

# Gold Peak Industries (Holdings) Limited

---

金山工業(集團)有限公司

Incorporated in Hong Kong under the Companies Ordinance  
Stock Code: 40



Environmental, Social and  
Governance Report  
2017/2018

# CONTENTS

	Page
<b>INTRODUCTION</b> .....	2
<b>EHS MANAGEMENT APPROACH</b> .....	3
<b>SCOPE OF REPORT</b> .....	4
<b>ENVIRONMENTAL PROTECTION</b> .....	4
Emissions and Wastes .....	4
Emissions .....	7
Wastes .....	8
Use of Resources .....	9
The Environment and Natural Resources .....	11
<b>SOCIAL RESPONSIBILITIES</b> .....	12
Human Resources .....	12
Health and Safety .....	14
Supply Chain Management and Product Responsibility .....	15
Anti-corruption .....	17
Privacy and Information Security .....	17
Protection of Intellectual Property .....	17
Community Involvement .....	18

## Introduction

Gold Peak Group is committed to protecting the environment and being socially responsible to its stakeholders which include its employees, suppliers, customers, shareholders and the communities. The Group values stakeholders' views and actively collaborates with stakeholders in order to achieve its objectives towards sustainable development.

As a major global developer, manufacturer and distributor of primary and rechargeable batteries as well as one of the largest consumer battery producers in China, the Group complies with the highest international safety standards and has made its batteries products safe, reliable, eco-friendly and of high quality.

The Group strives to develop innovative products that are both eco-friendly and cost-efficient in order to enrich the daily experience and improve the living standard of its customers as a whole. This is well demonstrated by the Group's new loudspeaker KEF's LS50 Wireless speaker which has been broadly recognized as a game-changing product in the hi-fi industry that leads the market in price-performance ratio and size-performance ratio.

During the year ended 31 March 2018, the Group received a number of awards in recognition of its efforts in protecting the environment (see Figures 1 and 2). The Group cares about the community by organizing and participating in various social caring events. Driven by this fundamental value, the Group continues to provide resources in protecting environment, promote health and safety in the workplace, take an active role in shouldering corporate social responsibility and stay committed to providing the best products and services for its customers and the community.



