



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8159

Environmental, Social and Governance Report 2019



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ABOUT THIS REPORT

Glory Mark Hi-Tech (Holdings) Limited (hereinafter referred to as “Glory Mark,” or together with its subsidiaries, the “Group”) is pleased to present its Environmental, Social and Governance Report (the “Report”) for the year ended 31 December 2019. The purpose of this Report is to communicate the Group’s visions, commitments, performances and strategies relating to material environmental and social issues. It is also intended to allow all relevant stakeholders to better understand the progress and direction of the Group with regards to sustainability.

This Report covers the Group’s manufacturing operations in Dongguan and Fogang, People’s Republic of China (“PRC”) (the “Reporting Scope”) from 1 January 2019 to 31 December 2019 (the “Reporting Period”). It is prepared in accordance with the requirements as set out in the Environmental, Social and Governance Reporting Guide (the “Reporting Guide”), under Appendix 20 of the Rules Governing the Listing of Securities on Growth Enterprise Markets (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Exchange”). The Report adheres to the “comply or explain” provisions of the Reporting Guide and adheres to the following Reporting Principles:

Materiality	The Report is structured based on the materiality of environmental and social issues of the Group. With the confirmation from management, we have structured the report in the following sections: Our Production and Operations, Our Environment, and Our Employees and Community. Further materiality assessment of specific environmental and social impacts shall be administered in the future.
Quantitative	The Report provides relevant quantitative information in order to measure the effectiveness of environmental, social and governance (“ESG”) policies and management systems. Quantitative information is further accompanied by a description where appropriate.
Balance	The Report provides an unbiased picture of the Group’s ESG performance.
Consistency	The Report adopts methodologies that are consistent with previous years, which allows for meaningful comparisons of ESG data over time.

Glory Mark is committed to disclose the Group’s sustainability agenda in a transparent, straightforward and genuine manner. All information disclosed in this Report is derived from the Group’s existing policies, practices, official documents and reports.

Your feedback on this Report is highly valued. If you have any questions or suggestions regarding the content or format of this Report, please contact the Group via email at gmark@glorymark.com.hk.

ABOUT GLORY MARK

Established in 1990 and listed on the Exchange in 2002, Glory Mark is one of the leading global electronic manufacturing service (“EMS”) providers for connectivity products. Based in Hong Kong, Taiwan and PRC, the Group is principally engaged in the design, manufacture and sales of connectivity products for computers, computer peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment. By prioritising operational excellence and creating customer value, Glory Mark is able to manufacture high quality and technologically advanced products in a timely manner. The strong research and development team in PRC and Taiwan also play a pivotal role in supporting the production of our products and help build our competitive edge.

To diversify the Group’s business and seek new exponential growth, the Group entered the master-planning and architectural design business in the PRC. Since 2017, the Group has been involved in master-planning work, general design work and architectural schematic design work, which have contributed positively to the Group’s growth. Glory Mark plans to continue developing the new business and is optimistic that this business segment will grow prosperously.

While the prime objective of the Group is to create corporate value and maintain its bottom line, we are determined to achieve this in a socially and environmentally sound manner. We are aware that stable and responsible corporate growth can only be achieved when sustainability becomes the backbone of the business. Hence, in this Report, we hope to illustrate the Group’s commitment to integrate sustainable development into every facet of the business.



Tangxia, Dongguan: 17,262 sq. m



Tangxia, Dongguan: 35,437 sq. m



Fogang: 20,500 sq. m

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

Comprehensive and effective sustainability governance is the cornerstone of sustainable operations. Glory Mark is committed to upholding high standards of sustainability governance and believes that sound sustainability governance can empower the Group to establish and achieve long-term sustainability strategies and goals. In Glory Mark, sustainability governance is led by the Board and supported by the Social Environmental Responsibility (“SER”) Team. They are responsible for managing the Group’s ESG-related issues.

The Board

The Board is the highest decision-making and management authority of the Group. The Board oversees all ESG-related issues of the Group, which includes formulating and revising our ESG policies, overseeing and ensuring compliance, reviewing and disclosing our ESG performance, and identifying and managing our ESG-related risks.

The SER Team

Established in 2016, the SER team is a committee responsible for administering and handling all ESG matters at the operational level in our Dongguan factory. Composed of staff and managers from various departments, the committee strives to ensure that our SER policy and commitments are effectively implemented. They are also tasked to establish SER goals, review the Group’s SER performance, revise the SER policy on an annual basis, and liaise with relevant parties to work towards the SER goals. Our SER policy can be summarised into six major categories:



**Environmental
Conservation**



**Continuous
Improvement**



**Safety and
Compliance**



**Respect for Our
People**



**Health and
Hygiene**



**Sustainable
Operations**

Sustainability Certifications and Management

In order to realise our sustainability objectives, the Group has voluntarily adopted a Responsible Business Alliance (“RBA”) Code of Conduct. Globally, the RBA was established in 2004 to promote a common Code of Conduct for the electronics and information and communications technology (“ICT”) industry. The RBA Code of Conduct is now widely adopted as the standard for social and environmental responsibility across the electronics and ICT industry.

