

**SME Development Fund
Final Report of Approved Project**

**(covering from [the project commencement date] to
[the project completion date])**

Project Title : Assisting SMEs in the Electronic and Electrical
(Reference No.) Industry to Comply with Global Sourcing Buyers'
Requirements on Green and Ethical Procurement
(Project Ref.: D08 004 014)

Period covered : From 15/02/10 to 14/08/11
(dd/mm/yy) (dd/mm/yy)

1. Project Details

Please mark with "*" if any of the following project details is different from that in the project proposal appended to the project agreement.

Project Reference and Title

Assisting SMEs in the Electronic and Electrical Industry to Comply with Global Sourcing Buyers' Requirements on Green and Ethical Procurement

Project Summary (in not more than 150 words)

In view of the increasing trend of electronic and electrical buyers exercising green and ethical requirements on their suppliers, it is anticipated that SMEs which fail to comply with such requirements will unlikely be included into the buyer's supply chain and therefore are vulnerable to a loss of business competitiveness. Therefore, there is a pressing need for SMEs to understand these buyers' requirements on green and ethical issues, and be able to comply with them confidently. In view of this need, this project was conducted to assist SMEs in acquiring knowledge, indentifying gap and planning actions for meeting major international green and ethical procurement requirements, by the means of a series of seminars, gap analysis (pilot audit) service and a practical guidebook.

Project Objective(s) (in not more than 80 words)

The Hong Kong Electronic Industries Association in collaboration with the Hong Kong Productivity Council carry out a programme to assist SMEs in the electronics and electrical industry to comply with the global sourcing buyers' requirements on green and ethical procurement.

Recipient/Collaborating/Implementation Organisation

Recipient Organisation : The Hong Kong Electronic Industries Association

Collaborating Organisation(s) : _____

Implementation Agent(s) : Hong Kong Productivity Council

Key Personnel

	<u>Name</u>	<u>Company/Organisation</u>	<u>Tel No. & Fax No.</u>
Project Co-ordinator	<u>Basil Wai</u>	<u>The Hong Kong Electronic Industries Association</u>	<u>2778 8328</u>
Deputy Project Co-ordinator	<u>Frank Leung</u>	<u>Hong Kng Productivity Council</u>	<u>2788 5718</u>

Project Period

	<u>Commencement Date</u> (day/month/year)	<u>Completion Date</u> (day/month/year)	<u>Project Duration</u> (No. of months)
As stated in project agreement	<u>15/02/2010</u>	<u>14/08/2011</u>	<u>18 months</u>
Revised (if applicable)	_____	_____	_____

Methodology Employed

This project implementation employed the following methodologies:

(1) A series of seminars were organized to explain large buyers' green and ethical procurement requirements, introduce the guidebook and answer participants' questions with regard to how to achieve compliance. The seminars were with different themes, including: i) introducing green and ethical procurement requirements of EICC (Electronic Industry Code of Conduct) and major buyers; ii) releasing the practical guidebook and explaining its detailed content, tips on application, and practical case study; iii) SMEs and buyers' experience

sharing with a discussion session to help SMEs in understanding and applying the guidebook; and iv) recap on major project deliverables (i.e. guidebook) with practical case sharing and question answering session.

Representatives from various leading organizations with good green and ethical practices in the electrical and electronics industries (e.g. HP, Philips, Fuji Xerox, Ricoh, SONY, etc.) were invited as speakers to elaborate their procurement requirements, experience in managing associated compliance issues. In addition, representatives from selected SMEs participated in pilot audit were also invited to share their experience in conducting assessment and achieving compliance. To provide latest international trend in green and ethical procurement requirements, representatives from WRAP (Worldwide Responsible Accredited Production 國際社會責任認證組織) and SGS (通用公證行) presented at the seminars, while a lecturer from Sun Yat-Sen University (中山大學) came to explain the latest green and ethical regulatory requirements in domestic market.

(2) Gap analysis consulting service was provided to a number of selected SMEs to assess their current operation against specific buyers' requirements and identify areas for enhancement to meet those requirements through conducting on-site audit and summary reporting.