Figure 1. BOCHK Corporate Environmental Leadership Award

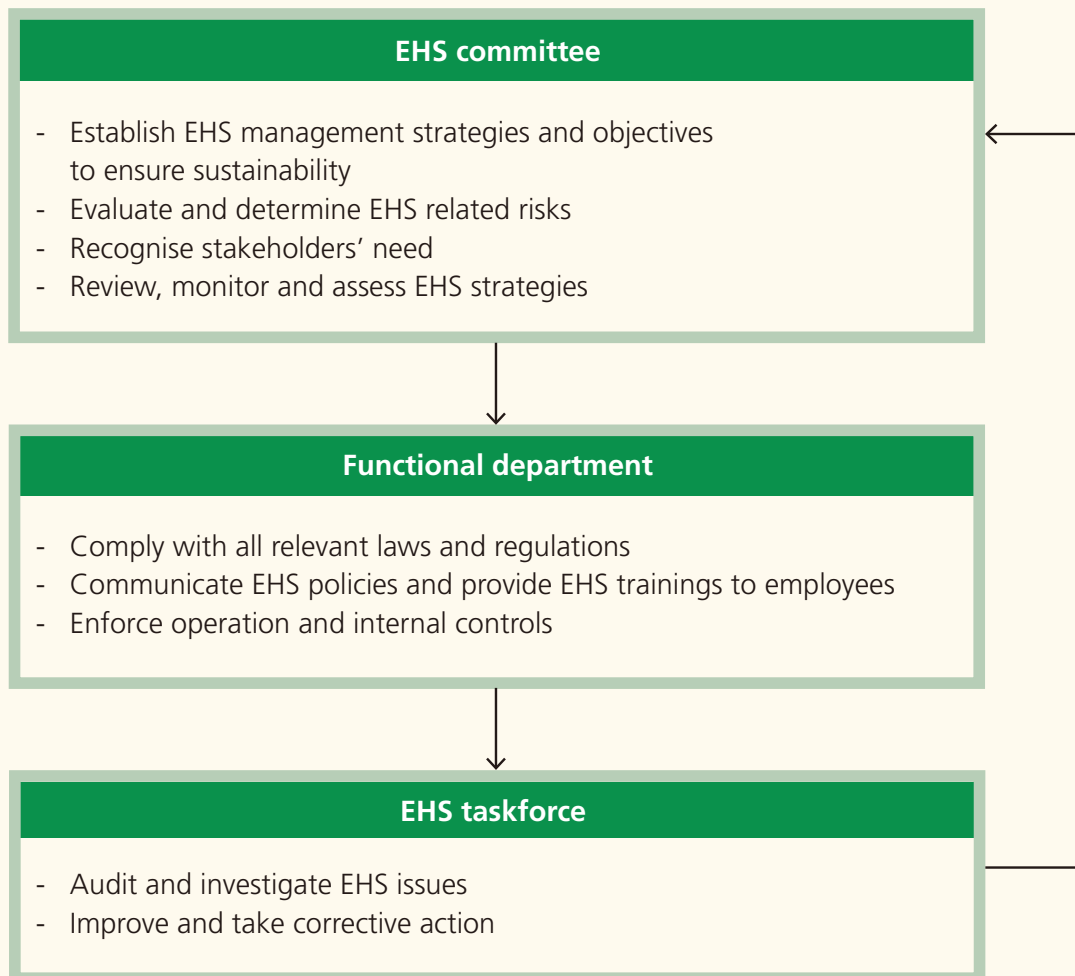


Figure 2. "CSR Advocate Mark" from HKQAA

## EHS Management Approach

The Group is principally engaged in investment holding and development, manufacturing, marketing and trading of batteries, electronics and acoustics products, and automotive wire harness. In order to evaluate and determine environmental, health and safety ("EHS") related risks pertinent to its business, the Group has established an EHS committee with members comprising senior management and staff members from relevant business units and departments. The committee sets up policies and ensures appropriate and effective EHS risk management and internal control systems are in place. The committee reviews, monitors and assesses its EHS strategies to ensure that EHS goals and targets are met (see Figure 3).

**Figure 3. EHS Management Approach**



During the year ended 31 March 2018, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to EHS issues. The Group strives for continuous improvement in its EHS policies and programs to ensure sustainability.

## Scope of Report

---

As part of the Company's annual reporting exercise, this ESG report provides a review of the Group's ESG performance for the year ended 31 March 2018. The report covers the ESG performances of the major manufacturing plants of the Group. It should be read in conjunction with the Company's 2017–2018 annual report, in particular the Corporate Governance Report which is set out on pages 24 to 30 of the annual report.

## Environmental Protection

---

The Group adopts an EHS policy by establishing a well-planned EHS management system to ensure continuous improvement on environmental protection, and health and safety of employees, customers and the public.

The Group meets its responsibility by maintaining and enforcing such systems so as to achieve the required level of performance, to comply with relevant legislations and approved codes of practice of its operations, and also to eliminate and reduce any identifiable hazards.

Workplace environment, manufacturing processes, machine installations, electrical systems, packaging, product design and environmental protection are included in the EHS management system. Trainings are provided to all employees including management personnel, factory workers and office staff members.

Audit procedures are implemented to verify and determine the effectiveness of the EHS management system. An audit team comprising trained officers is responsible for such audits. Any non-conformance identified shall be reported together with preventive and corrective actions.

### ***Emissions and Wastes***

It is the Group's environmental policies to reduce wastes and control emissions through implementation of various measures. The Group has formed teams which manage programs to cut down emissions, hazardous and non-hazardous wastes. Proper treatment of industrial waste water and hazardous wastes has been put into practice.

During the year ended 31 March 2018, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

The Group's factories have been accredited with ISO14001 (see Figure 4). The accreditations demonstrate that the Group has established an effective environmental management system to control and manage hazardous substances.

Figure 4. ISO14001 Accreditations



GP Batteries International Limited and five factories of the Group in China were named "EcoChallenger/EcoPartner" of the BOCHK Corporate Environmental Leadership Awards by Federation of Hong Kong Industries to recognize their contribution and effort in environmental protection and minimizing pollution in the Pan Pearl River Delta region (see Figure 5).

