

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2017

GLORY MARK HI-TECH (HOLDINGS) LIMITED

Stock Code: 8159

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About this Report

This is Glory Mark Hi-Tech (Holdings) Limited's (hereinafter referred to as "Glory Mark", or together with its subsidiaries, the "Group") second published Environmental, Social and Governance Report ("ESG Report", or the "Report").

Listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Exchange"), Glory Mark publishes an annual ESG Report that complies with the "Comply or Explain" provision of the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") under Appendix 20 of the Rules Governing the Listing of Securities on GEM ("GEM Rules") of the Exchange. It aims to communicate with its stakeholders its sustainability strategies, practices, performances and goals in the last financial year, January 1 to December 31, 2017 (referred to as the "Reporting Period"), unless otherwise specified. The Board is responsible for the Group's ESG strategy and reporting, and is committed to annually disclose relevant data in a transparent and responsible manner.

The Group's manufacturing operations in Dongguan and Fogang, China have contributed the majority of economic, environmental and social impact towards our Group. Hence, the scope of this report mainly covers our manufacturing facilities in Dongguan and Fogang, unless specified otherwise.

We welcome any feedback on this Report or on our sustainability performance. Please feel free to send your feedback to us through email at gmark@glorymark.com.hk.

About Glory Mark

Founded in 1990, Glory Mark has been provisioning distinguished products and services specialising in the manufacturing of professional computer connecting cables. We principally engage in the design, manufacturing and sale of connectivity products for computers, computer peripheral products, multimedia consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment.

Through hard work of our Board of Directors (“Board”) and management, Glory Mark has established itself as a renowned design and manufacturing company within the electronics manufacturing industry in Southeast China, as well as one of the leading VGA cables manufacturers in the world. It is not only our responsibility to constantly monitor our product quality and customers satisfaction, it is also a priority for us to be responsible to the community and the environment as a corporation. In light of that, our Board endeavours to oversee and manage the Group’s ESG related risks, and ensure effective risk management and internal control system are in place for the sustainable growth of our operations.

In the coming years, we will try our very best endeavour to introduce new business opportunities to the Group, and maintain the Group’s competitive edge in the market by encouraging innovation, improving resources productivity, enhancing employee and community engagement, and conserving the environment. Sustainability will remain as the set of core values that we prioritise and integrate into our business strategies for stable and responsible corporate growth.

Sustainability Model

Our strong will to achieve corporate sustainability is well-demonstrated in our management and operations. To ensure the Group’s responsibilities to the community, environment, and our employees are properly fulfilled, multiple policies and guidelines are formulated and implemented. Not only do the internal policies assure regulatory compliance, they also prevent and manage certain risks relating to sustainability that emerge from our operations.

Our care to sustainability is beyond compliance. At Glory Mark, we believe in the virtues of maintaining operational integrity, protecting natural environment, safeguarding occupational health and safety, promoting employee rights, as well as fulfilling corporate social responsibility. Following the above principles, we hope to reach sustainable development and long-term corporate prosperity within our operations.

Stakeholder Engagement

Our Group sees communication and engagement with stakeholders as indispensable for building a sustainable business. Feedback and opinions from our stakeholders allow us to further explore the materiality of different issues, while enabling us to review our business from multiple perspectives. Hence, we can better manage and minimise risks while improving various policies, practices and plans.

Our material stakeholders include shareholders and investors, customers, employees, regulatory bodies, and suppliers. We have devised various engagement channels to provide them with adequate opportunities to reflect their view to us with ease.

Stakeholders	Engagement Channels
Shareholders and Investors	<ul style="list-style-type: none">❖ Annual general meetings❖ Annual, interim and quarterly reports❖ Circulars and announcements
Customers	<ul style="list-style-type: none">❖ Satisfaction surveys❖ Correspondences
Employees	<ul style="list-style-type: none">❖ Internal satisfaction surveys❖ Comment boxes❖ Training and development❖ Performance appraisals
Regulatory Bodies	<ul style="list-style-type: none">❖ Compliance and noncompliance reports❖ Correspondences❖ Factory visits
Suppliers	<ul style="list-style-type: none">❖ Annual suppliers meeting❖ Factory visits❖ Suppliers' audits❖ Correspondences

Our Operations

Quality production and outstanding customer care are essential to business growth. Therefore, a quality control handbook was established in accordance with quality management system GB/T19001 idt ISO 9001, and IECQ - QC080000, management requirements of hazardous substances (無危害物質過程管理標準). This handbook serves as a guideline within our operation system, and as a basic requirement and standard for all of our staff members to follow and adhere to.

Our subsidiary, Dongguan Asia-Link Technology Ltd. (東莞亞聯科技電子有限公司) is certified with numerous international and national standards, as indicated below. These standards also applied within the operations in Dongguan and Fogang.