(3) A practical guidebook (printed, CD-ROM and online versions in both English and Chinese languages) to layout the global trend of green/ethical procurement requirements, key elements of those requirements per the renowned industrial voluntary standards of EICC and a number of major global buyers in the electrical and electronics industries, as well as providing advices for SMEs on how to prepare and comply with buyers' green and ethical requirements. Based on research on large buyers' procurement requirements and international standards and group findings from gap analysis, the guidebook not only provided a roadmap to meet the associated requirements, experience sharing stories from both buyers and suppliers; but also included specific tips/recommendations on common challenges faced by SMEs.

(4) A project webpage was created (<http://www.hkeia.org/sme/>) to disseminate project-related information to the general public, including buyers' requirements, suppliers' experience sharing, seminar information and the guidebook.

2. Summary of Project Results

Project Deliverables

Please list out the targeted project deliverables as stated in the project proposal appended to the project agreement and provide details of actual result achieved, including beneficiaries, for each of them.

The project provided tailor-made assistance to SMEs of electrical and electronics industries in understanding major international buyers' green and ethical requirements, acquiring the know-how in determining compliance route and methodology, as well as identifying gaps and approaches for obtaining compliance to those requirements.

The benefits of this project were to increase SMEs awareness and readiness to achieve international buyers' green and ethical compliance, which resulted in maintaining market competitiveness for their export markets.

The project deliverables included the following items:

- a) A series of four seminars to enhance the capability of the industries in reaching compliance to green and ethical procurement requirements of major global buyers.
- b) Gap analysis service for a number of selected SMEs to assist them in identifying gaps in meeting applicable buyers' requirements.
- c) A practical guidebook (both printed and CD-ROM versions) on how to prepare SMEs to comply with various green and ethical requirements of international buyers.

The major project information, including summary of EICC requirements, major buyers' requirements in green and ethical procurement, seminar materials and the guidebook with experience sharing, were all made accessible through the HKEIA's website. Contact information was also provided on the website to answer associated compliance enquiries.

Actual Benefits to SMEs

Please indicate *in clear, specific, tangible and quantifiable terms* the benefits of the project and its contribution to enhancing the competitiveness of Hong Kong's SMEs in general or SMEs in specific sectors, in not more than 400 words.

In order to enhance their knowledge and capability in achieving compliance to the global green and ethical procurement requirements, this project provided both information and support to the electrical and electronic industries. Its specific benefits included:

- a) A Series of Seminars – Four seminars were organized to attract a total of 611 registered applications and 370 on-site participants during the project period. The contents of the four seminars were designed particularly for SMEs with different themes (Section 1.7) to allow them to get to know knowledge covering areas of buyer/sourcing requirements, regulatory requirements, international industrial standards, suppliers' successful stories, SMEs assessment observations, etc. According to the collected survey questionnaires of the seminars, on average more than 98% respondents to the survey found that the seminars were helpful to them. On the other side, on average 91% respondents to the survey expressed their willingness in applying the knowledge learned from the seminars to improve their business operation.

In addition, briefing sessions were arranged for target associations, including HKEAMA and HKEIA (in Hong Kong and Dongguan which was targeted at the HK companies which had factories in

Guangdong province.) , to promote the project and introduce project deliverables. An additional briefing was co-organized by HKTDC to provide suppliers and buyers at the Hong Kong Electronics Fair (Spring 2011) with latest green/ethical global sourcing information and recommendations to comply with them, which attracted about 50 registrations and 27 on-site participants.

To allow more SMEs to obtain information about green and ethical procurement requirements, seminar materials and presentations were also published through HKEIA and HKPC GMN (Green Manufacturing Network) websites to keep hundreds of members updated on the latest development with regard to global sourcing green and ethical requirements.

