

VISION: PAST, PRESENT AND FUTURE

Shareholder Report on Year 5 of Progress





reflect our commitment to the UN Global Charter at every stage of the process.







What keeps us focussed is the vision we are committed to. This vision speaks of the journey we take each client through, from that creative spark to meeting any need at any given time. These are the four stages by which we align our vision to our clients, to ensure that imagination truly is the only limit.

CONSULT:

Seize the opportunity

The best creations are ones that come about through teamwork. We invest time into consulting our clients to ensure that we know a project inside out before embarking on the journey.

DESIGN:

Discover the potential

We aim to provide simple solutions when pioneering. Our processes are simple and slick but effective.

MANUFACTURE:

Realise the vision

We strive to provide the best product and experience for the customer, never forgetting our commitments to a safe global economy and the UN Global Charter.

DELIVER:

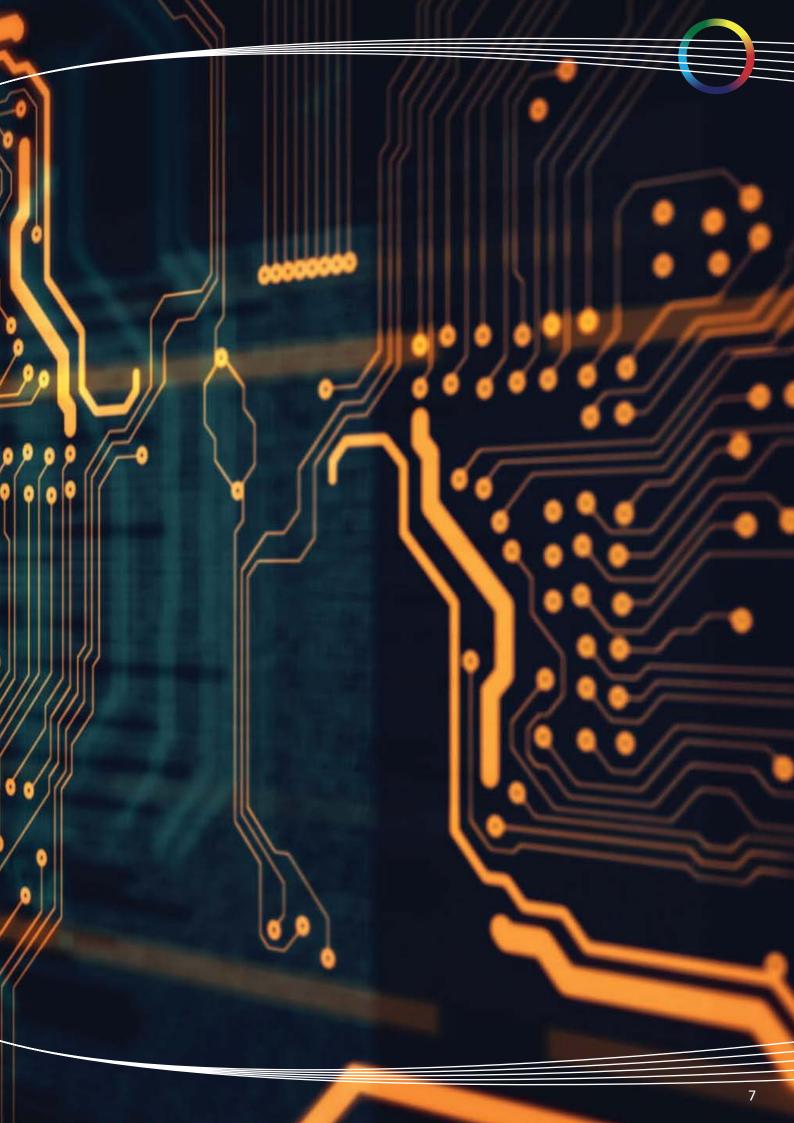
Bring it to life

We have a great team in the UK and in mainland China, the combined efforts of all our members help us bring our clients vision into reality quickly and efficiently.

VALUES:

Getting to know us as a company means knowing what we are all about and knowing how committed we are to the UN Global Compact. We believe that these values say it pretty well.