In Glory Mark specifically, the RBA Code of Conduct helps ensure that working conditions in the supply chain are safe, workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible and conducted ethically. The Group’s RBA Code of Conduct is reviewed annually to ensure that it complies with all relevant laws and regulations.

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.

GB/T 19001-2016 / ISO 9000-2015 Quality Management

GB/T 24001-2016 / ISO 14001-2015 Environmental Management

IATF 16949-2016 Automotive Quality Management System

Sony Green Partner

Stakeholder Communications

Glory Mark recognises the importance of interacting with our stakeholders as an integral part of our business operations and corporate development. Maintaining an open and ongoing dialogue with our stakeholders and responding to their concerns is a top priority of the Group. Accordingly, we have established effective communication channels that enable us to interact with and collect feedback from our stakeholders on a regular basis. Feedback and opinions collected through these channels allow us to further explore the materiality of different ESG issues, and review our business using a multi-perspective approach such that continuous improvements can be made.

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

Risk and Opportunity Management

The management of risk and opportunity is one of the fundamental approaches of proactive, rather than reactive sustainability management. Acknowledgement of potential problems and preparing for them enables businesses to rapidly respond to change and develop innovative and practical responses to challenges and opportunities. Recognising this, our Dongguan operations have established robust procedures for continuous risk and opportunity identification and evaluation, and have identified the following:



CODE OF CONDUCT

We adhere to a strict code of conduct that includes provisions for bribery, extortion, fraud and money laundering. These are communicated in the Group's Business Ethics Management Procedure (商業道德管理程序). The code of conduct states that all forms of bribery, corruption and extortion are strictly prohibited. Accepting or soliciting advantages from business partners and committing frauds in pursuit of personal interests are not tolerated. Instead, all business transactions should be completed transparently, and all employees of the Group should follow the principles of fairness, integrity and honesty. If employees notice any suspicious behavior, they are encouraged to report it at the first instance via the employee grievance system in a confidential manner. The Group's whistleblowing protocol is outlined in the Staff Appeal Management Operation Method (員工監督管理作業方法), which is purposed to safeguard all employees and other relevant stakeholders.

It is also our moral obligation to safeguard all confidential information shared with us. As elucidated in the Security Hazard Prevention Protocol (安全隱患防范), employees are forbidden to disclose any confidential information about the Group and our clients under all circumstances. To ensure that our employees understand the gravity of this, they are required to sign a Confidentiality and Integrity Statement as a condition of employment. Employees who improperly use or disclose secrets or confidential business information will be subject to disciplinary action, even if they do not actually benefit from the disclosed information.

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Legal cases of corruption, bribery, money laundering or fraud brought against the Group

100%

Employees have signed the Confidentiality and Integrity Statement

OUR PRODUCTION AND OPERATIONS

We attribute most of our business success to our effective supply chain management, dedication to produce high-quality products and exceptional customer service, and our respect towards intellectual property rights. These are all indispensable qualities at Glory Mark, and we are constantly striving to improve and innovate to drive better results.

Supply Chain Management

Effective supply chain management is crucial to our product and service quality. We recognise that supply chain management is essential for operational efficiency, and have thus made great efforts to maintain regular engagement and collaboration with our suppliers. In doing so, we hope to meet our customers' needs in an effective and efficient manner, while emphasising responsible operating practices that complies with both industry and our internal standards.

Assessing Suppliers

At Glory Mark, internal policies have been established to help standardize the management, evaluation and selection of suppliers. This includes the Specifications on Supplier Management (供應商稽核管理規範) and Purchasing Operations (採購作業). According to these policies, the Group selects suppliers based on virtues. As a general rule of thumb, we prioritize suppliers who have obtained an ISO 9001 quality management system certification and ISO 14001 environmental management system certification. Furthermore, all suppliers have to undergo and pass a series of assessments to be considered as a qualified partner of ours.

In Glory Mark, supplier assessments are classified into two types — initial assessment for new suppliers and regular assessment for qualified suppliers. For both assessments, the procurement department is responsible for reviewing suppliers' performance in a fair and just manner. Suppliers are assessed on a variety of components, including their health and safety policies, labour standards, quality, delivery and service, among others. Following this process, suppliers are graded and categorised as one of the following: excellent, good, qualified or unqualified. These assessments are conducted on a monthly basis.

To ensure the stability of our supplies, our procurement department is also responsible for maintaining regular collaboration with at least three suppliers for each material we use. Spreading the purchasing power to different suppliers can also help to minimize the chance of corruption within the Group's supply chain.