- GB/T 19001-2016 / ISO 9000-2015 Quality Management
- GB/T 24001-2016 / ISO 14001-2015 Environmental Management
- ISO / TS 16949 Automotive Quality and Management System
- Sony Green Partner

With a well-governed management system, the Group endeavours to secure stable supply chain relationships, to ensure anti-corruption practices, to improve customer relations, and to secure intellectual properties and information. During the Reporting Period, the Group complied with all relevant laws and regulations governing our production.

Quality Standards

Quality production builds the backbone of corporate success. The Group spares no effort to ensure our production meets the requirements set out by our clients, regulatory bodies and the Group.

Our Group has issued a clear guideline to guarantee the quality of the incoming materials, which largely influence the quality of our end-products. Internal quality inspections are conducted to every batch of incoming raw materials to ensure they meet our standards on various aspects, including compliance to environmental standards. If a batch of material is considered as “unqualified”, a report specifying the proposed prevention measures is required from the concerned supplier. Our Group will either assist to improve, or consider to seek for a new supplier if the supplier fails the inspection more than three times within one month. During the Reporting Period, Dongguan and Fogang (cables) operations have returned 0.1% and 0.6% of the incoming goods respectively.

When a product is classified as non-conforming to applicable regulations or to customer requirements in the course of quality control procedure, it will be sent for re-calibration and maintenance. Maintenance works are carried out only by trained and qualified staff who pass the “maintenance skill assessment” (維修技術考核). According to the environmental law, our products are also required to be monitored and assessed for criteria such as toxicity, occasionally with the assistance from professional third parties.

To uphold our high standard of quality, our Group has arranged a list of external and internal trainings for our employees on the most updated requirements of the management systems we follow or are certified with. These trainings include quality system requirements and procedures for internal audit. Assessments were held to ensure that employees have a good understanding on the concerned topics, and none of the employees failed any of the tests during the Reporting Period. On the other hand, regular meetings that aim at raising employees’ awareness to customer satisfaction, operational compliance, and quality standards, were also organised.

HSF Commitments

Committed to strictly complying with all legal requirements and fulfilling customers' requirements on product safety, our Group strives to remove all hazardous substances from our production. According to the international REACH standard, all of our products must be tested and guaranteed to be hazardous-substance-free (HSF), especially for red phosphorus, before delivering to our customers.

HSF Goals



Several measures are developed to help us reach those targets. Our Group conducts management audits at least once a year to ensure the effectiveness and comprehensiveness of our quality assurance system and HSF monitoring system. The audit report also includes relevant suggestions and recommendations for improvement. In addition, we set our standard on procured products as 100% HSF. No order can be placed before the HSF requirements of the procured items are verified. Our Group also places great emphasis on HSF related training for responsible personnel, such that their ability to classify and remove hazardous substance is insured.

Supply Chain Management

A well-managed supply chain system is an integral element for a sustainable operation. Our Group endeavours to maintain a good relationship with its suppliers, and to increase their awareness to their social and environmental responsibility.

The procurement department plays an important role in the supply chain management. They are responsible to assess potential suppliers and contract the most suitable ones that provide materials that satisfy our environmental standards. They also need to prepare and update the approved supplier list regularly, which provides greater certainty to the quality of goods we procure.

Supplier Engagement

Our Group recognises the significance of friendly relationships with suppliers. We strive to work side by side with our suppliers, hoping to achieve sustainable growth not only in Glory Mark, but also among our suppliers.

Every year, our Group organises a supplier meeting, which aims at bringing all of our suppliers together to introduce them our latest product requirements, summarising last year's suppliers performance, and presenting improvement plans with quantitative targets. In January 2018, a total of 96 suppliers attended our annual supplier meeting. Review on supplier performance was released during the meeting, while our suppliers learnt about the new management practices our Group planned to implement in 2018. Highlights of the major practices and measures proposed in the meeting are as follow:

- Improve efficiency: Reduce the time given to concerned suppliers for investigation when a batch of defective incoming material is discovered
- Deterrent measure: Penalise suppliers who fail to follow the reaction schedule when a defective batch is discovered
- Horizontal expansion: Expand the monitoring scope to all material of the same nature when a defect is found in an incoming batch

In addition, our Group engages with its suppliers through regular assessment. Assessment criteria include reliability, problem solving skills, quality system and continuous improvement. If a supplier scores below 60 in the assessment, no further procurement is allowed from this supplier until amendment or improvement is made. In our wire and cable assembly (線裝) production in Dongguan, the average score of suppliers is 93.3, with 36 being A-grade suppliers and 4 being B-grade suppliers.