Figure 5. BOCHK Corporate Environmental Leadership Awards



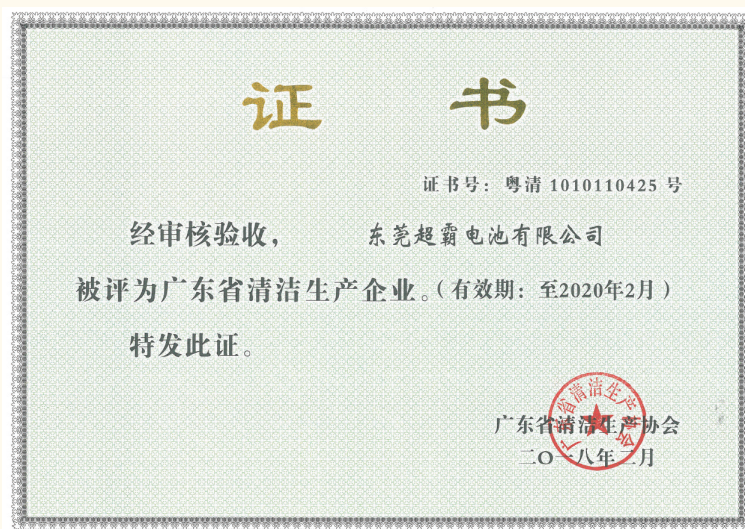
The Group believes that environmental protection is an important objective in operation. It strives to maintain green operations and develop products that help to enhance low carbon society, minimize adverse environmental impacts and achieve sustainable development.

A factory of the Group in Shenzhen, China was awarded “Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing)” by the Environment Bureau of Hong Kong and the Economic and Information Commission of Guangdong Province, China (see Figure 6). A factory of the Group in Dongguan, China was recognized as the “Clean Production Enterprise” of the city and the province respectively by Dongguan Energy Trade Association and Guangdong Provincial Cleaner Production Association, China (see Figure 7).

**Figure 6. “Hong Kong – Guangdong Cleaner Production Partner” Award**



**Figure 7. “Clean Production Enterprise” Award**



## Emissions

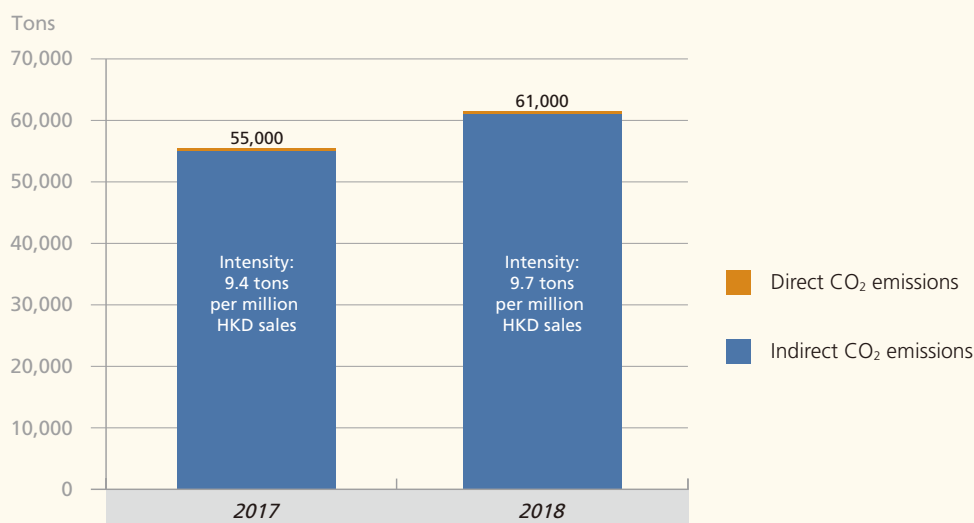
The Group is committed to reducing wastes and controlling emissions. Emissions of batteries business are mainly dust and sewage containing nickel and manganese which are generated during the production of electrodes. The Group regularly monitors and maintains the intensity of such emissions within a safe level. Filtering, ventilation and effluent treatment systems are installed to mitigate the environmental impact.

Emissions of electronics business mainly arise from the use of glue during production. During the glue curing, the solvents of glues or chemical gases such as toluene and xylene will evaporate. Commonly used solvents in glue are classified as preferred, usable and undesirable. All of the solvents used by the Group fall into the first two categories. Based on the solvent composition, the air emission risk of using glue is classified as high, medium and low. The Group regularly monitors and maintains the air emission risk of using glue within a safe level. The Group strives to eliminate the use of toxic chemicals, reduce the use of high-risk solvents such as toluene and xylene and opt for natural substitutes. Alternatives to petroleum-based products such as water-based systems, gels and solvent substitutions are used. The Group also adopts resistance welding in lieu of soldering for some products in order to reduce air pollutants.