Building a Sustainable Supply Chain

- **Quality Incoming Materials** — We have established clear guidelines on assessing incoming materials from our suppliers. Upon arrival, quality inspectors must follow a checklist to assess the quality of the materials with regards to appearance, size, functionality, among other criteria. Special materials that cannot be tested immediately on site are sent for external inspections quarterly. Moreover, a Supplier Quality Contract (供應商品質合約書) must be signed by all our suppliers, which details the Group's requirements with regards to quality. During the Reporting Period, Dongguan (cables) operations returned 0.10% (2018: 0.11%) of the incoming materials respectively.

- **Hazardous Substance Free** — The safety of our products is one of our top priorities. As such, the Group has kept abreast of the latest environmental regulations that control the use of hazardous substances in electronic products. This includes 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 regularly by providing test reports conducted by professional third parties.
- **Socially-Responsible Suppliers** — We take great interest in our suppliers’ social performances. By incorporating the RBA Code of Conduct into our supply chain management (See ‘Our Approach to Sustainability’ section above), it helps to ensure that working conditions in the supply chain are safe, workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible and conducted ethically. Moreover, suppliers are required to sign a Social Responsibility Agreement (分包商/供應商社會責任承諾書) with the Group. In the agreement, suppliers are required to make a pledge and follow RBA’s principles in their management system and daily operations.
- **Conflict Free** — We have implemented numerous policies and measures 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 (不使用衝突礦產承諾書), and pledge to the following:
 - Not to use conflict minerals in any materials supplied to our Group
 - Examine the content of gold (Au), tantalum (Ta), tin (Sn), tungsten (W) and other metals in their products, and confirm the source of those metals
 - Strengthen supply chain management to avoid the use of conflict minerals
 - Respond promptly to the Group’s inquiries on the use of conflict minerals

Product Quality

Glory Mark upholds a high standard of quality control with regards to the production and manufacturing of our products. In order to ensure product quality, the Group has implemented stringent quality control measures for different stages of the production process, from incoming material to finished goods.



Customer Service

Glory Mark is committed to cultivating and nurturing positive customer relationships. We value the views and opinions of all our customers and actively seek for their feedback through various means and channels. In order to improve customer satisfaction and loyalty, as well as the company's reputation and brand image, the Group has established numerous internal policies relating to customer service, including policies on Unqualified Products (不合格品), Communication Service (溝通服務) and Corrective Prevention Measures (矯正預防).

In order to maintain a strong rapport with our customers, we have generated a well-developed customer list, which is updated on a biannual basis. Customers who have contributed to a large amount of sales are classified as "important" on the list. On a monthly basis, these "important" customers are invited to provide feedback and ratings on our services through customer satisfaction surveys. These surveys enable us to enhance service quality, identify customer preferences and improve operations. A comprehensive customer satisfaction report is subsequently produced and reviewed by management twice a year. During the Reporting Period, we obtained an average score of 113.6 (2018: 107) out of 120 in the satisfaction surveys. No material issues regarding delivery and quality were reflected by our customers in the surveys.

With regards to our after-sale services, we ensure that all customer complaints are dealt with in a timely and professional manner. Our objective when handling customer complaints is not only to regain the trust of our customers, but also to review our own operations, rectify substandard procedures and seek for continuous improvement. Thus, when a complaint or a return request is received, all relevant parties and departments will participate in a meeting to investigate the cause, discuss plausible solutions and develop improvement strategies. Furthermore, when a major customer complaint is received, all relevant personnel are required to undergo additional training courses to prevent the recurrence of such issues. All customers complaints are recorded and filed appropriately for future reference. During the Reporting Period, the monthly average number of returned goods was 20 (2018: 76) pieces per million per month.

Intellectual Property Rights

Glory Mark protects and respects intellectual property rights. In order to standardize the management of intellectual property rights, including patent rights, copyrights, trademarks and labels, the Group has established internal Intellectual Property Rights Protection and Management Measures (知識產權保護作業辦法). 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 intellectual property. To emphasize the importance of proper intellectual property management, these measures are further reiterated in the Employee Handbook (員工手冊). During the Reporting Period, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

OUR ENVIRONMENT

Glory Mark recognises the potential environmental impacts arising from our business processes, our production activities, and our office operations. In order to minimise unnecessary disruption to our natural environment, we have different measures and internal policies in place that comply with environmental protection laws and regulations. Our environmental engineer keeps us abreast of the most updated environmental laws and regulations, such that appropriate environmental management can be arranged.

Environmental Management

Our Environmental Management System (環境保護系統), which is developed in accordance with ISO 14001: 2015, is intended to help the Group ensure environmental compliance and encourage continuous sustainability improvements. Communicated through a comprehensive yet succinct handbook, the handbook outlines clear guidelines and goals for environmental protection and management, which is adhered to by our operations at all times. The Environmental Management System is reviewed and audited at least annually.

