

2018 Environmental, Social and Governance Report

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") Environmental, Social and Governance Report (the "Report") for the year ended 31 December 2018. This Report is prepared in accordance with Appendix 20 - the Environmental, Social and Governance Reporting Guide ("ESG Guide"), under the Rules Governing the Listing of Securities on Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Exchange"). This Report complies with "comply or explain" provision of the ESG Guide.

The Report covers the Group's manufacturing operations in Dongguan and Fogang, People's Republic of China ("PRC") (the "Reporting Scope") from 1 January 2018 to 31 December 2018 (the "Reporting Period"), unless otherwise specified. The purpose of this Report is to introduce the Group's commitments, policies, initiatives and performances relating to sustainability that are material to the Group's operations. All information disclosed in this Report is compiled honestly based on official documents, or existing policies and practices.

Our Board of Directors (the "Board"), who reviewed and endorsed this Report, is committed to the management of all Environmental, Social and Governance ("ESG") matters, including ESG reporting. Their role and leadership in this regard will be further explained and described in the Report.

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

Since its establishment in 1990, Glory Mark has been engaging in the design, development, manufacturing and distribution of computer connectivity products. With an aspiration to becoming the leading computer and connectivity products producer in the market, we devote ourselves to manufacture products of exceptional and standardised quality with a focus on operational excellence and creating customer value. Our research and development team in PRC and Taiwan play an important role in supporting our production and maintaining our competitive edge. Their studies are critical and useful to improve our materials, enhance our production technology, and ultimately perfect our products. Currently, we are one of the leading VGA cables manufacturers in the world.

To diversify the Group's business and seek new exponential growth, we commenced our new master-planning and architectural design business in the PRC in 2017. The segment, which mainly involves masterplanning work, general design work and architectural schematic design work, has contributed positively to our revenue since then. The Group will continue to develop the new business and is optimistic about how it will drive our continuous growth.

While the prime objective of the Group is to create corporate value and maintain its bottom line, we are committed to achieving it in a socially and environmentally sound manner. As a responsible corporate citizen, we believe our path to corporate success should be guided by sustainable principles. In this Report, we will explain and illustrate how we integrate sustainability values into our business strategies for stable and responsible corporate growth.

For more details of our financial performance, please refer to our Annual Report 2018.

Sustainability Governance

Comprehensive and effective sustainability governance is the cornerstone of sustainable operations. In Glory Mark, sustainability governance is spearheaded by the Board and backed by the Social Environmental Responsibility (“SER”) Team. They are responsible for managing ESG-related issues of the Group with an aim of delivering our sustainability commitments.

The Board

Our Board is dedicated to upholding principles of sustainable development within its management to fulfill the Group’s duties as a corporate citizen on a strategic level. Taking up a leadership role, our Board oversees all ESG-related matters of the Group, including formulating and revising our ESG policy, overseeing and ensuring compliance, reviewing and disclosing our ESG performances, and identifying and managing our ESG-related risks.

The SER Team

The SER team is a special committee established in 2016 to administer and handle ESG matters at the operational level in our Dongguan factory. Comprised of staff and managers from various departments, the committee strives to ensure that our SER policy and commitments are effectively communicated, implemented and kept. They are tasked to set up SER goals, review SER performance, revise SER policy, and coordinate with relevant parties to work towards the SER objectives. Every year, the SER Team calls for a management meeting to audit the existing SER policy. The system’s ongoing effectiveness in responding to changes in production, management structure, and regulatory updates, among others, is therefore confirmed. Our major SER policy in 2018 was as follows:

Environmental Conservation

Safety and Compliance

Health and Hygiene

Respect Our People

Continuous Improvement

Sustainable Operations

Risk and Opportunity Management

Risk and opportunity management is crucial to long-term corporate success. When executed properly, the exercise can effectively maximise gains from prospective opportunities, and minimise loss from potential hazards. In light of that, our Dongguan operations have been carrying out the Risk and Opportunity Identification and Evaluation exercise with reference to the Risk and Opportunity Management Procedure regularly. In the exercise conducted during the Reporting Period, 41 potential risks were identified, among which 3 were classified as high-risk factors. These high-risk factors are related to market presence, productivity and production process, and are controlled by corresponding policies and initiatives effectively. On the other hand, no high opportunity factors were determined in the exercise. The above evaluation results were used to inform management for decision-making.

Stakeholder Engagement

Our business is interdependent with our stakeholders. Creating rapport and trust with our stakeholders is therefore of high priority in our sustainability agenda not only for the growth of our business, but also for the betterment of our stakeholders' wellbeing. In order to understand stakeholders' expectations and concerns towards our operations, various engagement channels were established to proactively communicate with our stakeholders on a regular basis. Valuable feedback and opinions collected through the engagement allow us to further explore the materiality of different ESG issues, while enabling us to review our business from multiple perspectives for continuous improvement.