Carbon dioxide ("CO<sub>2</sub>") is the major greenhouse gas emissions from the Group but a small amount of nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and particulate matters is also emitted. Direct CO<sub>2</sub> emissions mainly arise from the direct consumption of diesel for generators and petrol and diesel for vehicles. The Group monitors its CO<sub>2</sub> emissions regularly and controls the use of diesel generators and company cars in order to lower direct CO<sub>2</sub> emissions. Indirect CO<sub>2</sub> emissions mainly arise from the use of electricity. The Group monitors its use of electricity, implements energy-saving plans to reduce energy usage and makes every effort to reduce indirect CO<sub>2</sub> emissions by using electricity efficiently.

For the year ended 31 March 2018, the total CO<sub>2</sub> emissions of the Group were 61,000 tons (2017: 55,000 tons). Direct CO<sub>2</sub> emissions accounted for 1% (2017: 1%) of the total CO<sub>2</sub> emissions of the Group's factories (see Chart 1).

**Chart 1. CO<sub>2</sub> Emissions for the year ended 31 March**



NO<sub>x</sub>, SO<sub>x</sub> and particulate matters are emitted from certain production processes and the usage of vehicles and forklifts. The Group monitors its NO<sub>x</sub>, SO<sub>x</sub> and particulate matters emissions. During the year ended 31 March 2018, the intensity of NO<sub>x</sub>, SO<sub>x</sub> and particulate matters emissions from the Group's factories (see Table 1) were within the permissible limits for discharge of atmospheric pollutants specified in the emission standards in Mainland China.

Chemical oxygen demand, a measurement of the oxygen required to oxidize soluble and particulate organic matters in water, is used as an indicative measure for the amount of pollutants in sewages generated during production. During the year ended 31 March 2018, the chemical oxygen demand intensity of sewage generated from the Group's factories (see Table 1) was within the permissible limit of wastewater discharge standards in Mainland China.

**Table 1. Highest Intensity of NO<sub>x</sub>, SO<sub>x</sub> and Particulate Matters Emissions and Chemical Oxygen Demand of Sewage Detected for the year ended 31 March 2018**

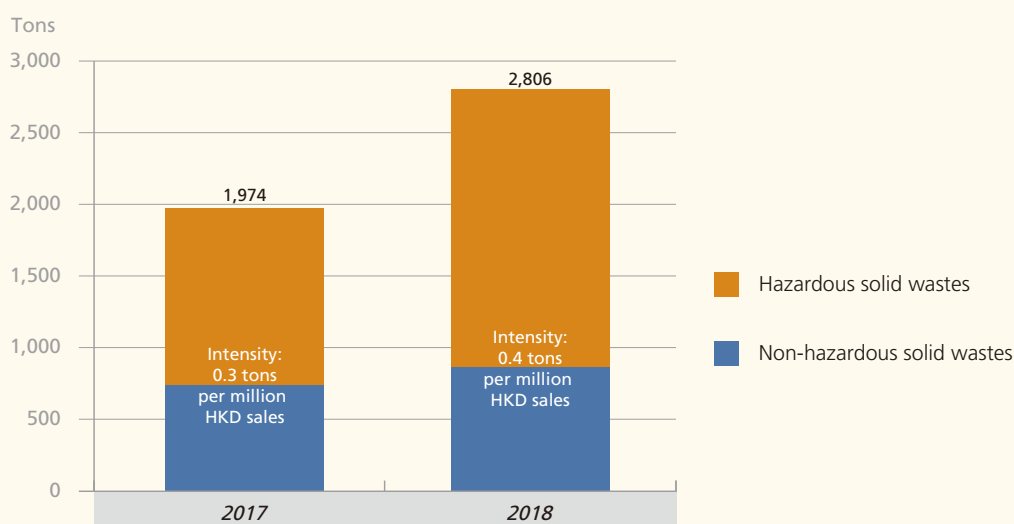
NO <sub>x</sub> emission (mg/m <sup>3</sup> )	141.0
SO <sub>x</sub> emission (mg/m <sup>3</sup> )	90.0
Particulate matters emission (mg/m <sup>3</sup> )	49.1
Chemical oxygen demand (mg/Litre)	279.0

### **Wastes**

The Group implements standardized management of hazardous wastes. Hazardous wastes include mainly nickel, manganese, metals and waste mineral oil-water emulsion from scrap and unqualified batteries as well as rags and containers which were contaminated by oil and paints, organic solvents and a trace of metals. All hazardous wastes are disposed of in accordance with requirements of standardized management of hazardous wastes. All hazardous waste labels are standardized in order to reduce non-standardized collection of hazardous wastes. The production, collection, storage and handling of hazardous wastes have been properly handled in order to reduce the negative impacts towards soil, water and air. Hazardous wastes are aptly collected and sold to recycling companies for proper treatment. For the year ended 31 March 2018, the Group produced 1,944 tons (2017: 1,234 tons) of hazardous solid wastes (see Chart 2).

