

Environmental, Social and Governance Report

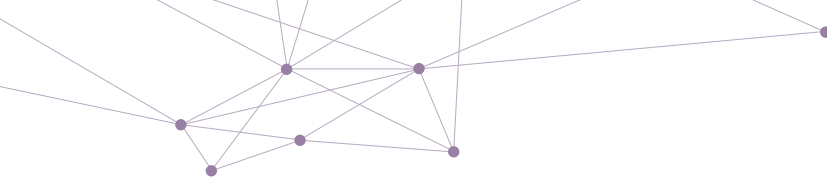
PC Partner Group Limited (“PC Partner” or the “Company”) is a leading manufacturer of computer electronics products. We attach great importance to the establishment of management systems that regulate every aspect of our activities and have set up 4 managements systems, namely ISO9001 (Quality Management System), QC080000 (Hazardous Substance Process Management), ISO14001 (Environmental Management System) and OHSAS18001 (Occupational Health and Safety Management System), at the production base of 東莞栢能電子科技有限公司, our subsidiary in China. Operations are carried out by our staffs in accordance with these 4 management systems, thereby ensuring our product quality, environmental commitment and occupational safety. PC Partner undertakes to operate in a sustainable and responsible manner in terms of product and global development as well as the entire supply chain and focuses on, in particular, environmental sustainability, product liability, occupational health and safety and labour and ethics. In order to qualify specific products requirements, PC Partner has started to establish ISO13485 (Medical Equipments Quality System) and ATF16949 (Automotive Quality System) in order to fulfill the requests from customers.

In 2017, PC Partner showed continuous improvements in fulfilling different social responsibilities according to ISO9001, ISO14001, OHSAS18001, QC080000 and the code issued by the Electronic Industry Citizenship Coalition (“EICC”) and has witnessed noticeable achievements in promoting environmental sustainability. Total electricity consumption has been on the decline as we consistently enhance energy efficiency. Overall power consumption has been declined from 19.53 million kilowatt-hours in 2014 to 16.61 million kilowatt-hours in 2016. Due to increase of production capacity, the power consumption has been increased to 18.67 million kilowatt-hours. The power consumption per every thousand dollar reduced from 4.42 per kilowatt-hour in 2016 to 3.45 per kilowatt-hour in 2017, which was due to our continue efforts on improving the efficiency on energy consumption. In 2018, efforts will be continued to improve energy utilisation, such as enhancing our production lines, developing automatic production equipment and using energy-saving LED lights, in order to boost efficiency and reduce consumption.

Since our first calculation of scopes 1 and 2 greenhouse gas (GHG) emissions in 2013 and the total scopes 1 and 2 GHG emissions have been on a downward trend between 2016 and 2017, on the basis of these statistics in term of revenue, we constantly look for ways to cut down GHG emissions.

In respect of product management, we are committed to pay regard to the impact on the environment and consumers throughout the product life cycles. The impact of energy utilisation, resources consumption and our products on the atmosphere, water, soil and consumers are also taken into consideration during different stages from the design, development and manufacturing to the consumption and recycling of our products. Based on the above, we adopt a green approach towards procurement, production and sale throughout the product cycles.

In relation to governance and ethics, training on codes of business ethics and conduct are provided to our staff so that our governance requirements on business ethics are well communicated to them. We keep abreast of other relevant requirements regarding codes of business ethics and conduct so as to ensure that they are always complied with by our staffs in their business activities. Throughout 2017, PC Partner was persistent in protecting labour and human rights by undergoing several audits required by clients under the code issued by the EICC and one Validated Audit Process (VAP) by EICC. The findings of the audits showed that we had taken the initiatives to make improvements to prevent labour or human right incident.



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For the purpose of compliance with ISO9001, ISO14001, OHSAS18001, QC080000 and the code issued by the EICC, we continued to urge our suppliers to make improvements in 2017 by assessing their performance in terms of environmental compliance, occupational health and safety, labour and ethics through various means including on-site audit and self-assessment. Over 85 suppliers underwent our on-site audit in 2017. We will join hands with our suppliers to further efforts in improving our performance in terms of environmental compliance, product liability, occupational health and safety, labour and ethics and will offer management, technological and training supports to our suppliers.

A. SUSTAINABLE DEVELOPMENT OF THE ENVIRONMENT

As a commitment to use its endeavour to promote the sustainable development of the environment during its manufacturing process, PC Partner has set goals, formulated plans and carried out statistical analysis and audits to reduce energy and water consumption, carbon emission and waste disposal. Our environmental management system is established and implemented and the environmental impact of our operations is managed as required by the industry-leading ISO14001 Environmental Management System. In 2017, our production bases underwent an annual supervisory audit required by the ISO14001 Environmental Management System and the OHSAS18001 Occupational Health and Safety Management System and ensured system compliance by assisting our suppliers to carry out the annual supervisory audit under the environmental management system and the occupational health and safety management system. Internal audit was also conducted in 2017 according to the ISO14001 Environmental Management System and the OHSAS18001 Occupational Health and Safety Management System in order to ensure the ongoing effectiveness of and improvements in the systems. On the other hand, we were audited by a number of clients under the ISO14001 and OHSAS18001 standards and well-recognised for our compliance.

A1. Emissions

We have identified the environmental factors of our waste gas emissions, which are mainly from tin furnaces and soldering furnaces, kitchen exhaust systems and generators, and treated the sources of emissions according to local environmental laws and regulations. Such sources are regularly monitored to ensure the emissions comply with the regulations. Every year we engage third-party monitoring organisations to monitor the concentration of emissions from different sources according to local standards (e.g. Integrated Emission Standard of Air Pollutants (GB16297-1996), Emission Standard of Cooking Fume (GB18483-2001)) to ensure ongoing compliance. We also pay consistent attention to local laws and regulations and conduct safety assessments to ensure our gas emissions do not violate relevant regulations.