A Responsible Supply Chain

Electronic Industry Code of Conduct (EICC)

We have incorporated EICC into our supply chain management policies. Suppliers are obliged to pledge and sign an agreement assuring that they will follow EICC principles in their management system and their daily operations. Our Group has the right to inspect the suppliers' operations at all times, without prior notice. Business co-operations with suppliers who violate the code of conduct may be ceased, depending on the severity of the breach.

Conflict-Free Minerals

Our Group is committed to conflict-free sourcing. Therefore, we continue to implement policies and measures to avoid the use of conflict minerals that are produced by the Democratic Republic of the Congo and its neighbouring countries. This policy eliminates violence and exploitation by the armed groups who profited from mining in the region. During the Reporting Period, all of our suppliers have signed the conflict-free minerals agreement to pledge the non-use of the conflict minerals.

Environmentally-Safe

To ensure our products are free of environmentally harmful substance, our Group has adopted an agreement to regulate suppliers, such that they would follow and comply with Restriction of Hazardous Substance Directive (RoHS), Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), and all other applicable local, regional and international environmental regulations. During the Reporting Period, 45 suppliers from our Dongguan operations of multiple materials have promised compliance with RoHS.

Anti-Corruption

Our Group adopts a zero tolerance approach to corruption and bribery. Upon employment, all employees acknowledge the integrity standards of the Group, which are clearly described in the employment contract and staff handbook. Employees are restricted to accept or solicit any advantages from our business partners, and are expected to report any suspicious activity when discovered. To further ensure the proper execution of the above code of conduct, we require all employees to sign a Confidentiality and Integrity Statement along with the employment contract during recruitment.

During the Reporting Period, there has been no legal cases relating to corruption brought against the Group.

Customer Relations

In Glory Mark, customer satisfaction is always a top priority. It is hence important for us to maintain constant communications with our customers, such that mutual understanding could be achieved.

Customer satisfaction survey is conducted regularly to evaluate our product quality and customer service performances. If an average score of less than 95 is received, the responsible department is required to submit a detailed improvement plan to the client in order to maintain our service level. During the Reporting Period, surveys results remained satisfactory, with an average score of 105 out of 120.

On the other hand, all customer complaints are dealt with in a timely and professional manner. When a problem is reflected by a customer, responsible departments will organize a meeting to investigate the cause and discuss plausible solutions. Within 38 hours upon the complaint is raised, our Group has to provide a practical and feasible solution to the customers.

In the Reporting Period, the Group received and recorded a total of 76 complaints, with one of the cases involving product return due to product quality. Among the complaints received, 49% was related to functionality, 25% was related to product conditions unmatched with specifications, 13% was related to size and appearance, 12% was related to packaging and 1% was related to shipping. However, none of the complaints received is related to non-compliance to relevant environmental standards.

Intellectual Property Management and Information Security

Operating in the high-technology industry where product design and technological advancement are decisive to a company's prosperity, it is essential to safeguard our intellectual property rights and our customer confidentiality.

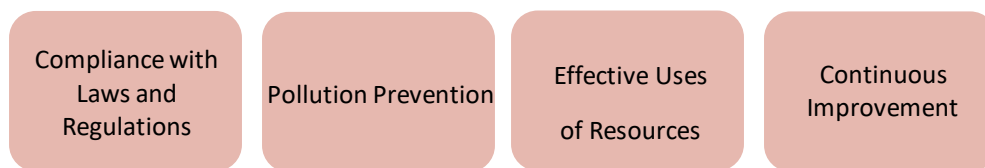
In order to effectively monitor and manage intellectual property rights, our Group has established a set of protection policy in accordance with the national law and regulations. The policy also guarantees the eligibility of inventors of approved inventions, or significant contributor or protector of the Group's intellectual property, to monetary rewards or promotions. Enforcing such protection encourages our employees to actively participate in research and development, which stimulates entrepreneurial spirit and drives better product offering. This set of policy also includes all labels, trademarks and other confidential information of the Group.

On the other hand, it is amongst our most important obligations to safeguard consumer information, as well as technological and commercial secrets from our business. All of our employees are required to sign a confidentiality agreement at recruitment, which strictly restricts them from disclosing any confidential information of our clients or of our Group. They are also encouraged to report any suspicious case anonymously to the management for internal investigation.

Environmental Protection

Climate change and environmental degradation are common challenges faced by human kind. As a responsible corporate citizen, our Group engages in various environmental initiatives that aim at minimising our environmental impacts and footprints. As a continuous goal, our Group hopes to enhance product responsibility and realise our corporate social obligation through a comprehensive framework of sustainability development.

We follow 4 main principles in environmental management, which sets the bottom line as regulatory compliance, and aims for continuous improvement in the long run. Due to the endless effort by our management and staff, no environmental non-compliance was reported during the Reporting Period.