Non-hazardous wastes include mainly scrapped cardboards, wood, plastics and metals. Non-hazardous wastes are classified into non-recyclable and recyclable wastes. Non-recyclable wastes are collected and disposed of by garbage collection companies. Recyclable scrap parts such as cardboards together with solder oxide wastes and copper wire scraps are collected and sold to recycling companies. For the year ended 31 March 2018, the Group produced 862 tons (2017: 740 tons) of non-hazardous solid wastes (see Chart 2).

**Chart 2. Solid Wastes Produced for the year ended 31 March**



The Group enhances conservative and efficient use of resources through automation. It adopts cleaner production practices and preventive measures throughout the whole lifecycle of its products in order to minimize environmental impact, and pursue growth and sustainability. Production and operation processes are reviewed and analyzed to identify environmental friendly and cost-effective technology so as to reduce emissions, usage of hazardous materials, energy consumption and wastes production.

### **Use of Resources**

The Group engages in energy efficiency practices and strives to reduce energy consumption to alleviate effects on global warming. Air-conditioning, electricity and water conservation have been closely tracked and reviewed to maintain a lean and an efficient operation. Water used in certain production plants is recycled for watering, toilet flushing and manufacturing.

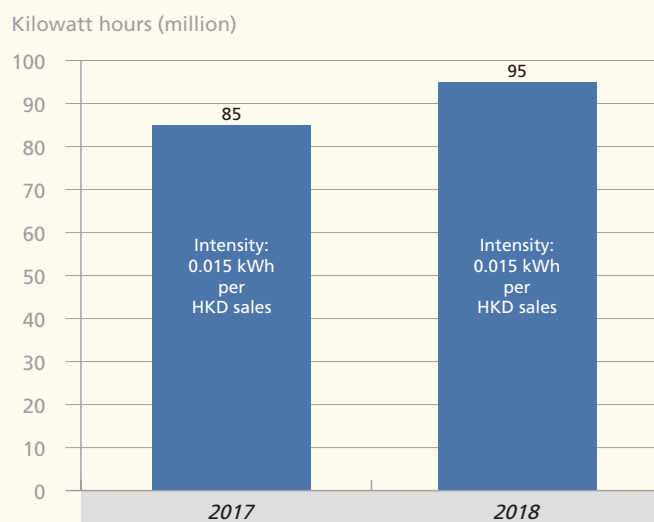
Green building concept has been employed by the Group to reduce energy consumption in its factories. This includes using natural lighting from roof window and courtyard glass, installing utilities underground for more headroom, using glass as partition as much as possible, replacing various light sources with LED tubes and using solar energy for certain lighting systems.

The Group educates and enhances staff awareness on electricity saving and water conservation. Energy efficiency of equipment is considered in capital investment. For development of production equipment, the Group adopts energy-saving technology and uses energy-effective components. The Group regularly monitors its water consumption. Water-saving washing facility is used. Water supply facilities and equipment are properly maintained. There is no issue in sourcing water that is fit for the Group's manufacturing purpose.

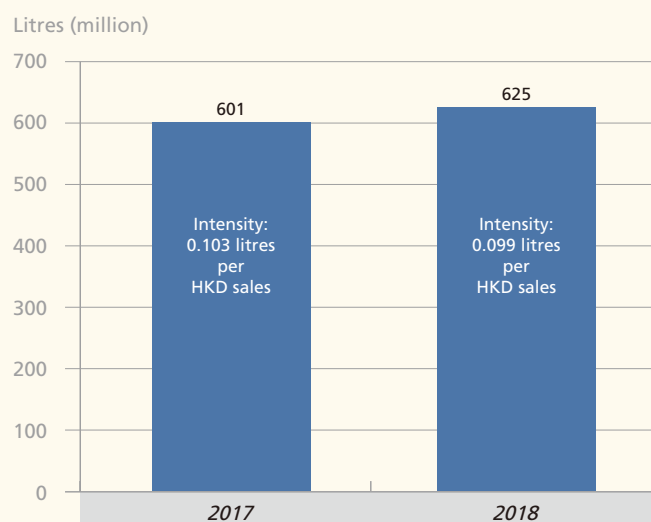
Product packaging is constantly reviewed in order to reduce material usage and minimize the impact on the environment. Packaging materials are mainly cartons, cardboards and blisters.