The Group has also developed a detailed Environmental Policy (環境政策), which can be found within the handbook. The policy outlines practical measures relating to pollution prevention, the efficient use of resources, including energy, water and other raw materials, compliance with laws and regulations, and the Group's goals for continuous sustainability improvements. The policy is regularly communicated to all our employees.

Environmental Planning

In order to improve the environmental performance of a business, planning and setting out clear, understandable and achievable targets are imperative. Recognising this, the Group revises their environmental targets annually and implements relevant Key Performance Indicators ("KPIs") to measure performance levels. The following table displays the most significant environmental factors identified in 2019, and their respective measures to achieve KPI targets.

Environmental Factors	KPI Targets	Measures to Achieve KPI Target	Achievement of KPI Targets in 2019
Compliance with Product Requirements:		<ul style="list-style-type: none"> Enhance training on REACH and non-red phosphorus 	
<ul style="list-style-type: none"> REACH Compliance 	100% compliance with REACH	<ul style="list-style-type: none"> Keep abreast of new product safety regulations to ensure immediate and timely response 	✓
<ul style="list-style-type: none"> Non-red Phosphorus Product Compliance 	100% compliance with non-red phosphorus content	<ul style="list-style-type: none"> Monitor red phosphorus content in our products and incoming materials monthly 	✓
External Environmental Complaints		<ul style="list-style-type: none"> Provide education and training for employees to increase their awareness of environmental issues Establish robust procedures for risk and opportunity management 	
	0 external environmental complaints/month	<ul style="list-style-type: none"> Identify the Group's compliance obligations, publicize them and implement them in the Group's environmental management 	✓

Environmental Factors	KPI Targets	Measures to Achieve KPI Target	Achievement of KPI Targets in 2019
Environmental Accidents	0 environmental accidents/month	<ul style="list-style-type: none"> Implement environmental inspections regularly and rectify issues in a timely manner Establish and improve the emergency response team Provide training for employees on the use and storage of chemicals, fire safety and emergency response Organise fire drills regularly 	✓
Air Emissions from Tin Smoke	<7.5mg/m3	<ul style="list-style-type: none"> Maintain emission control facilities regularly Evaluate operation procedures to devise effective emission control strategies and measures 	✓
Environmental Training	98% passing rate/month	<ul style="list-style-type: none"> Annual training courses for employees must include environmental training Publicity and bulletin boards should display information on environmental conservation 	✓
Environmental Protection Equipment	0 environmental protection equipment failures/month	<ul style="list-style-type: none"> Equipment management department must conduct regular inspection and replacement of environmental protection equipment 	✓
Improper Handling of Waste	0 recycling and waste handling errors/month	<ul style="list-style-type: none"> Implement waste separation and label each trash bin clearly Educate employees on proper waste separation Monitor waste separation monthly to ensure proper execution 	✓
Excessive Noise Emissions and Discharge of Domestic Wastewater	0 cases of excessive noise emissions/year	<ul style="list-style-type: none"> Install acoustic insulation on equipments that generate noise and regularly carry out inspections and maintenance 	✓
	0 cases of excessive discharge of domestic wastewater/year	<ul style="list-style-type: none"> Carry out regular environmental auditing to ensure that the noise is within the accepted range 	✓

Environmental Factors	KPI Targets	Measures to Achieve KPI Target	Achievement of KPI Targets in 2019
Internal Environmental Audit		<ul style="list-style-type: none"> Replace all faucets with water-saving faucets Enforce water conservation measures 	
	100% rectification compliance rate/month	<ul style="list-style-type: none"> If there are cases of non-compliance, reasons and justifications must be made clear An analysis must be conducted on all unqualified items, and corrective measures should be put in place 	✓

Environmental Monitoring

Environmental Monitoring is essential and, when done correctly, consistently, and conscientiously, can inhibit environmental accidents and non-compliance. Every month, internal environmental auditors patrol our premises to review and evaluate our environmental practices. Operations not in compliance with our environmental management system are recorded and reported to management at the first instance, so that these issues can be rectified immediately.

Emissions

As a manufacturer for computer connectivity products, it is inevitable that our operations emit exhaust, greenhouse gas and noise emissions. The majority of our exhaust emissions stem from production activities, cooking and transportation, whilst the majority of our noise emissions are generated by the use of machineries and generators in our factories. We recognise the impact of such emissions, and are determined to play an active role in managing and minimising our environmental impacts.