Both the production of products and offering of services require the use of energy, which leads to GHG emissions. In order to reduce such emissions, PC Partner identifies the utilisation and boosts the efficiency of energy and steps up the audit of management systems, and collects data on the scopes 1 and 2 GHG emissions on a regular basis based on our current technological level. Our top priority is to reduce the energy consumption and GHG emission per thousand dollars of our turnover. “Energy consumption per thousand dollars of revenue” and “GHG emission per thousand dollars of revenue” are measures that correlate with the amount of economic activities and provide more useful references to our performance as compared with indicator comparisons. In 2017, we have collected data on energy consumption and GHG emission and evaluated our performance based on the above policies.

Our operations generate household wastewater and no industrial wastewater is discharged. Measures have been taken to cut water consumption and minimise the amount of wastewater. Discharge indicators for wastewater are monitored annually to ensure the quality of the wastewater discharged meet local laws and regulations, and household wastewater is discharged to municipal treatment plants. During the process of product cleaning, we use a small amount of chemicals, which lead to liquid waste. Discharge of liquid waste to sewers, aquatic systems and soils is prohibited. Instead, it is centrally collected and stored in closed containers and then delivered to qualified green service providers under local laws and regulations.

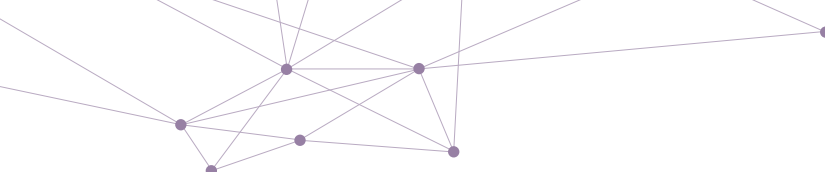
There are four types of solid waste generated from our operations: household waste, hazardous waste, recyclable waste and waste paper. According to our policies, these types of waste are treated in different ways in compliance with local laws and regulations. Hazardous waste such as liquid chemical waste, scrap tin, chemical-stained cloth, fluorescent tubes, batteries and discarded containers are often resulted from our daily production activities and the proper disposal of these types of waste is strictly required. They must be centrally collected and delivered to qualified green service providers under local laws and regulations. Recyclable waste such as metals, plastic trays and plastics is treated by being sold to respective recyclers and, in respect of plastic trays, offering them to suppliers for reuse at no consideration, for the full utilisation of resources. Household waste is generated in the daily life of our staff and is centrally collected and delivered to municipal environmental organisations for treatment. For the protection of forest resources, waste paper in the offices and packaging waste in the production process are centrally collected and delivered to recyclers for reuse as raw materials for making recycled paper. Policies are in place to gather news on and evaluate the laws and regulations regarding the treatment of waste gas, GHG, wastewater and hazardous and ordinary materials, thereby ensuring our compliance with local laws, regulations and standards.

A1.1 Types of emissions and respective emissions data

We carried out statistical analysis of each type of discharge on an annual basis to keep track of the movement in the respective amount of discharge. The statistics on different types of discharge for 2017 are as follows in the A1 Statistical Table:

A1 Statistical Table	Hazardous materials					Non-hazardous materials			
	Household	Hazardous	Discarded	PCB trims					
Type of discharge	GHG	wastewater	liquid waste	clothes	and scraps	Scrap tin	Waste paper	Waste plastic	Metals
Unit of Measure	Tonne of CO ₂	m ³	Tonne	Tonne	Tonne	Tonne	Tonne	Tonne	Tonne
2017 Discharged Volume	14,947.48	83,187	1.00	0.43	4.70	0.13	54.22	2.39	0.24
2016 Discharged Volume	13,303.68	77,441	0.52	0.08	3.88	2.40	36.90	2.70	0.24

Note: based on the information of 東莞栢能電子科技有限公司



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A1.2 GHG emissions

Our scope 1 GHG emission in 2016 was 212.59 tonnes of CO₂, while that in 2017 was 232.63 tonnes of CO₂, representing an increase of 9.4%. This was mainly due to increase on production capacity which consumed more natural gas for generating electricity with generators.

Our scope 2 GHG emission increased by 12.4% from 13,091.09 tonnes of CO₂ in 2016 to 14,714.85 tonnes of CO₂ in 2017, which due to increase on production capacity that consumed additional electricity on production. However, we have adopted power consumption technologies (i.e. using LED lights and optimising the production process), managing the use of electricity to drive the power consumption rate down per ten thousand dollar. In 2017, scopes 1 and 2 GHG emissions totaled 14,947.48 tonnes of CO₂, which was 12.4% more than the figure in 2016 of 13,303.68 tonnes of CO₂.

Scopes 1 and 2 GHG emissions per thousand dollars of revenue reduced by 20.0% from 0.0035 tonne of CO₂ in 2016 to 0.0028 tonne of CO₂, in 2017, and this showed that we have achieved the target of a 1% drop in scopes 1 and 2 GHG emissions per thousand dollars of revenue for 2017 as compared with that for 2016. With GHG emission management as a part of our ISO14001 management system, we will continue to evaluate the impact of climate change on our businesses and take steps to mitigate such impact.

A1.3 Total hazardous waste produced

Our production process generates a small amount of hazardous waste, which are mainly liquid waste, discarded cloths, PCB trims and scarps and scrap tin. We have established a tracking and treatment process for hazardous waste, all of which is delivered to green service providers in accordance with local laws and regulations. Besides verifying the qualifications of the service providers, we also carry out audits to ensure they meet our selection criteria. We are working towards our operations being zero waste.