Environmental Management

To start with, our Group believes that a well-designed environmental management system (EMS) is a prerequisite for good corporate environmental management. We therefore established an management handbook based on ISO 14001 requirements to set up clear guidelines and goals for environmental protection and management. This also helps to ensure that all activities, products and services are carried out and produced according to relevant laws and regulations, with all-round consideration of economic benefits of our suppliers, contractors and customers.

Through the implementation of the environmental handbook, we strive to monitor potential environmental damages caused by our operations. It is mandatory for each department to conduct an internal assessment to rate potential risks, with relations to air, noise, water and waste emissions, use of energy, and use of raw and natural resources. Management plans targeting for improvement are then required for high risk factors.

In addition, regular management meetings are called to evaluate the effectiveness and efficiency of the Group's environmental system and policies. Our management handbook also states that internal audit of the environmental system should be conducted at least once a year to ensure all departments are operating according to the guidelines from the environmental handbook and relevant ISO requirements.

Emissions Management

“Pollution prevention” is one of our main environmental management principles. As an electronic hardware producer, emissions contribute largely to our overall environmental impacts. Despite the difficulties and challenges in emission mitigation, our Group is dedicated to minimising its environmental footprints. We strive to preserve the environment for the wellbeing of the groups of people we care - our employees, the community in which we operate in, and our future generations.

To achieve the goal of continuous pollution control and mitigation, the Group has formulated a management policy for the effective handling of air, waste and wastewater emissions. The policy clearly identifies the types and sources of emissions that originate from our production, and explains the responsibilities of different departments on mitigating each issue. All employees are expected to follow the policy diligently to ensure proper handling and compliance.

Air Emissions

It is our goal to minimise air emissions from our operations as the geographical influence of air pollutants could be extensive. Air pollutants from our Group mainly arise from production activities, transportation, and cooking. Various measures have been adopted to monitor and control the emissions.

During the Reporting period, our operations in Dongguan had contracted an environmental consultancy to perform air quality inspections at the production facility. All criteria tested, including lead and its compound, tin and its compound, and dust level, were well below regulatory limits. Among all pollutants, smoke from tin processing contributes the majority of air emissions. Absorption facilities have been installed to reduce such emission. In addition, continuous emissions of domestic fumes from kitchen, water boiler and garbage storage area is also found in Dongguan operations. As such emission cannot be fully eliminated, we have made alteration to the kitchen chimney to redirect the emission upwards to create minimal impact to the neighbourhood. Test results show that kitchen emissions were below the allowed level.

Our Group is also determined to tackle air emissions from Fogang operations. We have engaged an environmental engineering company for improvement on the design of our exhaust system. 6 new upgrades to the existing exhaust system were recommended and would be constructed in 2018. Purification means that will be adopted in the new design include activated charcoal filter and electrostatic precipitator. We are optimistic about the effect of the new system and look forward to their completion.

In addition, dust can be a nuisance when unloading raw materials into our factories and some might be slightly toxic depending on the nature of the substance. There is currently no solution implemented to completely eliminate the spread of dust. However, our Group strives to develop ways to minimise such impact to our employees, who primarily handle the materials. For example, personal protection gear, such as masks, are provided to the employees.

Company vehicles are also a source of air pollution within the Group's operations. However, we do not have a system in place to monitor our vehicles exhaust gas emissions due to the insignificant quantity of vehicles we operate. Nevertheless, we assure that we only purchase and operate vehicles that fulfill the national exhaust gas emission requirements. Regular maintenance is also conducted to ensure the exhaust gas emission level is within the legal acceptable range.

Last but not least, greenhouse gas (GHG) emissions is also a major concern under the scope of air emissions. This year, we invited an independent professional consultancy, CKP Sustainability Consultants, in conducting an operation-wide GHG emission calculations and evaluations. Results indicate that our GHG emissions are mainly indirectly induced by electricity consumption, which accounts for 99% of our total emissions during the Reporting Period. On the other hand, direct emissions are produced by the emergency generator and cooking stoves in Fogang operations. As a responsible corporate citizen, our Group is devoted to improving its energy efficiency so as to manage its carbon emissions. Details on energy efficiency can be found in the Energy Management section on P. 16.

2017 GHG Emissions ¹	Unit	Dongguan	Fogang	Total
Total Emissions	tCO ₂ e ⁻	4,804.99	2,174.66	6,979.65
Scope 1: Direct Emissions	tCO ₂ e ⁻	0.00	43.96	43.96
Scope 2: Energy Indirect Emissions ^{2,3}	tCO ₂ e ⁻	4,804.99	2130.70	6,935.69
GHG Emission Intensity by Unit Revenue	tCO ₂ e ⁻ / HKD '000	N.A.	N.A.	0.02

¹ GHG emissions calculations are based on guidelines issued by Hong Kong Government and the Greenhouse Gas Protocol developed by the World Resources Institute and World Business Council for Sustainable Development.