Exhaust Emissions

- From Production Activities — In order to reduce our environmental impact, ensure the safety of our people and community, as well as comply with regulatory requirements, the Group ascribes great importance to the management of our emission levels from our production sites. During the Reporting Period, the Group commissioned a professional environmental consultancy to assess our exhaust emission levels in our Dongguan premises. The testing and evaluation process was conducted in accordance with the most up-to-date laboratory methods and national standards, including the Sampling Specifications for Monitoring Hazardous Substances in the Air from Workplaces (工作場所空氣中有害物質監測的採樣規範). The results demonstrated that our tin and lead emissions largely derive from wire welding stations in the assembly post, whilst toluene emissions originated from cleaning stations in the packing post. Notably, the results demonstrated that all our emission levels were far below the Occupational Exposure Limits for Hazardous Factors in the Workplace (工作場所有害因素職業接觸限值). Although the results were satisfactory, our Group has taken a number of precautionary measures to further protect the health and safety of our employees. Employees are required to use protective gear, such as masks. Furthermore, in accordance with the Management Standards for Notification and Warning Signs of Occupational Disease and Hazards (用人單位職業病危害告知與警示標識管理規範), hazard notification warning signs are displayed where exhaust emission levels are present. These signs remind employees to wear their protective masks to avoid excessive exposure to such emissions. For more information regarding the health and safety of our employees, please see our 'Occupational Health and Safety' section below.

- From Cooking — Kitchen fumes from our operations in Dongguan were another major source of our air pollutants. In order to minimise the environmental impacts generated from cooking, we have adopted environmentally friendly designs in our kitchen space. For example, our kitchen chimney is designed in a way so that it will only cause minimal negative production externalities. As shown in the annual external monitoring results, emission levels of our kitchen fumes were 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 regularly maintained and examined to ensure that its emission levels were within the accepted legal range. During the Reporting Period, our company vehicle emitted 93.26 kg of nitrogen oxide, 0.08 kg of sulfur oxide and 9.25 kg of particulate matter.

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

Greenhouse Gas Emissions

Understanding our greenhouse gas (“GHG”) emissions profile helps us to formulate effective measures to lower our carbon footprint. In 2019, we engaged an independent sustainability consultant to evaluate our overall GHG emissions. In assessing the Group’s annual GHG emissions, our quantification methodology references international and local guidelines.

Scope/Activities	Unit	2018/19	2019/20
Scope 1 — Direct Emissions	tCO ₂ -e	43.00	30.54
Scope 2 — Indirect Emissions	tCO ₂ -e	6,940.47	4,207.13
Total Emissions	tCO ₂ -e	6,983.48	4,237.68

During the Reporting Period, the majority of our GHG emissions originated from indirect emissions from electricity consumption, which accounted for 99% of total emissions. Direct emissions induced by the operation of vehicles, cooking stoves and emergency generators accounted for 1% of the total emissions.

Noise Emissions

Noise is an inevitable by-product of our operations. Our noise emissions are largely derived from machine operation stations in the assembly post. We closely monitor our noise emissions from our production sites to ensure that excessive noise is strictly prohibited. Consistent to the monitoring procedures from our exhaust emissions, during the Reporting Period, the Group entrusted the same environmental consultancy to assess our noise emission levels in our Dongguan premises. Notably, all noise levels were far below the Occupational Exposure Limits for Harmful Physical Factors in the Workplace (工作場所有害因素 職業接觸限值 • 物理因素). Workers are required to wear ear plugs, in areas where noise emissions exist.

Resource Management

Energy Conservation and Management

Energy conservation and management plays a significant role in lessening climate change. To manage our energy consumption and improve energy efficiency, the Group has developed a set of Energy Resource Management Procedures (能源資源管理程序) and Resource Management Guidelines (資源管理).

In the workplace, staff are required to turn off all electrical appliances when they are not in use. A temperature and time limit is also set in all air conditioning systems. To further remind our workers to reduce the use of electrical appliances, energy conservation signs are displayed throughout the premises. In addition, we perform regular maintenance to all our production equipment so that energy efficiency is monitored and guaranteed.

Monitoring is essential to evaluate the effectiveness of our energy conservation measures. In our factories, monthly electricity consumption data is recorded, and a detailed consumption analysis is produced quarterly to better inform goal setting and compare the data against past data. If abnormal electricity consumption levels were discovered, appropriate measures will be taken at the first instance, and economic penalties may be imposed.

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

Energy Usage	Unit	2018	2019
Electricity Consumption	kWh	7,746,928.00	5,026,440.00
Diesel Consumption	L	16,389.01	11,632.14
Total Energy Consumption	MJ	28,521,555.59	18,544,184.58

Waste Management

Effective waste management involves the regular collection, transportation as well as processing, disposal or recycling of different types of waste materials. The Group is committed to effectively manage our waste, as it can help preserve the environment, reduce production costs, and increase safety in the workplace and community.

Our operations produce two major types of waste — production waste and domestic waste. A comprehensive Waste Control Procedure (廢棄物管製程序) has been developed by the Group to systematically and lawfully handle waste. The following table outlines our waste management strategy.