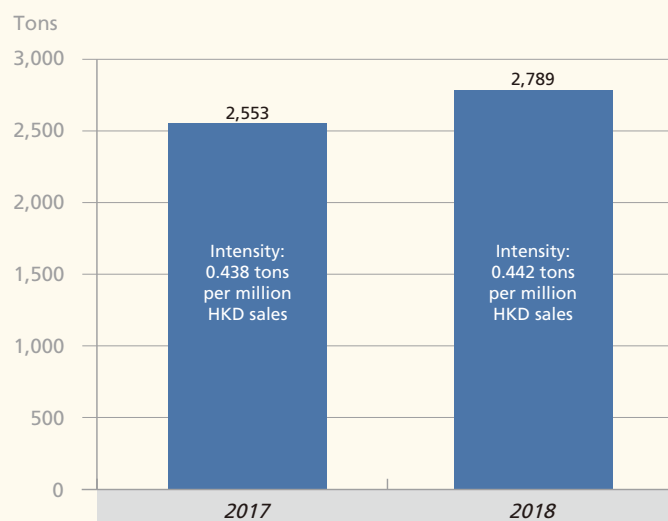
The information of electricity consumption, water consumption and packaging material usage are set out in Charts 3 to 5.

**Chart 3. Electricity Consumption for the year ended 31 March**



**Chart 4. Water Consumption for the year ended 31 March**



**Chart 5. Packaging Material Usage for the year ended 31 March*****The Environment and Natural Resources***

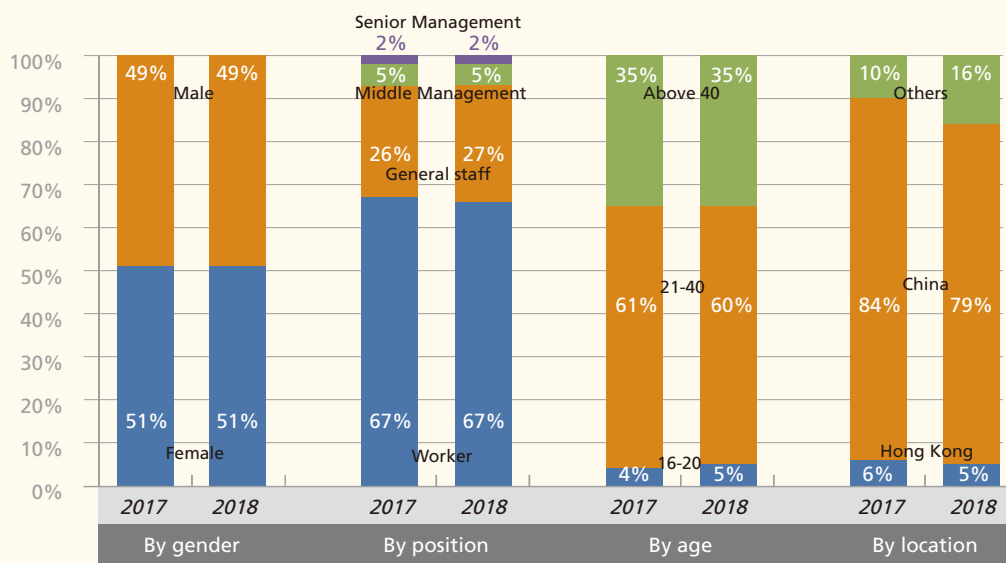
It is the Group's policy to improve its operations and minimize the adverse impact on the environment and natural resources. The environmental risks relating to safety, health hazard or environmental legislations are being assessed and mitigated during the design and development of its products. Pre-development support teams are formed as early as in the concept phase to review the products' design-for-manufacturability and environmental impact. The Group uses eco-friendly packaging materials for finished products. Apart from the necessary protection for shipment, the Group strives to avoid excessive packaging design. Video and phone conferences are encouraged to reduce business travel-related carbon footprint. Duplex printing and paperless operation are advocated to conserve natural resources.

## Social Responsibilities

### Human Resources

As at 31 March 2018, the Group was supported by a motivated workforce of approximately 8,500 people (2017: 8,200 people) worldwide. The Group adopts a policy of equal employment opportunities to ensure that every job applicant and employee has equal employment and promotion opportunities. Personal capability and suitability are the bases for consideration. The Group strives to ensure that everyone works in an environment free of discrimination and harassment. The Group's workforce structure as at 31 March 2018 is set out in Chart 6.