Furthermore, in order to increase the exposure of project deliverables among more local SMEs through different channels of communication, a total of 1,361 hard copies and 1,762 CD-ROMs of the Guidebook had been disseminated through the seminars, direct enquiry, trade organizations (including HKEIA, HKEAMA, Hong Kong Export Credit Insurance Corporation, TDC, the Hong Kong Chamber of Small and Medium Business Ltd., etc. Furthermore, through the websites of HKEIA and HKPC Green Manufacturing Network, relevant project materials and seminar presentations had been published to the general public to share the valuable project deliverables to a larger body of SME industrial community.

b) Gap Analysis – a gap assessment service was performed for 10 SMEs in the electrical and electronic industries. On average one-day on-site visit was carried out for each of them and an assessment report was provided to each participant SME, which consisted of executive summary, observation highlights, detailed notes and comments, and recommendations. The gap analysis was regarded as a beneficial service for most participants of the pilot audit, with their experiences being included into Guidebook.. As one SME representative presented at the seminar, the provided gap analysis was very useful for them to gauge the past practices against the industrial norms, and would apply five major recommendations given in the report as priority for quick improvement as well as three aspects for future enhancement of business operation. (http://www.hkeia.org/sme/20110715_seminar_c.html)

c) Guidebook – 1,500 printed copies (plus additional 100 copies supplied for free in case of shipment damage) and 2,000 CD-ROMs of the Guidebook “Win Global Market with Green and Ethical Practices” were issued for distribution to the industries. At the time of reporting, a total of 1,361 printed copies and 1,762 CD-ROMs had been disseminated through the seminars, trade associations and the direct enquiry. Based on the feedback collected, there were about 99% respondents claimed that the Guidebook/CD was useful to them, and more than 90% respondents confirmed that the Guidebook/CD provided them new knowledge. More than 85% respondents agreed that the Guidebook/CD would increase their business competitiveness, therefore would apply the content to their operation. The remaining copies of Guidebook (239 papercopies and 238 CD-ROMs) will continue to be distributed to the industries through various channels such as seminars/trainings on associated topics, client visits and meetings, and so on.

Remarks:

The project mainly targeted at SMEs selling products to large international buyers or overseas markets.

The actual number of participants were below the target number set in a proposal initially submitted in late 2008, because:

- 1) After the global financial crisis in 2009, the economic downturn had a continued influence into the following years, which set a less than positive tone to companies' export forecast. (ref:

http://en.wikipedia.org/wiki/Great_Recession)

2) The project was requested to arrange most events after the publication of the guidebook, therefore all seminars except the first one had to be scheduled in the relatively short period from March to July 2011. This caused some difficulty in recruiting recurring participants.

3) The guidebook consolidates a practical method for companies to perform self-assessment and useful reference. Some companies requested for the book copies instead of attending the events.

4) One of the events was held on 11 March 2011, which was on the same day as earthquake and tsunami in Japan, affecting many participants's showing up and induced more challenges to SMEs in the target industry. (ref: http://en.wikipedia.org/wiki/2011_T%C5%8Dhoku_earthquake_and_tsunami)

After the initial event in 2010, we had noticed the low number of participants. Therefore, a number of remedial actions were taken, including:

1) We assigned staff members to make calls to each registrant to remind them of the upcoming events. However, it was noticed that less people showed up at the events since major materials could be accessible through electronic means.

2) To accommodate the working schedule of some registrants who were located in Guangdong province, we had intentionally held the events on Friday afternoon, and arranged a seminar in Dongguan where hosted a significant number of HK SMEs. However, it turned out to be still difficult for some of them to come to the events due to busy business schedule in the summer peak season.

3) In view of the participants shortage, we had taken the initiative to arrange a joint event (beyond the proposal's requirements) with TDC at one of its major exhibition (i.e. Hong Kong Electronics Fair Spring 2011).

4) We also added more circulations in eDM dissemination through our and supporting organizations' business network, supplemented by making marketing calls.

Milestones (in chronological order)

Please indicate if the milestone is completed (C), deferred (D) or not achieved (N). If it is deferred, please indicate the revised completion date. For those milestones which are deferred or not achieved, please also provide the reasons under item 2.4.