S	Synergy We work closely together behind the scenes creating a reliable partnership.
Ε	Enterprise We provide innovative solutions for businesses with our wealth of knowledge.
L	Legacy We provide companies with a long-term solution that continues to produce results.
Ε	Efficient We guide companies through the entire process using our forty years of expertise.
C	Creative We use big-picture thinking to take imagination and make it reality.
Т	Together We work in unity with our clients.







HELLO:

STAKEHOLDER REPORT ON YEAR 5 OF PROGRESS

This has proved to be our toughest year so far with a reduction in our business levels putting the company under real pressure and emphasising the need to continually focus on the challenge of growing. Like any business in the electronics sector you can never entirely predict the progress of projects and we have seen uncertainty in the market feedback into changes in our customers' business planning.

As a company we are determined to use our resources to support future business we are working on and at the same time maintain our commitments to the UN Global Compact agreement where required. What always heartens me is the teamwork element of what we do; not just within the company but also with our supply partners and our customers.

A great example of the teamwork element is where the two sides of the company in the UK and in China are reaching out to their local communities with initiatives to raise money and show some key charity organisations that as company we want to play our part in supporting key projects locally. This is shown itself to be good at building stronger teamwork bonds within the company as well as raising funds.

This does not overshadow the other key elements of working principal of these being the sustainability of our business with a continuous push to drive down our CO2 emissions as well as working more efficiently. The challenge remains to move the shipping of goods from China away from air freight and gaining the support of our customers in this mission. The infrastructure needs to be first in place delivering shipments with the time constraints of our customers, our planning must be in place to utilise it as soon as is practicable.

The other challenge is continual vigilance to ensure our QA standards are maintained and our partners continue to proactively manage all the aspects of CSR that is required as well as ensure there is zero corruption in our respective supply chains. The supply partners we have continue to support this goal and I am thankful to them for the continuous support in this regard.

We now need to look forward to 2019 and how we can build back from the setbacks of 2018.

Kevin Dry Managing Director



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

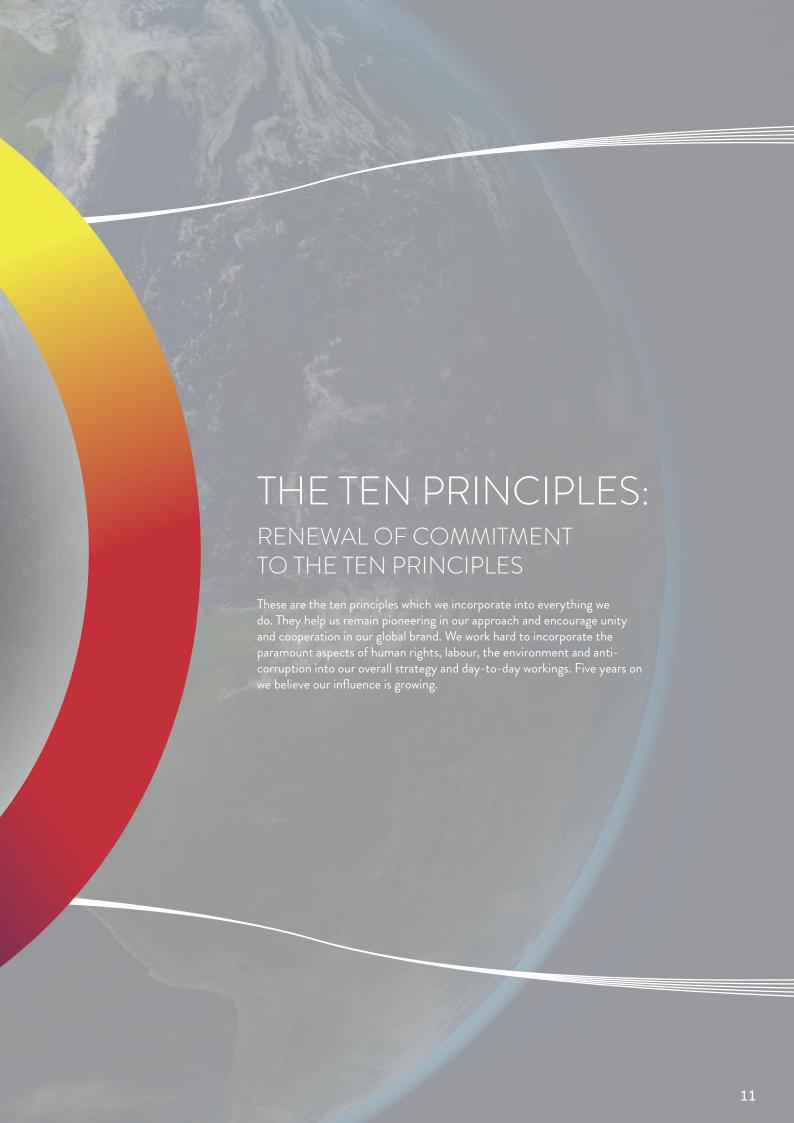
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HUMAN RIGHTS:

As a company that prides itself on its technological achievements we never forget the means by which our success is delivered. A successful business is one which ensures that its success is attained by ethical means. There can be no compromise when it comes to human rights. By engaging our suppliers with the UN Global Compact we aim to ensure that human rights are observed and promoted across our team and stake holders.

PRINCIPLE 1

Business should support and respect the protection of international human rights.

PRINCIPLE 2

Business should ensure they are not complicit in human rights abuses.



LABOUR:

We believe that a good business is made up first and foremost of people. In order to keep ours at the top end of the competitive market we make sure we take care of our team here in the UK and now also in China. To encourage unity and teamwork across all the sectors of our company, we place human rights at the forefront of all our operations and we never forget to take care of our staff.

PRINCIPLE 3

Business should uphold the freedom of association and the effective recognition.

PRINCIPLE 4

Elimination of all forms of forced or compulsory labour.

PRINCIPLE 5

The effective abolition of child labour.

PRINCIPLE 6

The elimination of discrimination in respect of employment and occupation.



ENVIRONMENT:

With the global ecological crisis peering over our shoulder we want to make sure we do our bit for the environment. Whether its simple things like educating individuals in our teams to recycle more, changing our offices and vehicles we use to reduce our carbon footprint, or considering sustainability when planning our future growth, we consider the environment in everything we do. We know this will be a wise investment for the generations to come, so they can enjoy a safe future.

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9

Encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION:

Our name is important to us and if we take care of that we know that our reputation is secure. Coupled with our values, being open and honest about our dealings leaves us with nothing to worry about. With transparency we have nothing to hide, allowing us to sleep at night and ensure that we leave a positive legacy in place for generations to come.

PRINCIPLE 10

Business should work against all forms of corruption including extortion and bribery.









Compared to our major competitors, who are all global manufacturing players, Selectronic has concentrated on being flexible and having an accurate knowledge of our markets. Linked to a core understanding of the technology behind the products, and a continuous commitment to the UN Global Charter. We have successfully expanded and established a good reputation in the automotive, industrial, retail and consumer sectors – areas in which we continue to grow and develop, through a continuous commitment in staff training and sustainability. Today in 2018 our vast experience combined with our commitment to innovation has helped us keep our clients on the cutting edge of technology.



We specialise in sales and logistics, supplying major global companies with optoelectronic and switch panels for use in the key business sectors of automotive, consumer, industrial and retail. Combined with close to forty years of experience, our vision will take our products forward into diverse and innovative areas. When it comes to LEDs, simple but effective consumer electrical solutions or trustworthy medical equipment – we are the go to company.



Selectronic started to become involved in the automotive market in 1985 and since has been gaining experience, supplying customised LCD's and keypads into many vehicles.

Our dedicated team know all about the complexities of the automotive business process, and continue to offer great solutions to top brands.

PRESENT

Technology in our cars is advancing daily and most vehicles are now manufactured with increasingly large central information touch displays, allowing the users to control navigation, music, aircon and many other applications.

Instrument clusters are also moving towards configurable displays, allowing the driver to set their own preferences as well as the overall look.

Comfort and well-being are also popular requirements and multi-coloured LED's are being designed into vehicles for zonal and mood lighting.