	PRODUCTION WASTE		DOMESTIC WASTE
	Non-Hazardous Waste and Recyclables (e.g. Disposable Gloves, Tapes, Scrap Metals and Plastic)	Hazardous Waste (e.g. Organic Solvents, Waste Cleansing Liquid, Machine Oil)	Food Waste, Paper Waste and Other Office Waste
Collection and Storage	<ul style="list-style-type: none"> ❖ Separate and label in a designated storage area ❖ Place in containers with compatible chemical properties 	<ul style="list-style-type: none"> ❖ Separate and label in a designated storage area ❖ Storage container must be rainproof and leakproof 	<ul style="list-style-type: none"> ❖ Separate recyclable materials from other materials in the 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

Water Management

Water, once an abundant natural resource, is becoming a more valuable commodity due to droughts and overuse. Water management in a corporation is therefore important to help plan, develop, distribute and manage the optimum use of water resources. Although the use of water is not significant in our operations, the Group is committed to conserving water, reducing water consumption, and handling wastewater emissions responsibly.

- **Water Consumption** — In the workplace, all employees are required to turn off water faucets when not in use. Water conservation signs are also displayed at the workplace to encourage water conservation and reduce water consumption. In the production site, recycled water is regularly used to reduce water wastage. The canteen has also installed water saving faucets for the same purpose. Moreover, all water facilities and equipment in our premises are well-maintained to prevent water leakage. Similar to our energy management, we record and analyse our water consumption data on a monthly basis. If abnormal water consumption levels were discovered, appropriate measures will be taken at the first instance, and economic penalties may be imposed. During the Reporting Period, we consumed 66,943 m³ of water.
- **Sewage Emissions** — Wastewater from the Group originates from two major sources — the kitchen and domestic use. To ensure that our wastewater emissions are handled responsibly, we have adopted several measures. For non-hazardous wastewater, we treat it internally through filtration and sedimentation. For wastewater that may contain unknown or hazardous substances, we commission an external service provider to process and handle our sewage. During the Reporting Period, 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). Results indicate full compliance to the regulatory requirements.

Packaging Materials

To ensure that our products are safely protected during transit, all of our products are packaged by proper packaging materials, including carton boxes, spacing plates and plastic boxes. During the Reporting Period, we consumed 8,009 pieces of carton boxes and 17,436 pieces of plastic boxes in our Fogang operations. We can confirm that there is no excessive use of packaging in all of our products.

At Glory Mark, we are always striving to improve our sustainability practices. With regards to packaging materials, we have made great efforts to enhance resource efficiency by adopting recycling measures in our Fogang operations. In particular, carton boxes and plastic boxes were regularly collected and reused. In 2019, we reused 4,205 and 13,332 pieces of carton boxes and plastic boxes respectively, amounting to a recycling rate of 68% and 76% respectively.

OUR EMPLOYEES AND COMMUNITY

Our employees are the core of our business and success. The contributions, energy, and vision of our employees enable us to continue to build our future and be highly competitive in the EMS industry. Therefore, we have an ongoing interest in continuing to improve our work environment and to be surrounded by engaged employees who lead our company through a high-performance, safe and sustainable culture.

Employment and Employee Welfare

We strongly believe that recruiting and retaining talented individuals is vital to the Group's success. The Group's Human Resources Department is responsible for recruiting our employees. In the recruitment process, we adhere to the principles of fairness and voluntariness, and strictly forbid any forms of coercion or deception.

To attract and retain such talents, we offer employees competitive remuneration packages and benefits, which includes basic salaries, performance bonuses, over-time pay, social and medical insurance, professional training, free accommodation and staff meals, free access to recreational facilities, amongst others. We also offer paid leave, including marriage and bereavement leaves. Each employee is entitled to a total of 11 days of legal leave each year, and an additional 5 to 15 days of annual leave, dependent upon years of service in the company. Furthermore, to demonstrate the Group's appreciation towards dedicated employees, during the Reporting Period, 16 employees who have worked for the Group for over ten years were rewarded with an engraved gold ring. All employment benefits we provide adhere to, or exceed, requirements set by the labour law of the PRC.



Rewarding Dedicated Employees with an Engraved Gold Ring

Although the Group already offers competitive remuneration packages for employees, we are constantly striving to improve the work environment and employees' wellbeing. Employee satisfaction surveys have thus been an effective tool to measure and understand employees' attitudes and satisfaction towards our management, working environment, workload and working hours. From the two satisfaction surveys completed in Dongguan in 2019, we received and maintained an average score of 9.0 out of 10.0 (2018: 9.0). In addition to the administration of employee satisfaction surveys, we also conduct onboarding surveys and weekly interviews with new staff members to ensure that they are adjusting to their new roles.

Anti-discrimination and Labour Standards

Glory Mark prides itself in being a competence-based employer; we treat all candidates equally, and avoid any kind of discrimination based on gender, age, race, disability, sexuality and religion. Instead, we evaluate our candidates based on their experience, professionalism, skills and educational and training background. As outlined in the Group's Non-discriminatory Control Operation Method (不歧視管制作業辦法), if (prospective) employees experience any form of discrimination or unfair treatment, they are encouraged to report it at the first instance via the employee grievance system in a confidential manner. During the Reporting Period, there were no reported cases of discriminatory behaviour.