In 2017, we generated 6.26 tonnes of hazardous waste, 9.0% less than 6.88 tonnes for 2016. This was mainly due to the decrease in the amount of scrap tin as our production techniques have improved. The amount of hazardous waste generated per 100 million of dollars of revenue for 2017 was 0.1158 tonne, which fell significantly as compared with 0.1833 tonne for 2016.

A1.4 Total non-hazardous waste produced

Waste such as waste paper, scrap metals and waste plastic are often produced during our production process and household garbage and wastewater are by-products of the daily life of our staff. Non-hazardous waste from the production process is sorted and sold to respective recyclers as materials for recycling and reuse, and any improper disposal of recyclable and reusable non-hazardous waste is strictly prohibited. Household garbage is brought to a central collection point and transported to municipal refuse treatment organisations for further handling. In 2017, non-hazardous solid waste generated from the production process amounted to 56.85 tonnes, 42.7% more than 39.84 tonnes for 2016. Household wastewater produced in 2017 increased by 7.4% from 77,441 cubic metres in 2016 to 83,187 cubic metres in 2017. Staff members are required to print and copy on both sides to reduce the use of plain paper.

PC Partner always targets to lower the amount of non-hazardous waste, and statistical data showed that we have been making a satisfactory progress. In 2017, non-hazardous solid waste and household wastewater generated per 100 million of revenue were 1.05 tonnes and 1,539.36 cubic meters respectively, both of which exhibited a drop as compared with those for 2016.

A1.5 Measures to mitigate emissions and results achieved

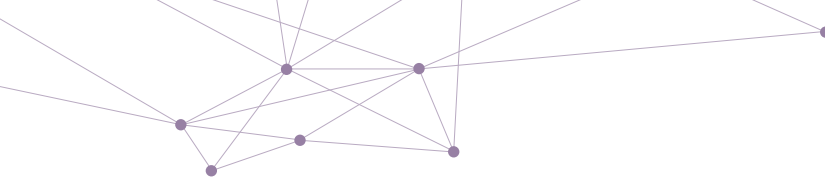
We strive to protect the environment and have made enormous efforts to reduce discharges and emissions. The following measures were taken to reduce the emissions from tin furnaces and soldering furnaces as well as kitchen exhaust systems in compliance with local laws and regulations:

1. Operation schedules have been improved so as to reduce the number of operating hours and hence emissions. For example, production plans are streamlined to boost production efficiency and shorten production time, and cooking time are better arranged to shorten kitchen time;
2. Emission reduction facilities are installed to cut down emissions. For example, emission filters are installed in generators and kitchens and air filters are installed in tin furnaces and soldering furnaces;
3. Regular maintenance and repair are carried out for the environmental equipment to ensure proper functioning;
4. Discharges and emissions are monitored on a regular basis to ensure compliance; and
5. Scrap tin are recast into tin bars (recovery rate: 90%) for reuse to reduce wastage.

With our abovementioned efforts, the atmospheric emissions from tin furnaces, soldering furnaces and kitchens passed the annual tests undertaken by the third-party organisations we engaged.

Since the GHG emissions on which we have conducted analysis are mainly resulted from the use of energy, the measures we have taken to reduce GHG emission focus on enhancing energy efficiency. Those measures taken in 2017 are as follows:

1. Improve soldering at surface mount technology process in order to save electricity;
2. Layout of our workshops and production lines are improved according to the capacity of our products to enhance energy efficiency;
3. Modification and maintenance of equipment with heavy energy consumption, such as air-conditioners and air compressors, are stepped up;
4. Retire on machinery and equipment; and
5. Energy consumption is better managed.



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Due to the statistic data of the company's GHG emissions was mainly came from energy consumption, we delegate our focus and efforts on improving of energy consumption efficiency in order to reduce the GHG emissions. In 2017, we executed the above practice and achieved a 20.0% reduction from 0.0035 tonne of CO₂ per thousand Hong Kong dollars in 2016 to 0.0028 tonne of CO₂ per thousand Hong Kong dollars in 2017 on Scopes 1 and 2 GHG emissions. The statistical data is at A2 Statistical Table.

A2 Statistical Table	Year 2017	Year 2016
Total scopes 1 and 2 emissions (tonne of CO ₂)	14,947.48	13,303.68
Total revenue (thousand HK dollars)	5,403,812	3,754,034
Emissions per thousand dollars of revenue (tonne of CO ₂ per thousand HK dollars)	0.0028	0.0035

Note: based on the information of 東莞栢能電子科技有限公司

A1.6 How hazardous and non-hazardous waste is handled, reduction initiatives and results achieved

For many years, PC Partner has been employing different initiatives to manage waste and minimise the discharge of hazardous materials and deliver them for neutralisation treatment. In respect of non-hazardous waste, the following treatments are conducted:

1. Recyclable and reusable waste is collected and transported to green service providers for recycling and reuse;
2. Waste such as waste paper and waste plastic are sold to respective recyclers for processing into reusable materials;
3. Household solid waste is collected and transported to municipal environmental service providers for neutralisation treatment;
4. Household wastewater is discharged to the municipal sewer system for treatment and tested every year to ensure compliance with discharge standards;

We select environmental service providers authorised by local governments to treat our hazardous waste. Such waste is centrally collected and delivered to selected service providers according to local laws and regulations for neutralisation treatment. Neutralisation treatment, recycling and reuse are our key green measures in waste management. We are also committed to waste reduction and have taken the following actions in 2017:

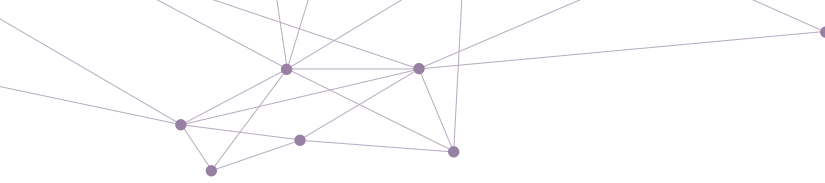
1. Waste is reduced through the improvement of production techniques. For example, cleaning-free technique is introduced to minimise the use of chemicals and PCB layouts are improved to reduce trims and scarps;
2. By improving our techniques, pollution-free chemicals are used to replace heavy-polluting ones for waste reduction;

3. Simple packaging is used to use less raw materials and reduce packaging waste of completed goods;
4. Electronic operations are promoted through the development of various office software to reduce the use of paper and the generation of waste;
5. To reduce the amount of production and household waste, trainings are provided to our staffs to increase their environmental awareness. For example, staffs are encouraged to use less disposable goods; and
6. Management initiatives are undertaken to encourage the reduction in water use so as to reduce the amount of household wastewater.

A2. Use of Resources

The Company has established management policies for energy, water and other resources under its environmental management system (an ISO14001 system) to constantly optimise and reduce the use of resources. PC Partner uses electricity, natural gas and diesel in its daily production and operation. As to the use of energy, the Company strives to “reduce consumption, optimise efficiency and protect the environment”. Electricity is the major energy source utilised by the Company, which mainly purchases electricity from power companies. The electricity is then converted into the powers required by the Company’s operations. We increase our energy efficiency and reduce electricity consumption through management and technical upgrades. We investigate the use of electricity of each premise and activity by evaluating the environmental conditions so as to adopt appropriate optimisation measures and reduce the use of electricity. The Company encourages its staff to save, and innovate new technique to use, electricity. As a relatively clean energy source, natural gas was also introduced in 2013 to replace diesel which has lower energy conversion rate. Natural gas is currently used in cooking in the canteens. In addition to replacing diesel with natural gas, the Company is also making effort to convert to other clean energies, such as using solar energy instead of diesel to provide hot water in staff quarters, in accordance with its energy policies. The Company currently does not use water in its production process, and only the staff use water for domestic purposes. As such, the Company’s water policy focuses on encouraging the staff to save water through setting water consumption targets for each premise. We also upgrade water using facilities to reduce the use of water.

The Company uses various kinds of packaging materials and components in its production process. We require our designers to take the environmental-friendliness into account when designing the packaging in order to reduce the use of materials with better designs. The materials used by us conform to all relevant laws and regulations and customer’s requirements, such as the Restriction of Hazardous Substances (RoHS) and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) for electrical and electronic equipment, in order to reduce the pollution caused by our materials. In the process of procuring materials, we require the suppliers to protect the environment in terms of material environmental compliance and consumption, implement clean production and simplify packaging. In its internal manufacturing process, the Company uses its best effort to choose recyclable materials to cut back on the use of packaging materials.



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A2.1 Direct or indirect energy consumption in total

We need to consume energy to produce our products and provide our services. The Company currently uses electricity and natural gas as the main energy sources. To reduce the total consumption of energy, PC Partner identifies improvement opportunities, implements such improvements and evaluates the effectiveness and performance of the energy management system over its production process based on the relevant circumstances. Due to the complexity of statistically calculating our energy consumption per unit of production volume, energy consumption per unit of revenue has been chosen as our energy efficiency indicator. To facilitate conversion between different energy sources, all consumptions are converted into standard coal equivalent using a consistent conversion factor.

PC Partner measured various energy consumption every year. In 2017, the electricity consumption was 18.67 million kilowatt-hours, natural gas was 4.25 ten thousands cubic metres, and diesel consumption was 30.77 tonnes. We have achieved 44.87 tonnes of standard coal per 100 million revenue. The statistics of energy consumption by type for 2016 and 2017 are shown in the following A3 Statistical Table.

Energy source	Unit of Measure	2017			2016		
		Industrial use	Non-industrial use	Total	Industrial use	Non-industrial use	Total
Electricity	10,000 KWH	1,762.72	103.94	1,866.66	1,561.35	99.32	1,660.67
Diesel	Tonnes	2.68	28.09	30.77	0.84	29.67	30.51
Natural gas	10,000 Cubic Metres	0.00	4.25	4.25	0.00	3.62	3.62
Petrol	Tonnes	0.00	19.92	19.92	0.00	17.32	17.32
Total (equivalent)	Tonnes of Standard Coal	2,170.29	254.51	2,424.80	1,920.12	238.93	2,159.05

Note: based on the information of 東莞栢能電子科技有限公司

A2.2 Water consumption in total and intensity

Water is a key natural resource which is crucial to human survival. Appropriate water management that protects water resource is vital to the protection of our ecosystem. We do not use water in our production process. Water used by the staff for domestic purposes comes from local municipal water supply. We have already adopted numerous measures to reduce our use of water and lower our water consumption per unit of revenue. Total water consumption in 2017 was 83,187 cubic metres and the consumption per 100 million of revenue was 1,539.36 cubic metres. We will keep on improving our water utilisation rate to bring down our water consumption. Opportunities of saving water will be identified with our systematic water resource management and water consumption analysis.