FUTURE

Vehicle manufacturers are continually striving to become ecologically responsible and are looking to design autonomous/semi-autonomous vehicles (driverless cars)

where technology drives the vehicle more efficiently than a human being.

Designers are investigating how control can pass between the vehicle and the driver and, whilst touch technology is still a good interface, other technologies such as voice and gesture are being developed.

At Selectronic, we work on solutions together with the designers to introduce the latest technologies not only to optimize the end user experience, but also enhance the 'name' of the brand.

Automotive grade products offered by Selectronic:

LED's - single and multi-coloured.

Standard and customized TFT's and LCD's.

Standard and customized touch panels and cover glass.

Curved TFT's/Touch panels.

Free form customized TFT's with cut-outs/holes

Our future is linked to seeing companies' desire to become more ecologically responsible, which means using technology that keeps our roads safer but is also kind to the environment. Traditionally we have worked with car and truck companies, but we are keen to explore opportunities with the motorcycle and autonomous vehicle industries.





As a society we have become more environmentally focused, and with our commitment to the UN Global Compact we continue to educate companies of their responsibility. The consumer market are more switched on than ever before and now the home is featuring many energy saving devices from lighting to thermostats and even the mix between app technology and hardware.

PRESENT

We provide sophisticated ideas for families who lead busy lives but need simple solutions. Our vision encompasses displays for washing machines, ovens, microwaves, hobs, coffee machines and even Set Top boxes.

The hob – a simple red LED light underneath the control surface of a hob can help achieve the perfect temperature and keep youngsters well away from hot and dangerous surfaces.

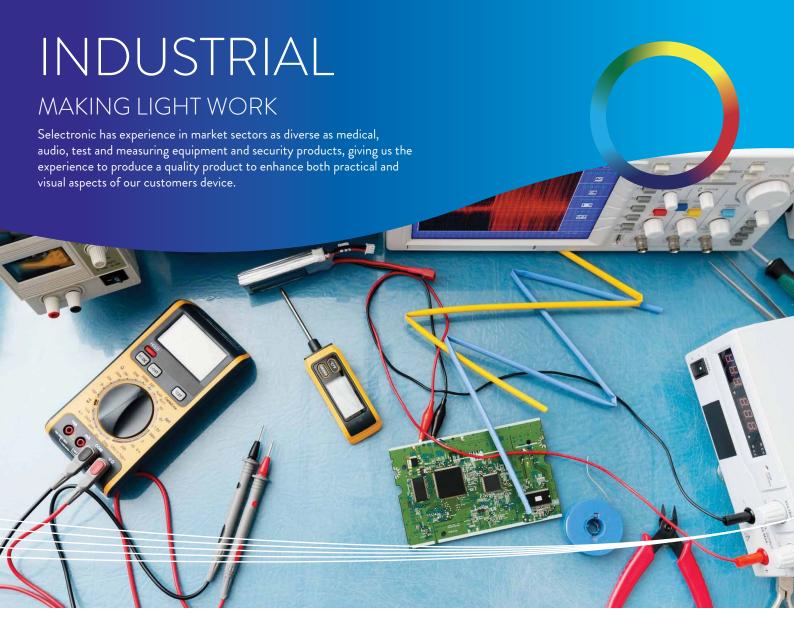
AMOLED Displays - As consumers use sophisticated

AMOLED and TFT displays with Touch technology every day on their phones, there is increasing demand to introduce this technology onto a greater variety of items within the home. Selectronic is working to introduce cost effective solutions using these technologies, enabling consumers to have better control over their home environment.

Set top boxes – Looking good and fully functional. The displays on Set Top boxes are honed to provide users with an informative, easily readable and pleasing experience. Selectronic has helped develop displays which have become iconic.

FUTURE

We wish to pursue our commitment to sustainability and will be offering a wider range of simple solutions for the home, with a view to getting more customers committed to controlling their home environment. We ensure that we only use raw materials sourced from conflict free areas to produce all our solutions, in line with our ethos.



We have built our reputation in the industrial sector by focusing on the customer's needs and invoking our commitment to precision, target deadlines and a job well done, all crucial aspects in providing a top look to customers hand held and fixed products.