² The calculations of Scope 2 emissions utilised emission factor of southern China's electricity generation from 2015 China's Regional Power Grid Baseline Emissions Factor (2015 年中國區域電網基準線排放因子).

³ Energy indirect emissions does not include the emissions from staff quarters' electricity consumption.

Waste Emissions

Waste issue has become more critical in recent years. The concerns arise from potential land contamination and resource exhaustion. Our Group is therefore determined to attend to its waste in a responsible manner, with thorough consideration on the nature of waste we produce.

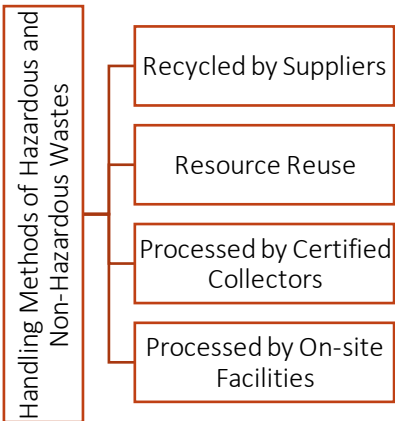
Waste produced in our factories are classified into three types, recyclables, non-recyclables and hazardous waste. All wastes are labelled and stored separately along with suitable treatment to prevent leakage that might result in contaminations.

Recyclable Wastes	Non-recyclable Wastes	Hazardous Wastes
E.g. metal and plastic from production, used paper	E.g. cigarette buds, composts, polyester products	E.g. machine oil, solvents, acidic liquid from production

When transporting wastes, only certified waste handling companies are contracted to guarantee secured transfers.

For plastic recyclables, our Group has established a special recycling system to handle and reuse the resource within our operations in Dongguan and Fogang. Scraps from the Dongguan facilities are collected and transported to the Fogang facility, where machines for sorting and remoulding have been installed. Recyclable office wastes, including paper and used ink cartridges, are also separated and sent for further recycling.

Hazardous waste generated from our productions are mainly chemical liquids. In our Dongguan operations, we have engaged a professional service provider to collect and treat all hazardous waste we generated such that the final disposal would be harmless to the environment. During the Reporting Period, we have reached our environmental KPI of 100% treatment of hazardous waste.



Water Management

Although the use of water is not significant in our production, our Group is committed to use the resource efficiently and reasonably. During the Reporting Period, our Group did not retrieve water consumption records from our subsidiary Asia-Link (Fogang) Electronic Limited's operations in Fogang Shijiao ("Fogang Shijiao") and another subsidiary Dongguan Glory Mark Electronic Co., Limited ("Dongguan Glory Mark"). This is because the sourcing of water in Fogang Shijiao factory is self-sustained (i.e. water extraction from a well), which lacks official records of water consumption. As for the Dongguan Glory Mark, our Group does not have financial control over the use of water in the factory, which results in difficulty in obtaining such information. However, we strongly encourage the conservation of water resources in all operations. During the Reporting Period, our Group consumed a total of 63,999 m³ of water for all operations in Dongguan and Fogang excluding Fogang Shijiao and Dongguan Glory Mark.

Wastewater is produced from various sources in the factory. Among them, the Group identified 3 types of wastewater that require monitoring and internal regulation: wastewater originated from kitchen use, wastewater originated from domestic use, and wastewater originated from production use. To emit our wastewater in a responsible manner and avoid water pollution, wastewater from our Dongguan facility is collected and sent to an outsourced sewage facility for central treatment.

Despite the sewage treatment procedure being outsourced, our Quality Control department still ensure that regular tests are performed to the treated wastewater at disposal according to provincial discharge limits. All test results during this Reporting Period complied with regulatory standards.

Noise Emissions

Noise is a common by-product from our operations. Our Group clearly acknowledges the nuisance it might cause to our employees and to the surrounding neighbourhood. To ensure the noise emission levels lie within environmental standards and cause minimum disturbance to the concerned communities, regular checks and monitoring are performed on the noise level and on the equipment conditions.

In Dongguan, noise stems from various operating sources, including electricity generators, machineries, and high frequency vibration tests in the quality assurance procedure. Examinations have been conducted within the Reporting Period during both day and night time, and the results were below relevant emission standards. In Fogang, noise usually arises from production activities. We carried out an internal noise monitoring assessment in the facility in October 2017, from which the average noise level recorded was 84.3 dB. As the recorded level is approaching the national workplace limit (85 dB), management suggested the use of earmuffs within the production areas to better protect employees' hearing.