<u>Milestone</u> (as set out in the project proposal appended to the project agreement)	<u>Original target completion date</u>	<u>Revised target completion date</u> (if applicable)	<u>Status</u> (C/D/N) #
(a) Organization of Seminars	14/08/2011		C
(b) Conducting Gap Analysis	14/10/2010		C
(c) Preparation of Guidebook and CD-ROM	14/12/2010	28/01/2010	C
(d) Commencement of guidebook dissemination	15/12/2010	28/01/2010	C
(e) Uploading information onto website	14/08/2011		C

Marketing/Dissemination Activities (in chronological order)

Please provide details of all completed and on-going promotional and/or dissemination activities for each of the project deliverables. Such activities may include advertisements, seminars, workshops, etc.

<u>Date/ Period</u>	<u>Description</u>	<u>No. of beneficiaries</u> (Please specify whether they are SMEs or not)
03/2010	E-marketing & different marketing channels to promote the first seminar	4,000
26/03/2010	First Seminar: at HKCEC	153 Registrations and 75 Participants
04/2010	Disseminating Seminar information through project website	1,000
04/2010	Disseminating information through HKPC GMN website	500
10/2010	Marketing & advertisement to promote the project in Eco Expo	2,000
11/2010	Advertisement to promote the project in HKEIA Bulletins	1,000
28/1/2011	Disseminating the guidebook & CD Rom (online + hardcopy version)	4,000
01/2011	Advertisement to promote the project in HKEIA Bulletins	1,000
02/2011	E-marketing & advertisement to promote the 2nd seminar	4,000
11/03/2011	2 nd Seminar: at HKCEC	155 Registrations and 82 Participants
03/2011	E-marketing & advertisement to promote the additional seminar through HKTDC channel	4,000
03/2011	Disseminating Seminar information through project website	1,000
03/2011	Disseminating information through HKPC GMN website	500
03/2011	Advertisement to promote the project in HKEIA Bulletins	1,000
15/04/2011	Additional Seminar: at Hong Kong Electronic Fair (Spring Edition) in HKCEC	50 Registrations and 27 Participants
04/2011	E-marketing & advertisement to promote the 3rd seminar	4,000
04/2011	Disseminating Seminar information through project website	1,000
04/2011	Seminar editorial in HKPC Electronics & Automotive Bulletin	2,000
05/2011	Advertisement to promote the project in HKEIA Bulletins	1,000
31/05/2011	3 rd Seminar: at Dongguan	80 Registrations and 69 Participants
05/2011	Disseminating Seminar information through project website	1,000
05/2011	Disseminating information through HKPC GMN website	500
06/2011	E-marketing & advertisement to promote the 4th seminar	4,000
15/07/2011	4 th Seminar: at HKPC	223 Registrations and 144 Participants
08/2011	Disseminating information through project website	1,000
08/2011	Disseminating information through HKPC GMN website	500

10/2011	Seminar editorial in HKPC Industry Focus Magazine	2,000
	Total no. of beneficiaries - no. of SMEs	41,397
	no. of companies which are <u>not</u> SMEs	1,000

Remarks:

Estimation was based on no. of members and no. of circulations provided by the supporting organizations.

- HKPC GMN members plus affiliated individuals were estimated to be 500.
- 1,500 copies of Guidebook and 2,000 CDs were disseminated, as well as the access rate of online copies were estimated to be no less than 500.
- The size of e-marking database of HKEIA, HKPC and a number of supporting organizations were estimated to be no less than 4,000.
- The project was promoted during Eco Expo at HKEIA's booth, which was estimated to attract at least 2,000 visitors.
- Our project website (including publications such as Bulletins) and linked HKPC GMN website where the project deliverables were posted were estimated to attract at least 1,000 visitors.
- HKPC publications such as Bulletin and Industry Focus were disseminated through network with an estimated size of no less than 2,000.

Future Plan for Promoting the Project Deliverables

Besides the project deliverables are kept online for public access, the remaining copies of Guidebook (239 papercopies and 238 CD-ROMs) will continue to be distributed to the industries through various channels such as seminars/trainings on associated topics, client visits and meetings, and so on.