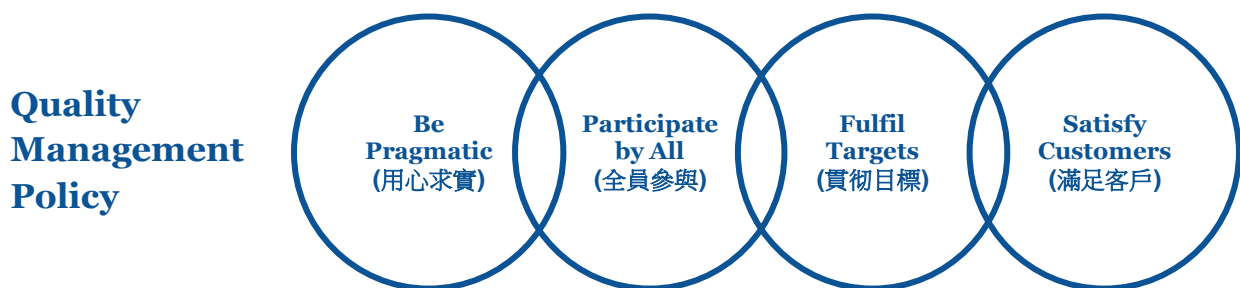
We always endeavour to improve communications with our stakeholders. During the Reporting Period, we revamped our official company website to accommodate more company and product information with a more user-friendly design. Stakeholders now have access to our latest product catalogue at their fingertips.

Stakeholder Groups	Engagement Channels
Shareholders and Investors	<ul style="list-style-type: none"> • Annual general meetings • Annual, interim and quarterly reports • Company website • Circulars and announcements
Customers	<ul style="list-style-type: none"> • Satisfaction surveys • Factory visits • Company website • Correspondences
Employees	<ul style="list-style-type: none"> • Internal satisfaction surveys • Grievance system • Training and development • Employee activities • Performance appraisals
Suppliers	<ul style="list-style-type: none"> • Annual suppliers meeting • Factory visits • Suppliers' audits • Correspondences
Regulatory Bodies	<ul style="list-style-type: none"> • Compliance and noncompliance reports • Factory visits • Correspondences

Our Production and Operation

Our corporate success is rooted on our dedication to product excellence, supplier management, customer satisfaction, business conduct and continuous improvement - they are all indispensable to achieve our business objective of delivering the best quality products to gain customer satisfaction.

These core dedications are all addressed by our simple quality management policy which can be universally applied to every facet of our business. Reviewed and confirmed in 2018, our quality management policy encourages all staff to work together pragmatically, in order to fulfill our corporate targets and satisfy the requirements and expectations of our customers.



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

Quality Production

To provide greater certainty on product quality, we implement multiple comprehensive quality control measures at different stages of production.

Pre-Production Preparation

Our exhaustive quality assurance procedures begin before the manufacturing production starts. To ensure all persons are qualified to work for the scheduled manufacturing procedures, relevant trainings and qualification tests are planned and organised well-ahead. For procedures that involve the use of new equipment or require high skill level, responsible workers will need to acquire approval from the Quality Check Department on their competency before the commencement of work. In addition, all workers are required to attend a pre-production briefing on the history of complaints and malfunction of the concerned products and machinery. This avoids workers from committing the same mistakes and encourages continuous improvement.

Production Environmental Control

A clean and stable production environment is a prerequisite for manufacturing high-tech computer connectivity products of standardised quality. According to our production guidelines, all production stations have to be kept clean and tidy at all times. Equipment and tools used at production are disinfected and checked by external parties on their heavy metal contents at least biannually to guarantee their cleanliness and safety.

In-Process Quality Check

When the first batch of products are produced, our quality inspector will carefully scrutinise the form, dimension, functional characteristic, appearance, packaging, content of substance with environmental concern, reliability, and mechanical characteristics of the product. Only when the inspection result is satisfying can the manufacturing procedure continue.


Afterwards, brief inspections are carried out at importance work stations every two hours. When the number of subpar product exceeds internal limit at quality assurance tests, director of the workshop will convene a meeting to discuss possible improvement plans with related parties. Quality reviews are also conducted regularly by the workshop director to analyse quality inspection results for better prevention in the future.

Subpar Products

When a product is classified as non-conforming to applicable regulations or to customer requirements in our quality control procedure, it will be sent for re-calibration and maintenance. Maintenance works are carried out only by trained and qualified staff who already pass the “maintenance skill assessment” (維修技術考核). Only products that conform to our quality standards can proceed to other manufacturing procedures.

Supply Chain Management

A sustainable supply chain guarantees the quality, stability, safety, credibility and environmental-sustainability of the final products. Through regular engagements and close collaborations with our suppliers, we strive to establish a responsible supply chain that is conflict-free, environmentally-safe, and complies with both industry and our internal standards. During the Reporting Period, we have reached both our KPI regarding supply chain management.