Resource Management

Our business nature principally involves the consumption of various kinds of resource. With thorough product design planning and well-designed production procedures, we aim to minimise the use of resources by optimising resource efficiency and reusing resources that are still functional.

Energy Management

Energy indirect emissions induces up to 99% of our overall GHG emissions. Not only can reducing energy consumption conserve energy resources, it can also reduce our GHG emission and saves energy cost. In order to systematically cut down energy usage within all of our operations, assessments are conducted, while improvement plans are developed and implemented.

During the Reporting Period, we continued to maintain energy efficiency of our productions, and encourage reasonable use of electricity among our employees. Staff are required to turn off all equipment when they are off duty. We also perform regular maintenance to production equipment such that their energy efficiency is monitored.

2017 Energy Usage	Unit	Dongguan	Fogang	Total
Total Energy Consumption ⁴	MJ	19,307,919.60	9,210,288.00	28,518,207.60
Electricity Consumption ⁵	kWh	5,363,311.00	2,378,280.00	7,741,591.00
Diesel Consumption	L	0	16,800.00	16,800.00

Packaging Material

Product packaging plays a critical role in protecting our precisely calibrated electronic products. The production unit has devised a packaging manual, which explains the packaging procedures and requirements of different products.

In our Fogang operations, we implemented a carton box reusing policy in November 2017 to improve resource efficiency and lower production cost. The policy requires every carton box of the Group to be properly recorded and reused. In December 2017, more than half of the carton boxes sent out were re-collected by the Group for future usage.

During the Reporting Period, Dongguan operations used approximately 243 tonnes of carton boxes. Our Group confirms that there is no excessive use of packaging in all of our products.

⁴ Total energy consumption does not include consumption from staff quarters.

⁵ Electricity consumption does not include consumption from staff quarters.

Our Employees and Community

The Group regards its employees as one of its most invaluable assets. Without the continuous and tireless commitment of our employees, we could never have achieved sustainable corporate success. Our Group therefore follows a people-oriented approach when developing its Human Resources policy, in hopes to maintain a welcoming, safe and joyful working environment for our staff members to unlock their skills and talents.

Our Group complied with all laws and regulations relating to employment and health and safety in the Reporting Period.

Health and Safety

Our staff's safety is of immense importance to us. It is our responsibility as an employer to protect our staff from occupational danger and risks. To achieve this, our devoted management monitors and ensures the proper implementation of occupational health and safety and fire safety policies, while formulates corresponding emergency contingency plans when necessary.

In general, all of our production equipment is calibrated and maintained within intervals suggested by respective professionals. Labelling is also required on all checked equipment and machineries to show the next users their safety conditions. Health and safety trainings and first-aid trainings were designed to prepare employees for the unlikely event of accidents. In Fogang, we held 26 related trainings in the Reporting Period, each focusing on a different sub-topic under occupational health and safety.

We would like to introduce and explain various measures to manage our two major health and safety risks, namely, hazardous materials handling and fire risk.

Hazardous Materials Handling

Due to our business nature, it is inevitable for our staff to handle hazardous substance. A protocol has therefore been developed for the handling of hazardous materials to prevent any potential incident towards our staff, company properties, and the environment. This protocol is also set up to raise awareness of the risks and dangers of toxic substances among staff members.

In addition, all departments have their own responsibilities in enforcing precautions on hazardous materials in the course of production. For instance, our Procurement Department is required to verify if a potential supplier has obtained relevant licenses and permits, and to maintain an updated list of hazardous materials stored in our factories. The Quality Control Department would then further process the procured substances to make sure they are properly handled and safely stored with clear guidelines and labels. Training sessions are organized for each department on the identification and control of hazardous materials.

Employees, whose work duties involve the use or handling of hazardous substances, or other significant health risk, are required to sign a notice statement before commencement of their work. The occupational health risk factor, personal protective equipment and healthcare benefits that the Group ought to provide are all detailed in the notice statement, from which the employees could reference to when needed.

Fire Safety

Fire risk is a major concern for many factories. Our Group has adopted multiple precautionary measures to manage fire risks at its production bases.

Safety trainings are one of the most practical and useful precautionary measures we could perform. Hence, we invest heavily on the safety training of staff at all levels. To enhance our new employee's caliber to identify potential risks, a training session on the maintenance of fire safety equipment have been organized in May 2017. Other trainings catered to occupational health and safety and emergency handling techniques were also organized. In addition, fire safety drills are also a main component of the training scope. In our Dongguan operations, we conduct fire drills every year to enhance our employees' ability to react to such incident when happened. Two drills were carried out at the Dongguan production facility and at the staff quarters during the Reporting Period. A mock exercise to put out fire using fire extinguishers was also held to further raise their awareness and capacity to handle fire incident.