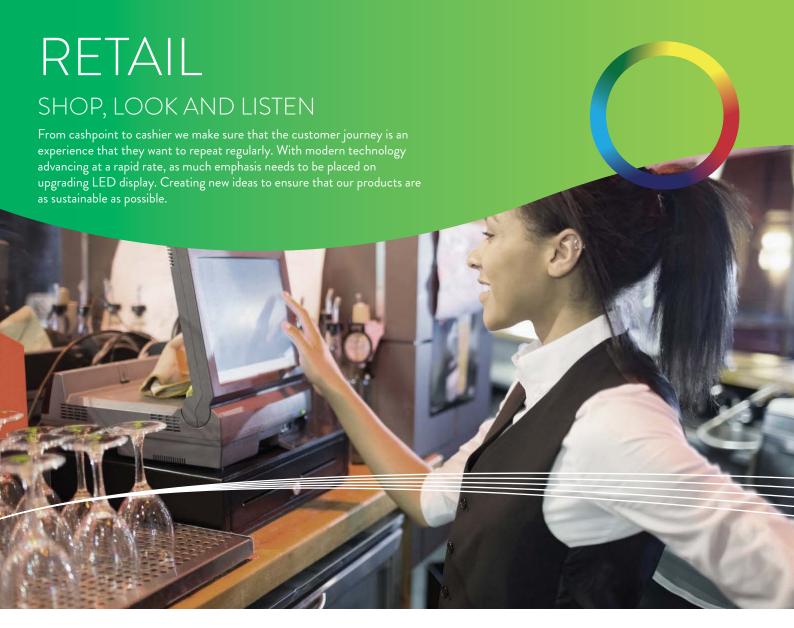
PRESENT

Selectronics' industrial optoelectronic department provides the solutions designed for purpose by people who understand the market sector needs. We specialise in medical, fire & security, audio, smart meter, home automation, test and measurement for hand held instruments and touch interfaces – providing innovative solutions for displays, touch requirements, protective cover glasses and keymat requirements.

FUTURE

With the industrial sector being so vast, we aim to work closely with our partners and suppliers to ensure that the ten principles are met at every stage of the supply chain. All of our manufacturing partners have completed questionnaires with good scores for human rights, labour welfare and anti-corruption and we will continue developing our goods to reflect this commitment at every stage of production.





Selectronic was asked by a major POS company to assist them with the design and development of shelf edge and cabinet lighting for a global brand of cosmetics. By using the latest LED technology and an innovative design solution (never losing sight of our commitment to sustainable practices) we were able to meet these goals and help our clients win the global contract to replace the existing shelving in both Asia and Europe.

PRESENT

Selectronic has expanded into the retail sector and we now specialize in display panels for shelf edge. We are working with a software company to offer a complete solution with our shelf edge displays and are now talking to several blue chip companies.

Screen Technologies – We are working with a number of blue chip companies to come up with bespoke screen

solutions to fit in with their needs, working to a budget to make it commercially viable.

LED – PCBA working with clients to develop bespoke LED design to suit their requirements.

POS - New POS tablet systems are making waves across retail, enhancing the customer experience and enabling receipts to be emailed or delivered via text. This contributes towards preserving our planet's fragile eco system. Our POS systems can be designed to handle Apple Pay, Bitcoin, Levelup, or prepaid cards.

FUTURE

Selectronic knows how important it is to keep up with the ever changing rate at which technology is progressing. We continue to invest in training for our team to keep up with the pace and provide long-term, reliable and slick solutions.



HIGHLIGHTS:

2018 ACHIEVEMENTS

Early in the new year the UK did several group walks in the wonderful countryside around our office in Witney and all who took part enjoyed the team aspect of the event as well as raising money for local charities. This was one of the initiatives the company took in 2018 to encourage staff to take more exercise and to be more active.

Our team in China have also been out working with local charities helping support residents in the various communities around our Dongguan office and getting involved with people in need of additional support. These initiatives where it not just being driven by the company shows the power of the UN Global Compact agreement and how it encourages staff to reach out and to work together.

The progress we have made as an organisation to highlight anti-corruption and human rights within out supplier base has remained a priority with our audit team continuing to visit and work with all partners to ensure the highest standards are maintained.