 **≥98%**
Supplier Delivery On-Time Rate

 **≥95%**
Passing Rate of Incoming Materials

Building a Sustainable Supply Chain

<p><i>Quality Incoming Materials</i></p> <p>We have a clear guideline on incoming materials assessment. Depending on the supplier's past performance on quality inspections, we apply a different sampling coefficient that is adjusted on a regular basis. Quality inspectors then follow a checklist to assess the quality of the materials with regards to appearance, size, functionality, among others. Special materials that cannot be tested on site are sent for external inspections quarterly. During the Reporting Period, Dongguan and Fogang (cables) operations returned 0.11% (2017: 0.12%) and 0.47% (2017: 0.63%) of the incoming materials respectively.</p>	<p><i>Conflict Free</i></p> <p>We are committed to conflict-free sourcing. Policies and measures are implemented to prevent the use of conflict minerals, which are defined as minerals produced by the Democratic Republic of the Congo and its neighbouring countries. During the Reporting Period, all of our suppliers have signed the conflict-free minerals agreement to pledge the following:</p> <ul style="list-style-type: none"> ● Not to use conflict minerals in any materials supplying to our Group ● Strengthen supply chain management to avoid the use of conflict minerals ● Respond promptly to Glory Mark's inquiry on the use of conflict minerals when received
<p><i>Hazardous Substance Free</i></p> <p>Ensuring product safety is one of our priorities in production. We keep abreast of environmental regulations that control the use of hazardous substance in electronic products, such as Restriction of Hazardous Substances Directive ("RoHS") 2.0, Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), and other applicable local, regional and international environmental regulations. All suppliers are required to verify their RoHS 2.0 and halogen-free compliance by providing test reports conducted by professional third party regularly. During the Reporting Period, 100% of our suppliers have signed the RoHS agreement to assure compliance to RoHS 2.0.</p>	<p><i>Socially-Responsible</i></p> <p>We attach great emphasis on managing our suppliers' social performances. By incorporating the Responsible Business Alliance ("RBA") Code of Conduct into our supply chain management, we strive to mobilise our suppliers to fulfill their social responsibilities. Suppliers are obliged to pledge and sign a social responsibility agreement assuring that they will follow RBA's principles in their management system and their daily operations. During the Reporting Period, all suppliers have signed the agreement.</p>

Assessing Suppliers

We select our suppliers based on virtues. All suppliers have to undergo and pass a series of assessment to be a qualified partner of ours. As a rule of thumb, we only collaborate with suppliers who have obtained ISO 9001 certification, and prioritise those who have environmental management certification. To ensure the stability of supply, our procurement department develops and maintains at least three suppliers for all materials we use.

In Glory Mark, supplier assessments are classified into two types - initial assessment for new suppliers and regular assessment for qualified suppliers. In both assessments, the procurement department reviews suppliers' performances concerning quality management and environmental management fairly and justly. Every month, we analyse and rate individual supplier's performance on quality, delivery and service. Suppliers are then graded according to the assessment results, while the sampling coefficient of the respective supplier for incoming material inspection is adjusted with the grading.

Quality Management Assessment

- Quality management system
- Control on operational procedures

Environmental Management Assessment

- Green product management system
- Design and development of new products and change management
- Supplier management
- Production, storage and delivery management
- Anomaly management

Engaging 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 suppliers' performance, and presenting improvement plans with quantitative targets. In January 2019, a total of 91 (65%) suppliers attended our annual supplier meeting. New practices and measures proposed in the meeting are as follow:

- Improve collaboration and communication: Assist suppliers to rectify quality issues and enhance communication with suppliers regarding product requirements and specifications
- Encourage continuous improvement: Strengthen implementation of deterrent measures for grade C and D suppliers to stimulate better performance

Customer Engagement and Satisfaction

Customer satisfaction is decisive to our business and operations. It is therefore key for us to engage with our customers regularly to understand their expectations and views on us.

To manage our relationship with customers in a systematic manner, we maintain a customer list that is updated every half-yearly. Customers with high sales amount are classified as "important" on the list. Important customers are invited to provide feedback and ratings on our services on a monthly basis through customer satisfaction surveys, the summary of which is reported to and reviewed by the management twice a year. During the Reporting Period, we obtained an average score of 107 (2017: 105) out of 120 in the satisfaction surveys, which exceeded our KPI target of 95. No material issues regarding delivery and quality was reflected by our customers in the surveys.

On the other hand, all customer complaints are dealt with in a timely and professional manner. Our objective when handling customer complaints is not only to regain customer trust, but also to review our own operations, rectify substandard procedures and seek continuous improvement. When a complaint or a return request is received, all relevant parties and departments will participate in a meeting to investigate the cause and discuss plausible solutions. An improvement team that consists of customer representatives will also be initiated to review and oversee the investigation and monitor improvement progress. All customers complaints are recorded and filed appropriately for future reference.

