

SMT - Environment as Part of the Business

Nowadays, doing business is not merely to achieve or maintain good profits. Surface Mount Technology Limited (SMT) strongly believes a good enterprise should be one that is conscious about the environment. It is very simple – how can an enterprise be considered as a good corporate citizen while its business operations are devastating the ecology and harming human health? SMT therefore is fully committed to its responsibilities for the environment and people and establishing itself as a responsible corporate citizenship.

Our green commitment is a long journey which actually never ends as it is a long-term, total responsibility. In order to ensure the effectiveness of our environmental commitment, we take the environmental impact from all our activities into consideration.

Manufacturing for the Environment

Our green manufacturing practice started with taking measures in production processes. In 2001, SMT introduced lead-free soldering in its factories. Lead-free soldering is one soldering method for the assembly process to replace the traditional method which uses alloy containing a high percentage of lead. Lead-free production can help reduce the pollution from electronic waste disposal which traditionally contaminates the soil and water. However, complying with lead-free soldering is not easy. In addition to new equipment, it needs precise components testing, reliability monitoring and process control.

We continued to extend our effort and set up a more comprehensive environmental protection system within our manufacturing operations. In 2003, our factory in Dalingshan, Dongguan obtained ISO14001 - an international standard for environmental management. Now all our factories have already acquired such certification.

People are becoming more environmentally conscious. Countries around the world are introducing legislations to reduce the environmental pollution from industries. Seeing such development, OEMs have initiated environmental policies and programs to improve their ecological efficacy in operations and products. It also needs the co-operation of suppliers, which means the whole supply chain has to participate and

contribute. For its continuous environmental initiatives, SMT was recognized by Sony as an environmentally friendly supplier, and was awarded Sony's OEM Green Partner in February 2003, the first one in China.

World is always changing, and so is the development of environmental regulations. Europe introduced the Restrictions of Hazardous Substances Directive (RoHS) which sets upper limits on 6 hazardous substances (such as lead, mercury, cadmium) in electrical and electronics products. The RoHS became effective on July 1, 2006. In 2003, SMT started to launch RoHS production. Over the past few years, we have continued to invest in our manufacturing technologies and equipment. Most of our current SMT lines are lead-free and RoHS compliant.

Concerning People

SMT is also committed to its responsibilities for the people. We believe our employees are the most valuable asset to our corporation. Therefore, we have to make sure we provide a safe and healthy workplace for them. We hold health and safety among our highest values and take measures to try to prevent all accidents and injuries. Our Health and Safety Teams are in charge of the related matters and monitor the effectiveness of their programs.

Our effort was fully recognized when our Dalingshan Factory in early 2004 received the OHSAS 18001 Certification, an international management system specification for Occupational Safety & Health. Then the other two factories also acquired such standard.

Corporate Green Manufacturing Program

Environmental measures are never enough. There is always room for improvement. SMT therefore assigned a team specially to manage its green manufacturing work and its co-ordination between our Hong Kong Head Office and factories in China. That marked the beginning of our Corporate Green Manufacturing Program in February 2005.

The corporate green manufacturing program focuses on different areas, such as materials & components control, vendor audit, components testing, manufacturing

technologies and control, quality & reliability assurance, stock control, management practice and training, information technology systems, waste control. The system has helped organize and centralize our green manufacturing measures within our whole corporation and thus has increased our environmental protection efficacy.

Remarkable Results

Complying with green manufacturing and taking the measures does need huge capital. In terms of the costs, we have paid a tremendous amount. Nevertheless, we have never looked back. Our green manufacturing program has not only created a better workplace, a better corporate culture for all our employees, but has also enhanced our partnership with customers. Our measures have sharpened our customers' environmental competitiveness. Many customers have shown their appreciation toward our environmental effort. They are delighted to place more orders with us. Between FY2001 and FY2006, our sales revenue surged 24% in average annually.

On the other hand, we can share our experience with others enterprises and enhance the green manufacturing network in Hong Kong. In early 2005, the Hong Kong Green Manufacturing Alliance (HKGMA) was established. Founded by a number of trade associations connected with electronic and electrical products, the alliance aims to help and guide the Hong Kong companies to transform into "green" and comply with the WEEE and RoHS and other requirements. Prof. Chan, our Chairman and Managing Director, is the chairman of the HKGMA. Through such opportunity, we can always share our practice and insights with others. HKGMA has persistently launched or participated in a variety of events to provide green manufacturing knowledge and technical assistance for many Hong Kong enterprises. We are looking forward to having more enterprises join us and creating a cleaner Hong Kong.