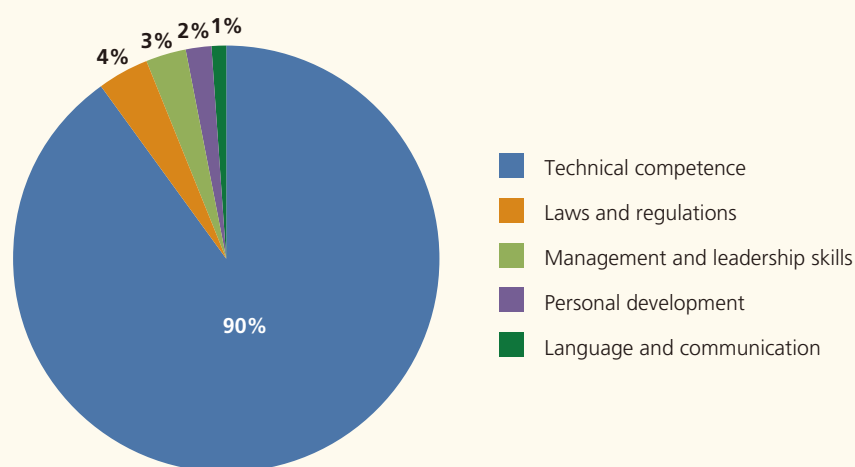
**Chart 6. Workforce Structure as at 31 March**



The Group considers its employees the most valuable asset and offers them fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group and contribution of individual employees. Retirement schemes are offered as part of the remuneration package. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the market of each territory, thus helping the recruitment and retention of talent.

The Group invests in employees through development programs to enhance their soft and hard skills as well as work competence in preparation for their career development. Employees participated in various workshops and training sessions on laws and regulations, management and leadership skills, personal development, technical competence as well as language and communication during the year ended 31 March 2018 (see Chart 7).

**Chart 7. Staff Development and Training for the year ended 31 March 2018**



\* Excluding orientation program for new employees

During the year ended 31 March 2018, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to compensation and benefits, recruitment and promotion, working hours, holidays, dismissal, social insurance, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

## Health and Safety

It is the Group's policy to provide its employees with a safe and healthy working environment in order to protect the health and wellness of its employees. The Group continuously improves its working conditions to prevent industrial accidents and occupational diseases. Health and safety standards such as working procedures, machine operating standards as well as hazardous materials and wastes handling guidelines are defined and communicated to employees, and such standards are regularly reviewed for corrective and improvement actions. Safety and occupational health courses are included in orientation program for new employees in production plants. Training courses on the authentication of SA8000, first aid, proper use of hazardous and chemical materials are held. Child and forced labour are strictly prohibited in the Group.

The Group uses OHSAS18001 as a framework for its occupational health and safety management system in order to create the best working conditions for employees and to prevent workplace accidents and illnesses. A number of the Group's plants in China were certified with OHSAS18001 Occupational Health and Safety accreditations (see Figure 8).

**Figure 8. OHSAS18001 Accreditations**



During the year ended 31 March 2018, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to providing a safe working environment, protecting employees from occupational hazards and prohibiting child and forced labour.

During the year ended 31 March 2018, 36 cases (2017: 29 cases) of minor workplace injury occurred which resulted in a loss of 582 working days (2017: 722 working days). There was no work-related fatality during each of the years ended 31 March 2017 and 2018.

### ***Supply Chain Management and Product Responsibility***

The Group has a well-established supply chain management policy to monitor the qualification of its suppliers. Suppliers are qualified based on their capability to meet the product's technical and quality requirements, health, safety and environment standards and business ethics. The Group conducts random audits of its suppliers' production sites to ensure their continuous compliance with the quality and environmental regulatory requirements.

The Group is committed to producing safe and quality products. The Group has set up mechanisms to receive customers' feedback in order to continuously improve its products and services. During the year, a number of our international renowned customers audited some of the Group's factories and affirmed that the operations and products meet their environmental and safety expectations.

GP Batteries' 9V batteries are UL217 certified specifically for smoke alarm application. GP Batteries is amongst the first batch of lithium-ion battery brands that obtained voluntary CQC (China Quality Certification) mark in China, UR mark in the USA, BIS (Bureau of Indian Standards) mark in India, and MC (Malaysian Conformity) mark in Malaysia which demonstrate its ability to satisfy customers' needs efficiently.

