and underlying principles approved by the Board.

On a half-yearly basis, the Audit Committee, together with the Board, reviews the adequacy and effectiveness of the Group's system of internal controls to ensure that they are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology controls.

## **BUSINESS ETHICS**

We are committed to operating our businesses with integrity, accountability and high ethical standards. We maintain zero-tolerance for bribery, fraud and corruption.

We do not tolerate bribery and corrupt practices or any other behaviour that may bring disrepute to the Group. We expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group. All business dealings should be transparently performed and accurately reflected in the Group's books and records.

The Group also takes measures to safeguard access to personal data that are stored on its premises or servers. This applies to data obtained during recruitment of staff, personal data of existing staff, including their medical records and other confidential information relating to customers, suppliers and shareholders. Access to personal data is restricted to authorised persons on a strict need-to-know basis. We will also try to protect all confidential data against cyber security risks in order to protect the confidential information of all stakeholders through constant monitoring of our information technology systems. We also regularly remind all computer users to stay vigilant to avoid falling prey to phishing or other threats.

## GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description	
<b>GRI 101: Foundation 2016</b>			
<b>GENERAL DISCLOSURE</b>			
<b>GRI 102: General Disclosures</b>	102-1	Name of organisation	CPH Ltd.
	102-2	Activities, brands, products and services	Organisational Profile, page 3
	102-3	Location of headquarters	Organisational Profile, page 3
	102-4	Location of operations	Organisational Profile, page 3
	102-5	Ownership and legal form	Organisational Profile, page 3
	102-6	Markets served	Organisational Profile, page 3
	102-7	Scale of the organisation	Organisational Profile, page 3 Social, page 11 to 12
	102-8	Information on employees and other workers	Social, page 11 to 12
	102-9	Supply chain	Suppliers of raw materials, machine parts, sundry tools and packing materials are mainly sourced locally based on requirements, price points and quality.
	102-10	Significant changes to the organisation and its supply chain	Not applicable
	102-11	Precautionary Principle or approach	CPH does not specifically address the precautionary approach.
	102-12	External initiatives	Social, page 13
	102-13	Membership of associations	Member of the Singapore Business Federation
	102-14	Statement from senior decision maker	Board Statement, page 2
	102-16	Values, principles, standards and norms of behaviour	Governance, page 14 to 15
	102-18	Governance structure	Annual report, page 9 to 28
	102-40	List of stakeholder groups	Stakeholders Engagement, page 5
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	Stakeholders Engagement, page 5
	102-43	Approach to stakeholder engagement	Stakeholders Engagement, page 5
	102-44	Key topics and concerns raised	Stakeholders Engagement, page 5
	102-45	Entities included in the consolidated financial statements	Organisational Profile, page 3
	102-46	Defining report content and topic boundaries	Board Statement, page 2
	102-47	List of material topics	Materiality Assessment, page 6
	102-48	Restatement of information	Not applicable
	102-49	Changes in reporting	None
	102-50	Reporting period	1 April 2017 to 31 March 2018
	102-51	Date of most recent previous report	Not applicable
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	cwchong@circuitsplus.com.sg
102-54	Claims if reporting in accordance with the GRI Standards	Board Statement, page 3	
102-55	GRI content index	GRI Standards Content Index, page 16 to 17	
102-56	External Assurance	We may seek external assurance in the future.	
<b>MATERIAL TOPICS</b>			
<b>GRI 201: Economic performance</b>	201-1	Direct economic value generated and distributed	Economic performance, page 7
<b>GRI 205: Anti-corruption</b>	205-1	Operations assessed for risks related to corruption	Anti-corruption, page 7 to 8
<b>GRI 302: Energy</b>	302-4	Reduction of energy consumption	Energy conservation, page 9



## GRI STANDARDS CONTENT INDEX

<b>GRI Standard</b>	<b>Disclosure</b>		<b>Reference / Description</b>
<b>GRI 306: Effluents and Waste</b>	306-2	Waste by type and disposal method	Waste management, page 9 to 10
<b>GRI 403: Occupational Health and Safety</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational health and safety, page 13
<b>GRI 405: Diversity and equal opportunity</b>	405-1	Diversity of governance bodies and employees	Diversity and equal opportunity, page 11 to 12