A2.3 Energy use efficiency initiatives and results achieved

To assess energy use efficiency and achieve our annual energy use efficiency target (a decrease of 2.0% in energy consumption per unit of revenue from 2016 to 2017) across the Company, we have taken initiatives to strengthen energy management and refine energy use. In 2017, we have carried out the following projects:

1. An energy management centre has been set up to monitor the energy use of the Company's facilities;
2. Automatic tools and equipments have been designed to enhance efficiency on energy consumption;
3. The layout of the plants and production lines has been optimised according to the production capacity of the Company's products to reduce hauling time and improve energy use efficiency; and
4. Air conditioning pipes have been reconstructed, all insulators of the pipes have been replaced, and the dirt in the pipes has been cleared.

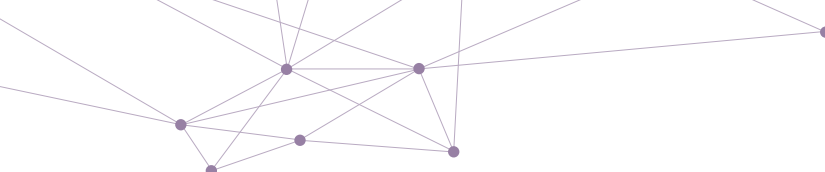
With concerted efforts, total energy consumption for 2017 amounted to 2,424.80 tonnes of standard coal, representing an increase of 12.3% from 2,159.05 tonnes of standard coal for 2016. Energy consumption per HK\$100 million of revenue dropped from 57.51 tonnes of standard coal for 2016 to 44.87 tonnes for 2017, a drop of 22.0%.

A2.4 Water efficiency improvement initiatives and results achieved

The Company updates its per unit of production volume water efficiency target each year and formulates comprehensive yearly water efficiency initiatives according to this target. Such initiatives improve water efficiency principally through better water-saving management and water consumption facilities. Our water efficiency improvement target for 2017 was a decrease in water consumption per unit of production volume of 2.0% as compared with 2016. According to our statistics, water consumption per HK\$100 million of revenue fell from 2,062.89 cubic metres for 2016 to 1,539.36 cubic metres for 2017, a drop of 25.4%.

A2.5 Total packaging materials used

We design our packaging during our product design and development process. The general approach is to minimise the use of packaging materials as long as the packaging serves its purpose in order to reduce the impact on the environment. We also have measures in place to minimise harmful substances in the packaging materials and thus their harm on the environment. As our efforts to control the use of packaging materials are made on a group level for years, we do not have any statistics of total packaging material amount.



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B. SOCIETY

PC Partner is committed to upholding the highest ethical standard in its business operations. We manage our occupational safety, hygiene, labour, ethics, human rights and other matters in accordance with OHSAS18001 and EICC standards. We have obtained OHSAS18001 certification.

B1. Employment

Being a responsible corporation, PC Partner is under an obligation to protect labour and human rights, and guarantee a working environment that allow employees to manifest their values, share their knowledge and innovate. To eliminate the potential problem of child labour, PC Partner does not employ any worker below 16 years of age. Furthermore, PC Partner utilises local workforce as much as possible and ensures that labour rights are protected through strictly prohibiting any forced labour, human trafficking or slavery. We do not withhold any personal documents. Audits are conducted to assure that labour rights are protected. We pursue the safety of our employees in our production bases both during working hours and on rest days in order to satisfy the requirements of EICC standards and local labour laws and regulations. As a manufacturing corporation, we have stringent measures in place to prevent and deal with common labour issues, such as child labour, forced labour, overtime work and safety risks.

We conduct annual internal audit of the Company's occupational safety, hygiene, labour, ethics, human rights and other social responsibilities in accordance with the requirements of the OHSAS18001 and EICC standards. The results of such annual audit are submitted to the management for review so as to analyses the Company's performance and possible improvement in terms of social responsibilities. We conducted one internal audit under OHSAS18001 and one internal audit under EICC in 2017.

In April 2015, Version 5.0 of the EICC standards came into effect. This version introduced numerous changes to the labour section to strengthen labour protection, align with United Nations' principles in this area, and integrate other best practices as guiding principles. To consolidate the requirements of the new EICC, we strived to update PC Partner's policies, practices, training materials and internal audit documents and tools in the related area. We also added assessment procedures in terms of occupational hygiene, safety, internal labour and ethical risks to assure that such risks are identified and prevented.

B1.1 Total workforce and its analysis

The Company has policies in place to eliminate any discrimination in staff recruitment and development so as to ensure equal employment. We also strive to aid employees who are disadvantaged in competition to enjoy alternative development opportunities. As at the end of 2017, PC Partner's production bases employed over 2,200 employees, in which the numbers of male and female employees were approximately 1,300 and 900, respectively, accounting for approximately 59.1% and 40.9%, respectively. The number of male employees increased by over 200 and the female employees remain at the same level in compare to 2016.

B1.2 Employee turnover rate and its analysis

It is one of PC Partner's employment policies that employees are free to choose their career, and can freely join or leave the Company in accordance with its formalities. The Company does not require the employees to surrender any identity card, passport or work permit issued by the government. Our employee turnover rate is in line with industry level and there has not been any particular reason for such turnover. In 2017, our employee turnover rate was 10.9%. In particular, the turnover rate of male employees and female employees were 13.8% and 8.9%, respectively. The age group exhibiting the highest employee turnover rate, which was 12.6%, was the 18–40 age group. The employee turnover rate was less in 2016 at 11.9%; in which, the male employees and female employees turnover rates were 14.8% and 8.9% respectively.

B2. Health and Safety

PC Partner is committed to the protection of employee safety, physical health and mental well-being. The policies under our occupational health and safety management system are documented and have obtained OHSAS18001 certification. Our occupational health and safety management system covers applicable local and international laws and regulations and evaluates our compliance level to ensure that our business operations and activities meet the requirements of all relevant laws, regulations and standards.