IMPROVEMENTS:

The step by step approach to the key aims we have continued in what has been a tougher year for our business. Emphasis remains on what can be achieved through team work and closer partnerships with our suppliers.

We have continued with our focus of year on year progress with our UN Global Compact Agreement commitments and have moved to ISO 9001: 2015. We have also been successfully audited in 2018, as a further reinforcement of all our actions in support of the key aims.

Another area of improvement is bedding in our new computer system to help streamline our whole operation. This year we have added some important elements to the standard system that will help us review our business more regularly. This will enable us to continually improve the customer service we supply, and the efficient operation of our business.



CUSTOMERS:

The key story of the year has been strong feedback to our customer surveys along with increased proactivity in driving up the record of on time deliveries, which we appreciate is so crucial in our market. With the two teams, one in the UK and the other working in China, along with our new investment in an improved central computer system we have received more positive results for on time deliveries. Service is everything in our business, and this is down to proactivity and close partnerships with suppliers and global logistic companies.



SUPPLIERS:

So much of our progress is intrinsically linked to the supply partners we have. We know these are not easy times for many in our sector right now with global uncertainty and a general feeling of long-term uncertainty. It is key that we continue to plan carefully and manage all resources effectively to ensure we are up to the challenge of sustainability.

We have maintained our close attention to the issues of Anti-Corruption and the highest standard of human rights. All our suppliers keep us updated on their year on year progress in respect of these issues. It is pleasing to report that we have received positive feedback on these initiatives and how compliance is key, with levels of proactivity by senior management in our suppliers being seen as an ever-present priority.

We now operate a more vigorous returns procedure which will help both the response time and hopefully drive up the QA standards of all the products we supply. We appreciate how all our suppliers have responded positively to the supply of more feedback information from our side and have implemented the improvements we and our customers are looking for.













PERFORMANCE TARGETS:

Our China team continue to bring strengths and advantages to our overall operation, allowing for closer relationships with our manufacturing partners and our Asia customers. With the technical requirements continuing to challenge us, we have seen a need to increase our supply base to ensure we meet these demands and a more complete technical solution for our customers.

Our QA team continue to audit our suppliers and help ensure best practice is followed as well as ensuring our production / test procedures followed.

We have also entered into a new technical area of driver board design and manufacture to offer a complete solution for our TFT screens aimed at the POS / retail market. Again, this is a developing market which is expected to grow significantly going forwards addressing some of the challenges our high street retailers are facing from online retailers.

The trend of TFT with touch screen is also continuing to grow across all industries helped with smart home automation, again we have been successful in ensuring we have a complete solution for this using optical bonding processes.

One significant addition to our range of displays is BOE TFT which now allows us to supply small medium and large screen technology.

UN Global compact agreement provides us a clear remit to ensure our supply partners understand and agree to our standards, it also provides our customers the reassurance that we as a company embrace the principals of the UN Global compact agreement and all that it represents.

Kelvin Stark Sales Director



TARGETS 1-4

LAST YEAR WE AIMED TO PRODUCE A REGISTER OF SUPPLIERS WHO ARE BEING PROACTIVE IN THE PROMOTION OF ANTI-CORRUPTION AND HUMAN RIGHTS COMPLIANCE THROUGH THEIR BUSINESS AND THOSE OF THEIR SUPPLY BASE.





Target - As a means of reducing CO2 emissions we intend to carry out our first trial shipment by rail from Shenzhen to UK.

Not achieved - this piece of infrastructure from the area of China where most of our suppliers are based to connect to the main line from Shanghai to Berlin is still holding us back. This has been an aim for us in recent years to address the issue of air freight CO2 emissions, but the infrastructure needs to allow this to happen in the timescales our customers can accept.





Target - Achieve a 5 % reduction in gas consumption at our UK head office.

Achieved -We were successful in reducing our CO2 emissions from gas consumption from 20871 kg to 19902kg for the year.







Target - To renew our efforts to create a 10% set aside nature area on our UK site.

Not achieved - A heat wave and prolong period without rain proved too much for our efforts to be rewarded. We will discontinue this aim as we have tried for two years and we think it better to focus our time elsewhere.