Fire extinguisher practices and fire drills conducted in our Dongguan operations.

Apart from training, it is also immensely important to maintain the functionality of our fire safety equipment, including contingency lightings and automatic sprinkler system. As a baseline, all fire safety equipment is to be checked monthly at all of our operation sites. Detailed records of the condition of equipment are required to be kept properly. During the Reporting Period, we have not discovered any equipment with fire risk in our Fogang factories. As for our operations in Dongguan, we have started engaging a professional fire safety engineering company to maintain our fire safety system since July 2017. It allows for greater safety certainty in the future.

Other than fire safety, a counter-terrorism drill was also held to ensure security staffs are familiar with the daily routine for keeping the facility safe from crimes or attacks.

During the Reporting Period, 7 work injury cases were reported.

Attract and Retain Talent

At Glory Mark, we follow a “people-oriented” approach in our management as we believe a corporate can only build a promising future with happy and satisfied employees.

To begin with, our Group is committed to eliminating all kinds of discrimination and harassment during employment, and at the workplace. It is stated clearly on our management manual that all recruitments and arrangements of employees must be competence-based. As an equal opportunity employer, we evaluate all potential employees and existing employees fairly according to their educational and training background, skills and experience.

Apart from constructing a fair working environment that is free of discrimination, our Group also offers competitive remuneration packages, including allowances, performance bonus and paid leaves with a transparent policy to retain talents. Employees can also enjoy their rights to stay in the staff quarters, and to dine at the staff canteens. Calculation methods of different kinds of salaries have been listed on the human resources policy transparently for our employees to reference to. The Group also conducts performance appraisals annually to provide fair and concrete evidence base for promotion or pay rise consideration.

The Group also endeavours to create a joyful working environment for the employees. In our management manual, working environment is defined to include “mental factors”, which refers to the psychological wellbeing of our employees. In the Reporting Period, our Group continued its dedication to its employee welfare by providing sufficient rest time and proactively listening to employee feedback. Comment boxes and satisfaction surveys were in use for employees to reflect their comments and views on the Group in our Dongguan operations. In the surveys, employees were invited to evaluate their satisfaction towards the Group’s working environment, working conditions, culture, as well as management committee. Among the factors under review, our management committee received the most positive feedback, with an average score of 8.9 out of 10.

Professional Development

The Group believes that only when employees withhold the necessary expertise to carry out their job duties will sustainable and stable corporate growth be possible. Therefore, great emphasis is placed on the continuous development of our staff.

Various trainings targeting new and existing employees from our Production and Quality Control Department have been organized. Several training sessions were also conducted for the entire workforce, topics of which includes international qualifications standards, production procedures and standards, and health and safety regulations. For employees who engage in operations that involve potential environmental risks, extra training will be provided to ensure they are equipped with essential knowledge to handle given tasks with due care.

In addition, assessments in the forms of verbal examinations, written tests, or practical tasks are also mandatory after completion of trainings for employees to demonstrate their knowledge and skills on the concerned topics. All examination results are satisfactory with an extremely high passing rate. For example, assessments regarding RoHS requirements training in the first quarter of 2017 have a passing rate of 100%.

In the Reporting Period, total training hours completed per employee in Dongguan operations is approximately 1.4 hours.

Labour Standards

As a responsible corporate, we strictly prohibit the employment of child and forced labour within our operations. Our Group forbids the hiring of anyone aged under 16, and restrict recruits under 18 from working at high-risks stations. Relevant department will confirm the potential employee's age and identity at the recruitment procedure. If anyone is found to be providing false information or a false identity, the recruitment procedure will be terminated immediately.

The Human Resources policy also protects our employees from any form of physical punishment, imprisonment and threats. All employees must agree to take up any job with our Group voluntarily, with proper contracts signed.

Community Investments

At Glory Mark, we value the culture of engaging and giving back to the community. Not only do we strive to minimise the impacts we impose on the neighbourhood, we also try to create positive influence to the community.

In our Fogang operations, we organised a fundraising activity for the elderly who lives alone in the nearby villages. The event aimed at improving the living conditions of the elderly who has financial difficulties and lacks assistance from the society. Donations were collected from our employees and sent directly to the elderly group.

Several activities were also organised for the enjoyment of our employees.

Birthday Gatherings

To show our care to the employees, we hold birthday parties regularly to let our employees enjoy cakes and refreshments during the working hours as a gratitude to their services.



Birthday gatherings with cake and refreshments.