During the Reporting Period, the monthly average number of return good was 76 piece per million per month, which fell below our KPI limit of 80 piece per million per month.

Intellectual Properties

In the high-technology industry, innovations and new technological advancement can bring significant breakthroughs in operational efficiency and product quality. Managing our intellectual properties (“IP”) and encouraging innovation are therefore essential in supporting our sustained growth.

Our internal policy on the protection and management of IP covers patent rights, labels, trademarks, copyrights and other confidential information of the Group. The policy, formulated in accordance with the national patent law of the PRC, explains and sets out our general code of conduct and procedures towards the use of IP. Incentives to encourage innovations, as well as deterrent measures to infringement of IP rights are also included in the policy. Related terms are also reiterated on our staff handbook to highlight the importance of proper IP management. During the Reporting Period, we complied with the Patent Law of the PRC.

Business Conduct

We strive to establish ourselves as a reliable and trustworthy business partner to our customers and suppliers by always upholding the principle of integrity, fairness and justice in our operations.

As described in the employment contract and staff handbook, we adopt a zero tolerance approach to corruption and bribery. Accepting or soliciting advantages from our business partners, or committing frauds in pursuit of personal interest is strictly prohibited by the Group. Employees are also encouraged to report suspicious behaviour via the employee grievance system in a confidential manner. During the Reporting Period, no legal cases relating to corruption, bribery or money laundering were brought against the Group.

It is also our duty to safeguard all confidential information shared with us, including technological and business secrets. Employees are forbidden to disclose any confidential information of our clients or our Group under all circumstances. We also maintain a robust documentation system where all files are classified with a confidential grading. Employees are expected to handle the documents according to the grading appropriately at all times.

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, 100% of our employees have entered into the agreement.

Our Environment and Nature

The environment is a common resource that should be protected by all. As a corporate citizen, we strive to optimise our operations not only to comply with the ever-stringent environmental regulations, but also to drive for a sustainable future for our business and the society.

Environmental Management

Our environmental management system, which is developed in accordance with ISO 14001, aims at ensuring environmental compliance and promoting continuous improvement. Clear guidelines and goals for environmental protection and management are set out in our environmental handbook, and followed in our operations at all times. Our environmental management system is reviewed and audited at least annually.

Our environmental policy is composed of 4 major pillars, which marks regulatory compliance as the bottom line, and aims for continuous improvement in the long run. Our environmental engineer keeps us abreast of the most updated environmental laws and regulations, such that appropriate environmental planning and monitoring can be arranged.



Environmental Monitoring

Regular and effective environmental monitoring can inhibit environmental accidents and non-compliance. Every month, internal environmental auditors patrol in our premises to review and evaluate our environmental practices. Operations not in compliance with our environmental management system are recorded, and reported to the management. Concerned operating units must rectify immediately, and inform the environmental auditor on the improvement progress for review check. During the Reporting Period, we rectified 100% of the non-compliance discovered.

Environmental Planning

To address and identify important environmental factors of our operations that may lead to significant environmental impacts, we conduct an exercise to distinguish and evaluate our environmental risks regularly. The following table presents our important environmental factors in 2018, and their respective mitigation measures.

Environmental Factors	Mitigation Measures	KPI	2018
Air emissions from Rosin and Tin smoke	<ul style="list-style-type: none"> ● Maintain emission control facilities regularly ● Evaluate operation procedures to devise effective emission control measures 	Monthly monitoring of Tin smoke emission <7.5 mg/m ³	✓
Chemical leaks	<ul style="list-style-type: none"> ● Form an emergency team for chemical leaks ● Provide training for employees on use and storage of chemicals, fire safety and emergency ● Organise fire drill regularly 	Zero environmental incidents per month	✓
Recycling and handling of hazardous waste	<ul style="list-style-type: none"> ● Perform waste separation and label each trash bin clearly ● Educate employees on proper waste separation ● Monitor waste separation monthly to ensure proper execution 	Zero mistake in waste separation per month	✓
Product requirements: <ul style="list-style-type: none"> ● REACH compliance ● No-red phosphorus content 	<ul style="list-style-type: none"> ● Enhance training on REACH and red phosphorus ● Keep abreast of new product safety regulations for immediate and timely response ● Supervise red phosphorus content in our products and incoming materials monthly 	<ul style="list-style-type: none"> ● 100% compliance with REACH requirements ● 100% compliance with no red phosphorus content 	✓ ✓

Air Emissions Control

As an electronic manufacturer, our operations inevitably emit air pollutants, which mainly arise from production activities, cooking and transportation. Devoted to managing and minimising our environmental impacts, we have adopted various measures to monitor and control the emissions.