Target - To be a great team player in our community and enter our company team of volunteers into a local charity event to promote well-being and support of local causes.

Achieved – with a 25% increase on last year in addition to the other contributions made by our company to our two chosen local charities Helen & Douglas House and Oxfordshire Mind.



WE INTENDED TO TRAIN AND INCREASE TECHNICAL KNOWLEDGE. BY ATTENDING CAMBRIDGE WIRELESS TRAINING EVENTS. EXTENDING OUR OPPORTUNITIES FOR OUR SALES TEAM AND EXPAND MARKET AWARENESS.





Target - We aim to produce a register of suppliers who are being proactive in the promotion of anti-corruption and human rights compliance though their business and those of their supply base.

Achieved – all our suppliers have signed up to our new code of practise and responded to our audits.





Target - This year we would like to begin to support a programme of a charity or cause local to our DG office in China, in addition to our charity partners in the Witney area.

Achieved – our team has been out supporting local charities delivering lunch boxes to the elderly and supporting fund raising days for children with cerebral palsy.





Target - We want to invest in future generations and share our wealth of experience by implementing a training programme for one local school leaver on work experience.

Achieved – we have taken on a new young trainee in our Accounts department and supporting her through the AAT training programme at a local college





Target - We aim to attend five Cambridge Wireless training events and take up a stand at one UK exhibition to expand market awareness and extend networking opportunities for our sales team.

Partially achieved -as we have taken a stand at the UK show EDS in Coventry to expand the market awareness of the products we are promoting. Not achieved the training events due to a lack of courses with a sufficient fit around our market sector. One to target for next year to build the knowledge of our team.

WELLBEING

HEALTH

NVESTMENT

WE CONTINUED TO FOCUS ON PEOPLE, BY SUPPORTING LOCAL CHARITIES AND CAUSES IN WITNEY. WE HAVE NOW BEGUN THE SAME IN DONGGUAN.





9

Target - We look forward in 2018 to having an on-site loan bicycle to encourage lunch time exercise on local shop visits, to increase sustainability and improve the overall welfare of the team.

Not achieved – the team felt this would not work for them, so suggestion was withdrawn.





10

Target - To invest in 1 defibrillator in the UK office for emergency use to ensure that the needs of the team are met in extreme circumstances

Achieved – now installed and two colleagues have been trained to operate it should it be required.





11

Target - To consolidate the 2017 investment in new company software to set the company growth target of 10% and a 10% recorded improvement in customer satisfaction levels.

Not achieved – much slower sales than was predicted so growth target not achieved.





12

Target - Our aim is to provide the best product and experience for the customer, so with increased emphasis on QA compliance and supplier audits, to look to reduce our RMAs by more than 10% year on year.

Not achieved –Whilst we have reduced the number of RMAs issued in 2015-2016 by almost a third, one issue has caused this trend to stop in the last 12 months. Our RMA level, on this basis, remains the same as the level of 2017.

COMPLIANCE





RESULTS:

This has been a year of consolidation rather than a year of clear progression for us.

We have continued to promote the UN Global Compact Agreement with all our suppliers and partners and to ensure everyone working with us knows the importance that we place on achieving progress, step by step, in the key areas we are looking to work on. Elimination of waste is always the priority as well as acheiving the best use of resources through continual innovation and efficiencies.

The overall results saw six goals achieved out of twelve. One partially achieved and the remaining five not achieved.

Primarily, success has been made in the key areas around the suppliers and active fund raising for local charities. However, in other areas we have seen some aspirations for real progress get postponed due to external events many beyond our control.

It is important to note that in 2018 we were successful in getting our team charity events under way with some highly successful walking events that not only raised money and improved fitness but also proved to be very successful at building team spirit.





As a partnership company we are reliant on our innovation combined with the progress of our suppliers as well as our customers to work together progressively. One of the lessons we need to learn is that sometimes our good intent and ambition to make faster progress is beyond what we can achieve in a 12-month period. We will work on this balance to improve next year and set more focussed targets for 2019.