Chinese New Year Gathering

To thank the hard work and contribution of the staff, departments were encouraged to organise a New Year Gathering individually to boost employees' esteem. This is regarded as a team building activity that could increase cohesiveness within the department. Our staff enjoyed great food and spent a good time with their team members.



Departmental Chinese New Year gathering.

Appreciation for Long-Term Services Staff

After Chinese New Year, our Dongguan operations presented souvenirs to the staff who served our Group for 10 years and 20 years. Customised fountain pens and rings were presented as a symbol of respect and gratitude. As to December 2017, we have a total of 22 and 14 staff members who have up to 10 years and 20 years of experience respectively in the Dongguan operations.



Customised gifts were presented to long-term services staff members.

Labour's Day Party Gathering

On Labour's Day, our Group arranged an evening party for our staff to enjoy on this national holiday. Entertainments were provided to boost the atmosphere at the party. Staff were also welcomed to bring along their family members to rejoice at the wonderful night together.



Our Labour's Day gathering was organised successfully with good weather and exciting entertainment performance.

ESG Performance Table

Key Performance Indicators	Unit	2017		
		Dongguan	Fogang	Total
Environmental				
GHG Emissions (Scope 1-2) ⁶	tCO ₂ e ⁻	4,804.99	2,174.66	6,979.65
GHG Emission Intensity By Revenue	tCO ₂ e ⁻ / HKD ‘000	N.A.	N.A.	0.02
GHG Emission Intensity By Full Time Employee (FTE)	tCO ₂ e ⁻ / Person	4.86	7.47	5.46
Energy Usage ⁷	MJ	19,307,919.60	9,210,288.00	28,518,207.60
Electricity Usage ⁸	kWh	5,363,311.00	2,378,280.00	7,741,591.00
Diesel Usage	L	Nil	16,800.00	16,800.00
Energy Intensity by Revenue	MJ / HKD ‘000	N.A.	N.A.	75.62
Energy Intensity by FTE	MJ / Person	19,542.43	31,650.47	22,297.27
Water Consumption ⁹	m ³	38,079.84	25,920.00	63,999.48
Water Consumption Intensity by FTE	m ³ / Person	38.54	89.07	50.04
Packaging Material Used (Carton boxes)	Tonnes	242.94	N.A.	242.94

⁶ Energy indirect emissions does not include the emissions from staff quarters' electricity consumption.

⁷ Total energy consumption does not include consumption from staff quarters

⁸ Electricity consumption does not include consumption from staff quarters

⁹ The Group's subsidiary Asia-Link (Fogang) Electronic Limited's operations in Fogang Shijiao and another subsidiary Dongguan Glory Mark Electronic Co., Limited's water consumption are excluded due to insufficient data

Social				
Total Workforce ¹⁰	Person	988	291	1,279
Workforce by Gender				
Male	Person	598	88	686
Female	Person	390	203	593
Staff Turnover	Person	2,699	182	2,881
Average Training Hours by Employee	Hours	1.58	N.A.	1.58
Average Training Hours by Gender				
Male	Hours	1.57	N.A.	1.57
Female	Hours	1.59	N.A.	1.59

¹⁰ Total workforce includes staff directly and indirectly employed by the Group

ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, reference page(s) or explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection - Environmental Management, Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection - Emissions Management
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection - Emissions Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group engaged a professional service provider to collect and treat all hazardous waste it generated during the Reporting Period. No data regarding the amount produced was retrieved.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	The Group did not record the amount of non-hazardous waste produced during the Reporting Period. The Group will actively review the possibility of disclosing this data in the future.
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection - Emissions Management

KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection - Emissions Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection - Emissions Management; Resource Management
KPI A2.1	Direct and / or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection - Resource Management; ESG Performance Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection - Emissions Management; ESG Performance Table
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection - Resource Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection - Emissions Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection - Resource Management; ESG Performance Table
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection

B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Employees and Community - Attract and Retain Talent
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	ESG Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Performance Table
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Employees and Community - Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	No fatality has been observed within the Reporting Period
KPI B2.2	Lost days due to work injury.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our Employees and Community - Health and Safety

Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employees and Community - Professional Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category	Our Employees and Community - Professional Development; ESG Performance Table
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Employees and Community - Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employees and Community - Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employees and Community - Labour Standards

Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Operations - Quality Standards; Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Our Operations - Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Operations - Quality Standards, Customer Relations, Intellectual Property Management and Information Security
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Our Operations - Customer Relations
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our Operations - Intellectual Property Management and Information Security

KPI B6.4	Description of quality assurance process and recall procedures.	Our Operations - Quality Standards, Customer Relations
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Operations - Intellectual Property Management and Information Security
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our Operations - Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Our Operations - Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Operations - Anti-Corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Employees and Community - Community Investments
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Employees and Community - Community Investments
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Employees and Community - Community Investments