In order to safeguard employees' rights and interests and build a legal employment system, we strictly control employment risks during recruitment and employment. We strictly prohibit child labour and any other type of forced labour, and have established a series of internal control policies to prevent such activities from occurring. In particular, our Group forbids the hiring of minors under 16, and in accordance with the Provisions on the Special Protection of Juvenile Workers (未成年工特殊保護規定), recruits under 18 are not permitted to engage in work that may endanger their health and safety, such as working in high-risk stations, working during night shifts, and working overtime. These policies are clearly communicated in the Measures for Employment and Protection of Minor Workers (未成年工僱用與保護作業辦法) and Procedures to Prevent Forced Labour and Ban Prisoners (防止強迫勞工、禁用囚工管理程序).

In order to ensure the elimination of child and forced labour in Glory Mark, prior to employment, we conduct a thorough background check on all employees, and demand that they provide relevant certificates for verification, such as graduation certificates and identity cards. Relevant departments will confirm the prospective 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. During the Reporting Period, there were no reported cases of child or forced labour.

Development and Training

Recognising that sustainable business development is closely related to human capital, our Group is very much committed to providing employees with a development platform in which they could harness valuable skills and knowledge. Training opportunities and resources are therefore provided to all employees to ensure their continuous growth and development.

As mentioned in the 'Product Quality' section above, prior to employment, all new recruits have to undergo a compulsory orientation training program. The training includes material 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 and safety of our workforce, only those who have passed the training can commence work.

Apart from orientation training programs, the Group also provides ongoing training opportunities for employees. The Human Resources Department is responsible for formulating the Group's Annual Education and Training Plan (教育訓練執行計劃表), and after confirmation and approval from relevant departments, is also responsible for organising the logistics of such training courses. The courses cover a wide scope of topics, including practical production knowledge, occupational health and safety, updates on laws and regulations, as well as standards on environmental and quality management systems. To ensure the quality and safety of our employees, assessments are mandatory after completion of all courses. During the Reporting Period, we obtained a 100% passing rate in all training courses held in our Dongguan operations. Average training hours completed per employee in our Dongguan operations was 0.8 hours, and 20 hours in our Fogang premises.

Occupational Health and Safety

At Glory Mark, we prioritise the health and safety of every single person linked to our production and operations. In order to protect the health and safety of employees, all new recruits must sign an agreement during recruitment, which outlines the occupational health risks they may be exposed to, and the measures taken by the Group to protect their health and safety. Moreover, relevant internal management policies and regulations have been formulated by the Group, such as the SER Emergency and Emergency Preparedness Procedures (SER 緊急狀況準備與應急程序). Such policies are in strict accordance with relevant laws and regulations, including the Law of the PRC on the Prevention and Control of Occupational Diseases (中國職業病防治法) and Regulations on Labor Protection in Workplaces Where Toxic Substances are Used (使用有毒物品作業場所勞動保護條例).

Safety Training and Drills

In Glory Mark, safety training classes are regularly provided for employees to enable them to proactively recognize hazards and appropriately implement required control measures. In 2019, our Dongguan operations organised eight safety training classes focusing on fire safety, food safety and other occupational health and safety issues. All training classes achieved a 100% passing rate.

Safety drills are important to help employees respond to emergency events quickly, calmly and safely. As outlined in the SER Emergency and Emergency Preparedness Procedures (SER 緊急狀況準備與應急程序), emergency response plans have been thoroughly devised for emergencies relating to fire, chemical leakages, food poisoning, injuries, typhoons, and earthquakes, amongst others. If feasible, at least one simulation drill is conducted annually for each type of emergency.

In 2019, fire drills were carried out in both premises. In our Dongguan operations, an anti-terrorism drill was also held to ensure that security staff members were familiar with the procedures involved in keeping the facility safe from crimes and attacks.



Monitoring Employees' Health and Safety

As indicated in the Employee Handbook (員工手冊), the Group conducts free medical examinations for all employees on an annual basis. In addition, personnel who are exposed to hazardous materials in dangerous sites, such as radiation, are subject to special physical examinations. All medical examinations and work injuries are recorded and filed for future reference. During the Reporting Period, four cases of work injuries were reported in our Dongguan operations. All injury cases were investigated and handled dutifully. No work fatalities were reported.

Handling Hazardous Materials

As an electronics manufacturer, our production inevitably involves the handling and use of hazardous materials, such as inflammables, explosives, corrosives and toxic materials. Internal policies, such as the Dangerous Goods Management (危險物品管理) and Chemical Substance Control Procedures (化學物質管製程序) have therefore been formulated to ensure the proper handling of hazardous materials.