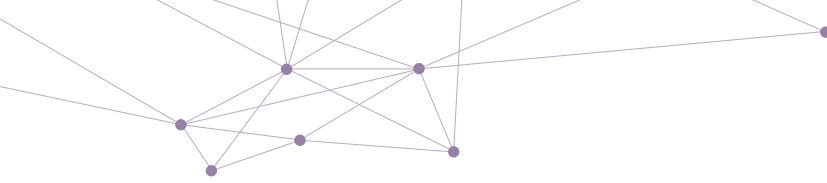
We assure the consistent implementation of all health and safety policies with clear procedures, division of responsibilities, distinct requests and broad staff training. Occupational health and safety events are organised according to an evaluation of the sources of health and safety hazards. We make sure that all the staff, ranging from the management to frontline staff, understand the duties of their jobs. As a part of our commitment towards staff health and safety, we have also launched various health and safety training courses to enhance staff health and safety awareness. The occupational health and safety management system is also audited every year to ensure its continual effectiveness. Several customers have also reviewed our occupational health and safety management system in 2017.

B2.1 Number and rate of work-related fatalities

To secure satisfactory performance and safeguard the physical health and mental well-being of the employees, we systematically identify, manage and prevent health and safety risk on the premises. No work-related fatality was recorded in 2017.

B2.2 Lost days due to work injury

We eliminate the potential risks on our premises and in our activities and, in turn, work injuries by identifying and managing such risks. However, accidents may still occur due to negligent operation and management on the part of the staff. Not only do such accidents cause personal injuries to the staff, they result in the loss of working time as well. In 2017, a total of 2 work-related accidents were noted which was less than the 3 work-related accidents in 2016. The accidents were minor injuries mainly due to negligent operation by the relevant employee. We have investigated and evaluated the causes of such accidents and made corresponding improvements. The Company has formulated work injury handling policies in compliance with local laws and regulations to provide strong support for the injured staff and thus effectively protect their physical health, mental well-being and interests. We also investigated the causes of the accidents and formulated corresponding improvement measures in order to prevent future occurrences.



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B2.3 Occupational health and safety measures adopted

The occupational health and safety management of PC Partner concentrates on risk management and encompasses occupational health and safety measures that focus on prevention. Following this approach, we have established a comprehensive occupational health and safety measure management system in accordance with OHSAS18001 based on the following lines of action:

1. identify each activities required in our business operation as a whole;
2. identify the potential occupational health and safety risks of each activity;
3. determine the level of such occupational health and safety risks pursuant to a consistent system;
4. determine the required responses for each risk level;
5. formulate and strictly execute remedies and preventive measures for the risk of each activity; and
6. formulate an occupational health and safety management checklist to facilitate daily management.

The relevant departments of the Company repeat the evaluation of the occupational health and safety risks of their activities each year. The annual evaluation is conducted to confirm whether any new risks have arisen and that the occupational health and safety measures for each risk are effective in preventing accidents. To ensure that the measures are effective, the Company organises occupational health and safety checks in the ordinary course of business to identify any potential health and safety risks on the premises in a timely manner in addition to the annual evaluation of the implementation and effectiveness of the occupational health and safety measures during the audit of the management system. The reports of such checks are submitted to the management to secure effective implementation of remedies. The Company has also set up an industrial safety committee to execute all health and safety tasks across the Company.

B3. Development and Training

PC Partner has formulated specific employee training and development policies to foster staff's self-improvement. We require our staff to complete induction programme and participate in certain annual training for the sake of our corporate growth as well as their own development. PC Partner offers financial support to encourage the staff to participate in cultural and technical certification programmes in their leisure time. All these years, many employees have obtained their certifications through such support.

Moving along with the society, we have allocated specific resources to training so that the employees can flexibly and quickly adapt to social changes, achieve career development and create more opportunities for our own business development. In 2017, we carried on the 6 SIXGMA certification programme to comprehensively improve our quality through enhancing the quality control ability of the relevant officers and technicians. We also continued to roll out an internal education certification project targeting at frontline staff in 2017 to increase their comprehensive knowledge in factory management and expertise, thereby facilitating their career development.

After years of efforts, an effective staff development and training programme has been established under our expertise and skill enhancement policies and is well-received by the staff.

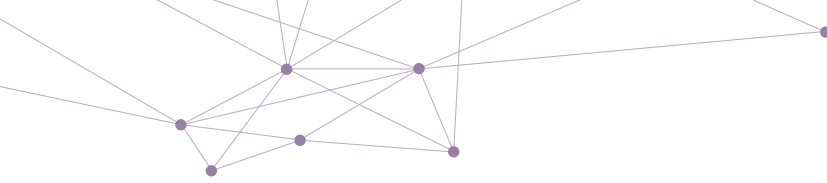
B3.1 Employee training

PC Partner requires new employees to participate in induction programmes in accordance with its training policies so as to make sure that the new employees are capable to handle their jobs. The time of the induction programmes are 24 hours. All new employees joining us in 2017 have participated in such training. We also require the employees to complete at least 20 hours of on-the-job training organised by the human resource department each year. There are a variety of on-the-job training programmes for the employees to choose from. The employees may also apply for external training according to their needs. In 2017, all employees have completed their required annual training. Training offered by the Company also include social responsibility programmes corresponding to the employees' job nature. In 2017, the average annual training hours (excluding induction programme hours) completed per senior and junior employee were 25.5 hours and 20 hours, respectively.