Exhaust Emission

From Production Activities

Our emission control facility has been effective in managing the pollutant level in our workshops. The emission monitoring conducted by an external environmental consultancy at our Dongguan premise in June 2018 showed that our emissions of Tin and its compounds, Lead and its compounds, Benzene, Toluene, Xylene and dust were all far below the Occupational Exposure Limits for Hazardous Agents in the Workplace (《工作場所有害因素職業接觸限值》) and Emission Limits of Air Pollutants in Guangdong Province (《大氣污染物排放標準》).

From Cooking

Kitchen fume was also a significant air pollutant produced by our operations in Dongguan. Our kitchen chimney is designed in a way that will only cause minimal impact to the neighbourhood. As shown in the annual external monitoring results, emission level of our kitchen fume was satisfactory and complied with the Emission standard of cooking fume (《飲食業油煙排放標準》).

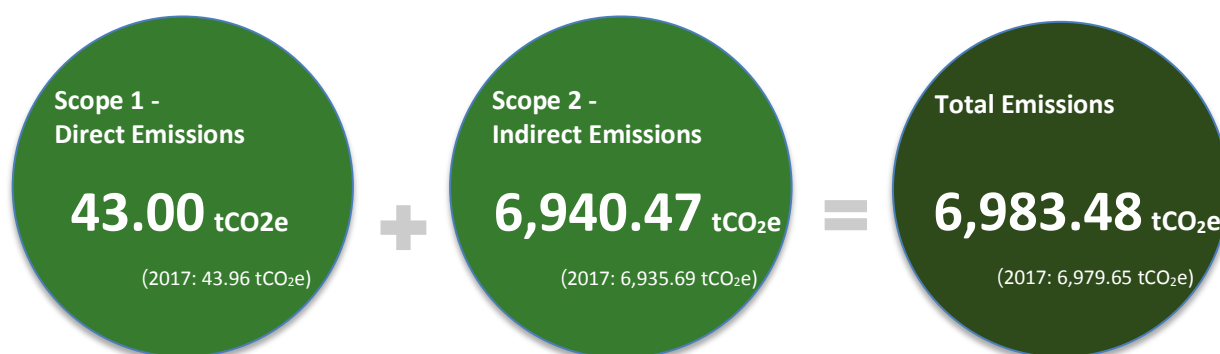
From Transportation

Our Fogang factory owns and operates a company vehicle, which was maintained regularly to ensure its emission is within the legal accepted range. During the Reporting Period, our company vehicle emitted 104.33 kg nitrogen oxides, 0.09 kg sulfur oxides and 10.34 kg particulate matter.

To further tackle our air emissions, we contracted an environmental engineering consultancy in 2017 to improve the design of exhaust system in our Fogang premise. New design such as activated charcoal filter and electrostatic precipitator will be incorporated into the system. Currently, the construction project is still ongoing and we look forward to its completion.

Greenhouse Gas Emission

Understanding our greenhouse gas (“GHG”) emission profile helps us formulate effective measures to lower our overall carbon footprint. In 2018, we engaged an independent sustainability consultant to evaluate our overall GHG emissions according to international and local guidelines.



During the Reporting Period, the majority of our GHG emissions originated from indirect emissions from energy consumption, which accounted for 99% of the total emissions. On the other hand, direct emissions induced by the operation of vehicle, cooking stoves, and emergency generator amounted to 1% of the total emissions.

Energy Conservation

As energy indirect emissions account for 99% of our total GHG emissions, improving our energy efficiency and lowering our energy consumption are key to manage our environmental impacts.

We strive to encourage and promote the reasonable use of electricity among our employees by putting up conservation signs at the workplace. Staff are required to turn off all electrical appliances and equipment when they are off duty. We also set a time and temperature limit on air conditioning to minimise wastage. In addition, we perform regular maintenance to production equipment such that their energy efficiency is monitored and guaranteed.

Monitoring is essential to evaluate the effectiveness of our measures. In our factories, monthly electricity consumption statistics are recorded, while a detailed consumption analysis is conducted quarterly to compare the data against past data for anomaly check. Management also utilise the statistics to inform goal setting in energy conservation.

The following table presents the breakdown of our energy consumption during the Reporting Period.

Energy Usage	Unit	2017	2018
Electricity Consumption	kWh	7,741,591.00	7,746,928.00
Diesel Consumption	L	16,800.00	16,389.01
Total Energy Consumption	MJ	28,518,207.60	28,521,555.59

Waste Management

Our operations produce two major types of waste - production waste and domestic waste. A waste management procedure was issued to systematically and lawfully handle the waste, with careful consideration to their specific nature. The following table describes our waste management strategy.