As made clear in the policies, all materials that may contain hazardous properties must be procured from certified suppliers and inspected thoroughly upon arrival. They must also be clearly labelled and securely stored in a separate storage area where physical conditions are stable. To further safeguard our employees, training on handling hazardous materials is provided to those who come into close contact with the materials. Employees are also provided with personal protective gear, such as protective masks and earplugs.

Preparing for Epidemics/Pandemics

In light of COVID-19, it is more important now than ever to adopt clear internal policies relating to epidemics and pandemics. Disease outbreaks are occurring more often, and spreading faster and further than ever, in many different regions of the world. Planning and preparing for disease prevention and control are thus essential; it is only by adopting appropriate and effective preventive measures that employees could be protected from contracting such diseases.

On that account, Glory Mark has established a comprehensive set of Procedures on Occupational Disease and Epidemic Prevention and Control (職業病疫病防治管製程序), effective since 2018. The manual includes step-by-step instructions on cleaning procedures, how to disseminate information to employees about the Group's pandemic preparedness and response plans, how to handle the business when employees have become ill or are suspected to be ill, among others. It is our hope that the manual can help the Group respond effectively and rapidly during the earliest stages of an outbreak.

Community Engagement

Glory Mark is keen on understanding the needs of the communities in which we operate, and ensuring that our operations take into consideration the communities' interests. Hence, in order to nurture a robust relationship with these communities, charitable donations and philanthropic activities are actively organised and participated by employees. Through our corporate philanthropy and employee volunteering activities, we also hope to generate a positive corporate culture and help employees develop team working skills.

During the Reporting Period, the Group donated ¥5,000 to the Huanglong Village Committee (黃壘村委) in Fogang, a committee that attends to the elderly on an annual basis.

KEY PERFORMANCE TABLE

Key Performance Indicators (KPI)	Unit	Dongguan	Fogang	Total
Environmental				
Nitrogen Oxides	kg	—	93.26	93.26
Sulfur Oxides	kg	—	0.08	0.08
Particulate Matters	kg	—	9.25	9.25
GHG Emissions (Scope 1)	tCO ₂ -e	—	30.54	30.54
GHG Emissions (Scope 2)	tCO ₂ -e	2,675.38	1,531.75	4,207.13
Total GHG Emissions	tCO ₂ -e	2,675.38	1,562.29	4,237.68
GHG Emission Intensity by Revenue	tCO ₂ -e/HKD '000	—	—	0.01
GHG Emission Intensity by Full Time Employee (FTE)	tCO ₂ -e/Person	4.94	8.36	5.81
Energy Usage	MJ	11,507,022.00	7,037,162.58	18,544,184.58
Electricity Usage	kWh	3,196,395.00	1,830,045.00	5,026,440.00
Diesel Usage	L	—	11,632.14	11,632.14
Energy Intensity by Revenue	MJ/HKD '000	—	—	53.29
Energy Intensity by FTE	MJ/Person	21,230.67	37,631.89	25,437.84
Water Consumption	m ³	52,803.00	14,140.00	66,943.00
Water Consumption Intensity by FTE	m ³ /Person	97.42	75.62	91.83
Hazardous Materials	Tonnes	—	0.645	0.645
Packaging Material Used				
Carton Boxes	Pieces	—	8,009	8,009
Plastic Boxes	Pieces	—	17,436	17,436

¹ All figures have been rounded up to 2 decimal places, unless otherwise specified.

² The total revenue of the Group is recorded at approximately HK\$ 348 million for the financial year 2019/20.

Key Performance Indicators (KPI)	Unit	Dongguan	Fogang	Total
Social				
Total Workforce	Person	542	187	729
Workforce by Gender				
Male	Person	—	55	55
Female	Person	—	129	129
Staff Turnover	Person	—	108	108
Average Training Hours Per Employee	Hours	0.8	20	20.8
Total Amount of Donations	¥	—	5,000	5,000

HKEx CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter 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 — Environmental Management, Emissions, Resource Management
KPI A1.1	The types of emissions and respective emissions data.	Our Environment — Environmental Management, Emissions, Resource Management Key Performance Table
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment — Emissions Key Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment — Resource Management Key Performance Table
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 — Environmental Management, Emissions, Resource Management
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved.	Our Environment — Resource Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment — 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).	Our Environment — Resource Management Key Performance Table

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our Environment — Resource Management Key Performance Table
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environment — Resource Management Key Performance Table
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Environment — Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Our Environment — Resource Management Key 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.	Our Environment
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
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 — Employment and Employee Welfare, Anti-discrimination and Labour Standards
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

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
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 — Development and Training
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 — Development and Training
		Key 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 — Anti-discrimination and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employees and Community — Anti-discrimination and Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employees and Community — Anti-discrimination and Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Production and Operations — 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 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 Production and Operations — Product Quality, Customer Service, Intellectual Property Rights

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
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 Operations — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Our Production and Operations — Product Quality, Customer Service,
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Code of 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.	Code of 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.	Code of Conduct
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Code of 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