B4. Labour Standards

PC Partner has formulated its labour policy in accordance with the EICC standards, local laws and regulations, and the requirements of the respective stakeholders. In the process of formulating such labour policy, we have studied and evaluated relevant labour standards and local laws and regulations. PC Partner recruits and selects the most suitable candidates as staff members based on the duties and need of the respective position. Major criteria for selection of candidates include integrity, academic achievements, expertise, capability and aptitude for the respective position. We do not discriminate candidates or offer different treatment based on their sex, age, nationality, ethnicity, religious belief, marital status, pregnancy, disabilities or family conditions.

We strictly prohibit forced labour and have established relevant management measures and set up whistle-blowing channels (e.g. staff representatives, suggestion boxes and intranet) for the employees to give comments and express feelings about their work. The employees are free to leave from work after office hours. They can also have meals or take rests on schedule and go to the toilet according to their need during office hours. An employee of the Company has the right to resign at any time but a 3-day or 30-day written notice should be given to the Company during and after the probationary period, respectively. The management shall approve the resignation without setting any impediment.



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The Company stringently complies with local and international business operation practices against child labour. During the recruitment process, we clearly inform our applicants of our policy against child labour. We closely examine whether their personal identity documents are authentic and belong to them, and verify the information through interview and, if necessary, governmental information channels. The recruitment process will begin only after the respective applicant's identity has been verified.

PC Partner formulates policies on hours of work in faithful compliance with local laws and regulations as well as the most stringent international requirements. The employees' hours of work shall not exceed the number of hours limited by local laws and regulations or international standards. The shift systems are designed according to local laws and regulations or international standards. Subject to the requirements of local laws and regulations or international standards, hours of work can be arranged flexibly according to work need. Due to production need, plants may not be able to apply standard working hour system and may have to implement certain systems approved by local labour departments. If employees are required to work overtime due to work need, the amount of extra time shall not violate the requirements of local laws and regulations or international standards.

The Company complies with applicable laws and regulations relating to wages and benefit policies promulgated by local governments, fulfills minimum wage requirements, and offers discretionary annual allowances or performance-based bonus for certain positions. Employees are also entitled to fringe benefits required under local laws and regulations.

We have already laid down policies to prohibit racial, religious, nationality, origin, age, disability, sex, pregnancy, sexual-orientation, social-orientation and other discrimination in any decisions relating to, among other matters, recruitment, remuneration, training, promotion, termination, retirement, and wages, bonus, allowance and other payments payable to the workers. Discriminatory medical examinations are also banned.

PC Partner has specific policy in place to protect the employees' freedom of assembly. We completely respect and do not interfere with employees' freedom of assembly and right of collective bargaining. They are allowed to organise and join labour unions and will not be punished or discriminated against for joining labour unions, such as being rejected for employment, being threatened with dismissal, being restricted in promotion, pay raise and overtime, being forced to work overtime excessively, or being re-designated to an inferior position. Every employee is entitled to the freedom of assembly and right of collective bargaining irrespective of their ethnicity, sex, position, religious belief, education background, age and so on. The Company does not obstruct any legal bodies or events organised by the employees, but provides financial support to the activities of such bodies or events. Being a responsible corporation, we protect the rights of our staff with these labour standards and policies, thereby ensuring the highest social responsibility standards in its business activities.

B5. Supply Chain Management

PC Partner engages hundreds of major suppliers, including distributors and contractors, around the world. We require our suppliers to fulfill certain social responsibilities to ensure their compliance with environmental, occupational safety and health, labour, human rights and other matters. We also offer relevant training or guidances to familiarise the suppliers with these requirements and how to fulfill them.

In recent years, we have notified our suppliers of our social responsibility policies spanning from environmental, occupational health and safety to labour, human rights and ethics, and help them comply with these requirements. To encourage our suppliers to fulfill the required social responsibilities, we also require them to give written undertakings to comply with our social responsibility policies. Social responsibility performance (e.g. environmental, occupational health and safety, labour, human rights and ethics) is also one of the criteria we use to select new suppliers. If any supplier cannot fulfill our social responsibility policies, such supplier may not become our qualified supplier. We conduct on-site social responsibility audit against the relevant suppliers each year to ensure that they constantly fulfill our requirements in terms of social responsibility and to stimulate improvements.

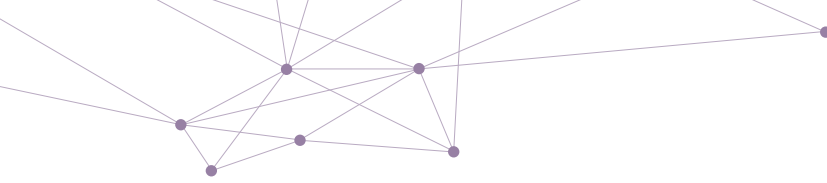
The suppliers of the Company are widely distributed although around 81% of them are located in China. Our supplier management process encompasses certification, approval, improvement, monitoring and dismissal. Potential suppliers must pass our certification criteria in a due diligence before being selected as PC Partner's qualified supplier and enter our qualified supplier list. The supplier certification criteria set by us include, among other matters, quality, environment, occupational health and safety, labour, human rights, ethics. The supplier due diligence can be conducted on-site or in written form. If we can conduct on-site due diligence against a supplier, we will review, among other matters, its quality, environment, occupational health and safety, labour, human rights and ethics on-site. If we are unable to conduct on-site due diligence against a supplier, we will conduct due diligence in written form by requiring that supplier to fill in a survey form or to submit relevant information.

Suppliers that have passed our due diligence will be approved as our qualified suppliers. To ensure that the suppliers fulfill PC Partner's social responsibility requirements and are in line with PC Partner's development, PC Partner strives to enhance their social responsibility performance through communication and guidance. We also monitor the suppliers' social responsibility performance through annual review. In 2017, over 85 suppliers have been subject to on-site review and we had conducted 80 suppliers review in 2016.