	Production Waste		Domestic Waste
	Non-Hazardous Waste (e.g. disposable gloves, tapes) & Recyclables (e.g. scrap metals and plastic)	Hazardous Waste (organic solvents, waste cleansing liquid, machine oil)	Food waste, Paper Waste & Other Office Waste
Collection and Storage	<ul style="list-style-type: none"> Separate and label in designated storage area Place in containers with compatible chemical properties 	<ul style="list-style-type: none"> Separate and label in designated storage area that is anti-leak, rainproof and with appropriate risk-labelling 	<ul style="list-style-type: none"> Separate recyclable materials and others in designated storage area
Handling, Disposal and Recycling	<ul style="list-style-type: none"> Contract licensed service provider to handle and dispose the waste responsibly and lawfully Send reusable resources to suppliers for recycling Transport plastic scraps to Fogang factory for recycling 	<ul style="list-style-type: none"> Contract licensed service provider to handle, treat and dispose the waste responsibly and lawfully 	<ul style="list-style-type: none"> Contract approved service provider from the environmental department to dispose and recycle the waste responsibly and lawfully Sell reusable resources

During the Reporting Period, we transported approximately 100 kg organic solvent and 30 kg waste cleansing liquid to the engaged service providers for further treatment and disposal. Statistics and data of other wastes are currently unavailable as we do not have a system in place to systematically record and collect such data.

Water Management

Water is a precious resource that should be preserved by all. Although the use of water is not significant in our operation, we endeavour to use the resource wisely, while handling our wastewater emissions responsibly.

Water Consumption

All water facilities and equipment in our premises are well-maintained to prevent water leakage. Conservation signs are put up at the workplace to encourage water efficiency and saving. Employees are also required to turn off water tabs completely after use. Similar to energy management, we record and analyse our water consumption data for anomaly check and goal setting regularly. During the Reporting Period, we consumed 68,347 m³ of water¹.

Sewage Emissions

Wastewater from our operations originates from two major sources - kitchen and domestic use. We adopt several measures to control our sewage emissions, including treating our wastewater internally through filtration and sedimentation, and commissioning external service providers to process and handle our sewage. To ensure our emissions are within regulatory range, we contracted an environmental consultancy to evaluate our domestic sewage against the provincial Discharge Limits of Water Pollutants (DB44/26-2001 《水污染物排放限值》) in June 2018. Results indicate full compliance to the regulatory requirements.

Noise Emissions

Noise is an inevitable by-product of our operations. They are generated by the use of machineries and generators in our factories.

We closely monitor our noise emissions to ensure they comply with applicable regulatory requirements. In our Dongguan operations, we engaged an environmental consultancy to assess our noise level with reference to the national Emission Standard for Industrial Enterprises' Noise at Boundary (GB12348-2008 《工業企業廠界環境噪聲排放標準》) and the Occupational Exposure Limits for Hazardous Agents in the Workplace (GBZ2.2-2007 《工作場所有害因素職業接觸限值》). No non-compliance were reflected in the assessments. We also carry out internal noise monitoring at the work stations in Fogang regularly. All recorded noise levels fell below the permitted limit except for several days in May. Remedial actions were taken immediately after the non-compliance was discovered, while employees were required to wear earmuffs in the production area to protect their hearing. The noise level was controlled and managed within the regulatory range shortly afterwards.

¹ Exclude water consumption from Asia-Link (Fogang) Electronic Limited's operations in Fogang Shijiao and Dongguan Glory Mark Electronic Co., Limited due to the lack of official consumption data.

Packaging Materials

All of our precisely calibrated electronic products are protected by packaging, such as carton boxes, spacing plates and plastic boxes. During the Reporting Period, we consumed approximately 13 tonnes of combined packaging materials in our Fogang operations. We confirm there is no excessive use of packaging in all of our products.

To enhance resource efficiency in the use of packaging materials, we practiced carton boxes and plastic boxes recycling in our Fogang operations. Carton boxes and plastic boxes are collected and reused within our operations under the policy. In 2018, we reused 7,959 pieces and 12,710 pieces of carton boxes and plastic boxes respectively.

Our Employees and Community

Our people are the backbone of our operations - without their commitment and support, none of our business visions could have been achieved. In Glory Mark, we are determined to support and promote the wellbeing of our employees, while encouraging their personal and professional growth in the safe and fair working environment we constructed.

Occupational Health and Safety

It is our priority and responsibility to safeguard the health and safety of our employees by always maintaining workplace safety. We strictly observe and follow all applicable national and regional laws and regulations relating to health and safety, including the Law of the PRC on the Prevention and Control of Occupational Diseases (《中國職業病防治法》). All employees are informed about the specific occupational health risks they are exposed to by a special agreement provided at recruitment. The Group's obligations in preventing health hazards and protecting employees' health and safety, such as providing personal protective gears and regular health checks, are detailed in the agreement for employees' reference.