It is our sincere hope that our partners will continue to see the good intent that lies behind this programme and how serious Selectronic is about making real progress on the 10 aims of the UN Global Compact Agreement

It is also important to note that our plans for implementation of the new customer focused software package needed more work than we anticipated last year and some of the key targets around improved business performance were missed. Action has been taken and we are determined to work towards the realisation of these improvements in the coming 12 months.

One last point to mention with the previous implementation of many of the actions associated with the UN Global Compact Agreement is the transition to the new form of ISO9001 -2015 which was made in 2018 without undue need for major re-structuring. We now see these two programmes working successfully side by side.









VISION 2019:

OBJECTIVES

The initial progress made in 2017 of auditing our suppliers more assertively around the key requirements of the UN Global Compact was very successful. We continued to maintain this in 2018, with the support of our partners and build upon this in 2019. Benefits of having this audit resource in China continues to pay dividends both in QA / CSR compliance. Crucially allowing us to innovate on many key area's round customer products as well as services.

Our focus into next year will be to move our attention into Health and Safety with more reviews and assessment around this crucial area so we can ensure progress in all key areas of HR compliance.

GOALS

THIS YEAR WE AIM TO FOCUS ON GETTING OUR BUSINESS BACK ON TRACK, IMPROVING PRODUCTIVITY, MANAGING OUR RESOURCES MORE EFFECTIVELY AND ELIMINATING SINGLE USE PLASTICS.



To increase offset CO2 measures created by our air freight by a further 10% to ensure our customers production requirements continue to be met.



To target in 2019 water saving measures in the Witney HQ so that consumption is reduced by 10% and to replace bottled water dispenser with water purification system to reduce CO2 emission associated with the bottled water distribution.



To remove all single use plastic waste from the Witney HQ office and replace with multi use dispensers and glass products.



Additional focus on the number of RMAs to further reduce the number initiated to drive up QA performance and reduce waste caused when Quality problems affect shipments. The target will be to reduce the number of RMAs in 2019 by 10%.



WE INTEND TO TRAIN OUR SALES TEAM MORE EFFICIENTLY TO MAXIMISE PERFORMANCE. FRO THE FIRST TIME WE WILL TURN OUR FOCUS TO HEALTH AND SAFETY.



5

With increased emphasis on managing waste to reduce spend on stationary by 5% so that we look to make year on year cuts.



6

Move focus on to training for sales team to promote best practise, to inspire and maximise performance. To run two training workshops through the year and to look to individual sessions that will enhance confidence and build skills.



7

For the next year to move the emphasis on the Health and Safety within our supplier base to ensure best practise and build the welfare of our supplier workforce. To initiate supplier questionnaires to gather data and then audit bottom five suppliers to ensure strategic improvement through the year.



DESPITE ALL WE HAVE ACHIEVED WE PLAN TO DO MORE WITH NEW TARGETS AROUND WATER CONSUMPTION AND MAXIMISING OUR REACH INTO TO THE LOCAL COMMUNITY.





Formation of an internal team to coordinate voluntary fund raising, out reach into our local communities for both our offices with a target of raising 10% more contributions in 2019.



In 2019 to further reduce power consumption by disabling all electric hand dryers and reverting to hand towels.

10



To restrict all new vehicle purchases to meet key emission criteria. No diesel vehicles to be procured in 2019.



SELECTRONIC IMAGINATION IS THE ONLY LIMIT

THANK YOU

Once again we need to recognise the efforts of all the teams that support our aims to exceed our efforts and to deepen our involvement in the UN Global Compact agreement . What is particularly notable this year is the efforts of all the team members to get more involved in local charity fundraising events and increase our efforts to be a contributor to the local community. I applaud their initiatives and strong intent to be involved.

This has been a tough year for the company with a number of setbacks and it is at these times that strong commitment to the various projects shine through. It is easier when all is going well to maintain momentum and get carried, along however this year has required extra enthusiasm to enable targets to be achieved and this will enhance the company going forward. We always wish to appreciate our customers and suppliers as well as they are key to the success of the business and the achievement of our COP targets.

We look forward to 2019 and the future success of the business.

SELECTRONIC IMAGINATION IS THE ONLY LIMIT

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