B6. Product Liability

We value the responses and transparent communication of the possible impacts of our products, and work closely with our partners along the supply chain to manage our products so as to maximise their useful life. We constantly evaluate and improve the safety and reliability, the use of restricted substances and the impact of conflict minerals of our products.

PC Partner uses almost 1,000 kinds of materials in its production. We make every effort to understand the substances of the materials and manage the environmental impact of our products. We co-operate with our suppliers to obtain comprehensive information of each material and product. Such information allows us to ensure whether our materials contain the relevant prohibited substances that affect the environment, and to formulate management measures. We request the supplier of each material to provide laboratory report of restricted substances issued by third-parties and give warranty to confirm proper management of restricted substances. We also discuss with the suppliers about restricted substance control techniques and management measures.



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PC Partner keeps an eye on the impact of our products on the consumers. To safeguard consumers against any possible safety hazard during the use of its products, it makes sure that these products are safe for use through various safety and reliability tests. It also saves resources and protects the environment by maximising the useful lives of its products.

We keep abreast of and study the laws and regulations relating to our products in order to take appropriate actions to comply with their requirements. In 2017, we continued to manage the product design, development, procurement, manufacturing, sale and other processes in accordance with product safety and reliability laws and standards, restrictive laws and regulations and other international and local laws and regulations (e.g. CE, UL, CCC, RoHS and REACH).

B6.1 Percentage of products returned or recalled

PC Partner has adopted a product return policy. We promise consumers to exchange defective products after sale and provide after-sale repairing. In 2017, none of our products has been returned by our customers or subject to recalls for safety reasons. All returned products are returned for general quality issues.

B6.2 Policies relating to protecting intellectual property rights

PC Partner is also committed to the protection of intellectual property rights, and has developed specific policies to protect them. In addition to protecting its own innovations, the Company also requires its staff not to violate any intellectual property rights or pirate any third-parties' know-how and designs in the design, development, product production and other processes. Any inventions used or created by any staff members of PC Partner while carrying out their duties or using the Company's resources to invent, innovate, design, compose or create shall be deemed as intellectual property rights and protected or used in accordance with the relevant intellectual property laws and practices, regardless of whether any patents or copyrights have been registered.

All staff of PC Partner shall report their inventions, innovations, designs, compositions or other creations to the Company for it to decide whether to apply for patents or copyrights therefore. The staff are obligated to surrender all files, drafts, designs and other information on their creations to the Company and assist the Company to apply for patents or copyrights for their creations. The Company arranges training on protecting intellectual property rights for its staff to ensure that they understand how to protect intellectual property rights. As at the end of 2017, all employees of PC Partner have undertaken training on protecting intellectual property rights.

B6.3 Quality assurance process and recall procedures

PC Partner has established a quality management system in accordance with the requirements of ISO9001 and has been certified by the relevant organisation. The Company carries out quality tests on its products and raw materials according to the standards of this quality management system as well as industry standards. We have devised a documented quality assurance process. In addition to tests on products and materials, the Company also monitors key parameters of the process to ensure the stability of the process and thus safeguard its quality. PC Partner has also laid down documented product recall procedures to recall products with potential safety hazards and protect the well-being of the consumers.

B6.4 Data protection and privacy policies

PC Partner has framed a documented privacy policy to protect the privacy of its customers, staff members and other stakeholders. All staff members must participate in trainings in relation to the privacy policy and must enter into a privacy agreement upon joining the Company. The Company classifies confidential information and manages such information according to the respective classification. Each and every department has a privacy officer responsible for the relevant duties. The Company arranges internal audit of the implementation of these duties each year to ensure the effective execution of the relevant privacy requirements.

B7. Anti-corruption

PC Partner has policy on anti-corruption operation and an anti-improper interest policy in place to prevent corruption, bribery and other illegal actions during business transactions amongst stakeholders, such as its staff and suppliers. The Company requires its staff, suppliers and other stakeholders to comply with local laws and regulations as well as international commercial practices in their business transactions. PC Partner stresses values like honesty, integrity, uprightness and fairness, and requests all staff to act impartially and fairly and not to abuse their position for their own or someone else's benefits or improper personal gain while dealing with customers, suppliers and other third parties. The Company prohibits its staff (or agents) from soliciting or receiving any benefits from any party having business transactions with the Company (e.g. customers, suppliers, contractors and so on).

PC Partner has set up designated whistle-blowing channels to receive complaints from stakeholders during all sorts of business transactions. The identity of the reporter will be concealed in order to prevent revenge. We will evaluate the relevant complaints and determine the solutions, including legal action against any corruption in breach of the relevant laws. In 2017, PC Partner did not receive any complaint of incompliance or any case of corruption and bribery committed by its employees. PC Partner will assess the ethical risks of each position to determine which position may induce incompliance by the relevant employee. With respect to positions with high risk, we arrange training for the relevant employees and require the employees to enter into an anti-corruption warranty, thereby fully informing them of the possible consequences of corruption. PC Partner has designated specific officers to receive complaints about business ethics and deal with any related incompliance.

B8. Community Investment

The Company operates a balanced community participation programme, under which it conducts collaborative projects with different stakeholders (such as employees, members of local communities, non-profit partners, citizens, schools and governments). Such projects include co-operating with schools to nurture local talents, supporting stricken community members by donations, serving underprivileged groups by volunteering events and protecting the environment. In 2017, we participated in various community services such as donating to stricken people, carrying on the co-operation with the School of Electrical and Information Engineering of Hunan University of Technology to train its interns, and visiting underprivileged groups in the communities. The Company devoted 24 man-days to volunteering in 2017.