Safety Trainings and Drills

In Glory Mark, we are dedicated to cultivating a safety culture where employees understand their obligations and rights on occupational health and safety. In 2018, our Fogang operations held 37 orientation safety trainings, and 8 special trainings related to preventive practices against occupational diseases, as well as emergency measures for work-related accidents. Our Dongguan operations also organised 7 detailed safety trainings focusing on fire safety, food safety and other occupational health and safety issues. All trainings achieved 100% passing rate.

In addition, safety drills are also organised to enhance employees' ability to react to emergency. Fire drills are carried out at least annually in both premises. In our Dongguan operations, 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.



Handling Hazardous Materials

As an electronic manufacturer, our production inevitably involves the handling and use of hazardous materials, such as inflammables, explosives, corrosives or toxic materials. A protocol has therefore been developed for the proper handling of hazardous materials to manage potential health risks towards our staff, the environment and the neighbourhood.

In Glory Mark, all materials of hazardous properties are procured from certified suppliers and inspected for quality when arrived. They are also clearly labelled and securely stored in a separate storage area where physical conditions are stable. To ensure our employees' competence regarding the handling and identification of hazardous materials, related trainings are organised by the concerned departments as needed.

During the Reporting Period, we received 8 and 0 reports of work injury in Dongguan and Fogang operations respectively. All injury cases were investigated and handled dutifully. No work fatalities were reported.

Attract and Retain Talents

Quality human resource is essential to steer corporate development. To attract and retain a competent workforce, we offer a competitive remuneration package for our employees, including paid leaves, marriage leaves, compassionate leaves, performance bonus, over-time work payment, social insurance, medical insurance, professional training, free accommodation and staff meals, amongst others. All employment benefits we provide adhere to, or exceed, requirements set by the labour law of the PRC.

Employee Wellbeing and Engagement

We also strive to attend to employees' wellbeing by actively listening to their opinions through established channels. Employee satisfaction survey is an effective tool to help us understand employees' views and satisfaction level towards the Group. Conducted twice a year, the exercise invites employees to evaluate their satisfaction towards our management, working environment, workload and working hours. From the two satisfaction surveys completed in Dongguan in 2018, we received an exciting average score of 9.0 (2017: 8.9) out of 10.

In addition to the regular satisfaction surveys, we also engage newcomers regularly to learn about their expectations and concerns. Through the simple yet holistic newcomer survey, we are able to gain an overview of our newcomers' satisfaction and concerns towards their work and the Group. Insights gathered from the surveys are certainly beneficial to our continuous improvement.

Employees are also welcomed to express their thoughts and opinions anonymously via the grievance system, which allows reports on malpractice, suggestions for improvements, or any other feedback relating to the Group. The human resource is tasked to investigate and look into resolution of the matter within a certain time limit, depending on the nature of the grievance. During the Reporting Period, we did not receive any feedback through the grievance system.

Human Rights

Our human resource policy is underpinned by our respect to human rights. As a competence-based employer, we protect employees' right to equal opportunities and only evaluate our employees based on their experience, skills, and educational and training background. All recruitments and human resources arrangements are made impartial of employees and applicants' age, gender, nationality, religion or physical capabilities, among others. To maintain a fair and equal workplace that is free of discrimination, we strongly encourage reports of unfair treatment on the grounds of discrimination through the grievance system for further investigation and disciplinary actions.

As a responsible corporate, we also strictly prohibit the employment of child and forced labour within our operations. Our Group forbids the hiring of minors 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.

Nurture and Develop Our People

In Glory Mark, we aspire to encourage our people to grow alongside with us. Numerous training opportunities and adequate resources are therefore provided for our employees to realise progressive strides in their professional development.

Prior to employment, all new recruits have to undergo a compulsory orientation training on company history and culture, workplace health and safety, technical skills, as well as the Group's commitment to social and environmental responsibility. To ensure the quality of our workforce, only newcomers who have passed the training can commence their work in our Group.

Apart from orientation trainings, ongoing trainings are also designed and organised to advance our employees in their respective professions. Arranged by our human resource department, our annual training programmes cover a wide scope of topics, including practical production knowledge, health and safety, updates on laws and regulations, as well as standards on our environmental and quality management systems. Assessments are mandatory after completion of trainings for employees to demonstrate their knowledge and skills on the concerned topics. During the Reporting Period, we obtained 100% passing rate in all training courses held in Dongguan and Fogang operations. Average training hours completed per employee in Dongguan operations was 0.79 hours.

Community Engagement

In 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 once again organised a fundraising activity for elderly who lives in the village in vicinity to our premise. 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.

Apart from supporting the neighbourhood, we also arrange leisure activities for our employees regularly to promote work-life balance and enhance their sense of belonging to the Group. Below are some highlights of the staff activities held during the Reporting Period.

Birthday Party

We regard our employees as a part of our big family. Birthday parties with cakes and refreshments are regularly organised for our employees to enjoy during work hours.

***Appreciation for Long-Term Service Staff***

Every year, we present custom-made souvenirs and presents to staff who had worked in the Group for 10 years and 20 years. The present we designed this year was a golden ring with a special design of our company logo. The present served as a token of appreciation for the devotion and loyal service of our employees.

***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.

Tug of War Competition

A tug of war competition was held in our Dongguan Premise as a team-building and recreational activity. The competition was a joyous blast that allowed employees to let go of stress and pressure faced at work.

Key Performance Table

Key Performance Indicators	Unit	Dongguan	Fogang	Total
Environmental				
Nitrogen Oxides	kg	-	104.33	104.33
Sulfur Oxides	kg	-	0.09	0.09
Particulate Matters	kg	-	10.34	10.34
GHG Emissions (Scope 1-2)	tCO ₂ e ⁻	4,907.79	2,075.69	6,983.48
GHG Emission Intensity by Revenue	tCO ₂ e ⁻ / HKD '000	-	-	0.02
GHG Emission Intensity by Full Time Employee (FTE)	tCO ₂ e ⁻ / Person	5.69	9.52	6.47
Energy Usage	MJ	19,720,990.80	8,800,565.79	28,521,556.59
Electricity Usage	kWh	5,478,053.00	2,268,875.00	7,746,928.00
Diesel Usage	L	-	16,389.01	16,389.01
Energy Intensity by Revenue	MJ / HKD '000	-	-	73.36
Energy Intensity by FTE	MJ / Person	22,878.18	40,369.57	26,408.85
Water Consumption ²	m ³	50,087.00	18,260.00	68,347.00
Water Consumption Intensity by FTE ²	m ³ / Person	58.11	83.76	63.28
Hazardous Waste Treated	kg	0.03	0.10	0.13
Packaging Material Used	Tonnes	N/A	13.02	13.02
Social				
Total Workforce ³	Person	862	218	1,080
Workforce by Gender				
Male	Person	583	69	652
Female	Person	279	149	428
Staff Turnover	Person	1,706	161	1,867
Average Training Hours Per Employee	Hours	0.79	-	0.79

² Calculations exclude water consumption from Asia-Link (Fogang) Electronic Limited's operations in Fogang Shijiao and Dongguan Glory Mark Electronic Co., Limited due to the lack of official consumption data.

³ Total workforce includes staff directly and indirectly employed by the Group.

ESG 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.	Our Environment and Nature - Environmental Management, Air Emissions Control, Waste Management, Water Management, Noise Emissions
KPI A1.1	The types of emissions and respective emissions data.	Key Performance Table; Our Environment and Nature - Air Emissions Control, Waste Management, Water Management, Noise Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table; Our Environment and Nature - Air Emissions Control
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table; Our Environment and Nature - Waste Management
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.	Our Environment and Nature - Air Emissions Control, Waste Management, Water Management, Noise Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environment and Nature - Waste Management
Aspect A2: Use of Resources		

Aspects, General Disclosures and KPIs	Description	Relevant chapter, reference page(s) or explanation
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment and Nature - Energy Conservation, Water Management, Packaging Materials
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).	Key Performance Table; Our Environment and Nature - Energy Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Table; Our Environment and Nature - Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Key Performance Table; Our Environment and Nature - Energy Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Key Performance Table; Our Environment and Nature - Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Our Environment and Nature - Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment and Nature
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment and Nature
B. Social		
Employment and Labour Practices		

Aspects, General Disclosures and KPIs	Description	Relevant chapter, reference page(s) or explanation
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.	Key Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key 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 - Occupational 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 - Occupational 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 - Nurture and Develop Our People

Aspects, General Disclosures and KPIs	Description	Relevant chapter, reference page(s) or explanation
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	Key Performance Table; Our Employees and Community - Nurture and Develop Our People
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 - Attract and Retain Talents
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employees and Community - Attract and Retain Talents
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employees and Community - Attract and Retain Talents
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Production and Operation - 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 Production and Operation - Supply Chain Management
Aspect B6: Product Responsibility		

Aspects, General Disclosures and KPIs	Description	Relevant chapter, reference page(s) or explanation
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 Production and Operation - Quality Production, Customer Engagement and Satisfaction, Intellectual Properties, Business Conduct
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Nil
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our Production and Operation - Intellectual Properties
KPI B6.4	Description of quality assurance process and recall procedures.	Our Production and Operation - Quality Production, Customer Engagement and Satisfaction
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Production and Operation - Business Conduct
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 Production and Operation - Business Conduct
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 Production and Operation - Business Conduct

Aspects, General Disclosures and KPIs	Description	Relevant chapter, reference page(s) or explanation
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Production and Operation - Business Conduct
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 Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Employees and Community - Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Employees and Community - Community Engagement