IEC (International Electrotechnical Commission) 62133 is the safety standard for rechargeable secondary cells and batteries, containing alkaline or other non-acid electrolytes, which are used in portable applications. GP Batteries' IEC62133-certified lithium-ion and NiMH batteries offer quick market penetration into 53 Certification Body scheme participating countries. UN (United Nations) 38.3 lists the requirements for the transportation of cells, batteries or battery systems that are lithium metal or lithium-ion. With UN38.3 certification, all GP lithium-ion batteries are allowed to be easily shipped by air and sea (subject to national deviation, additional tests may be needed).

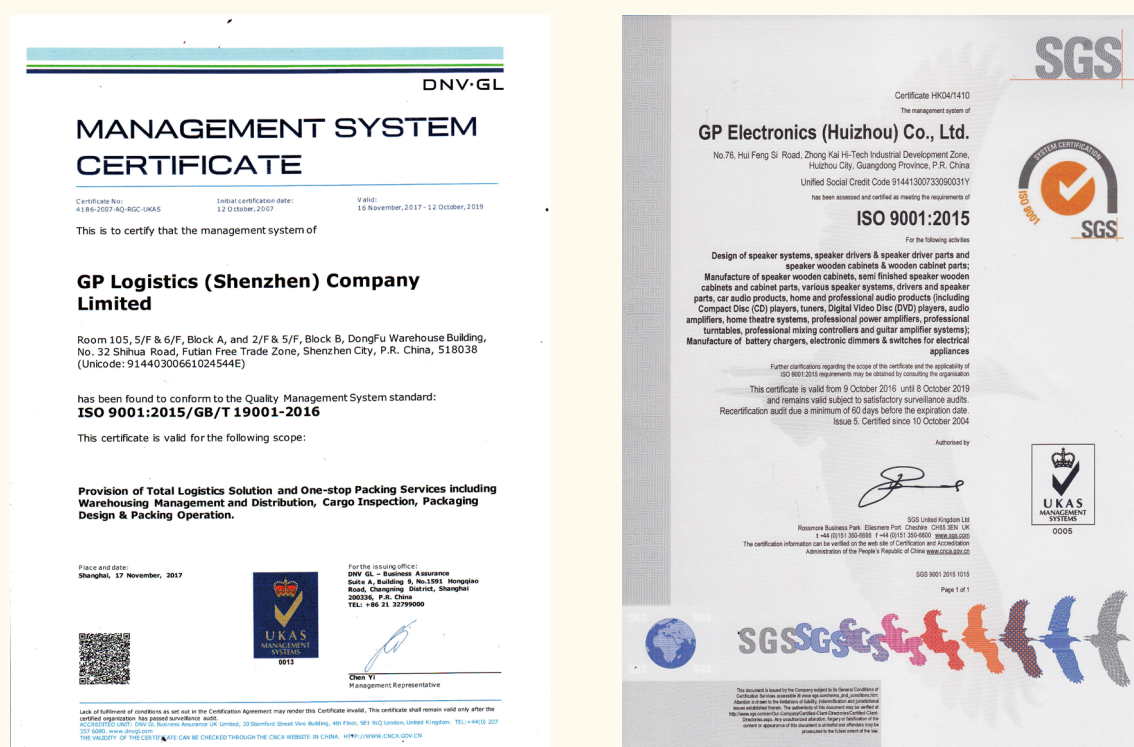
GP Batteries, as an established global brand, adheres to international safety standard. The Group's quality assurance centers, located strategically in China and Singapore, are well-recognized by more than 90 international regions under International Laboratory Accreditation Cooperation-Mutual Recognition Agreement. The Group's Hong Kong laboratory is the first and only one in Hong Kong out of six certified to UL WTDP (Witnessed Test Data Program) for UL1642, UL62133 and UN38.3 battery safety testing in China and Hong Kong. It is also the only one in Hong Kong out of five CTF (Customers' Testing Facilities – Stage 1) approved facilities for IEC62133 battery safety testing in China and Hong Kong.

During the year ended 31 March 2018, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to health and safety, advertising, labelling and privacy matters on products and services provided and methods of redress.

The Group has developed and implemented quality control systems towards hazardous substances which are produced in manufacturing processes to ensure all operations comply with relevant laws and regulations. Laboratories are established to control product quality. A quality management system is set up in accordance with the requirements of ISO9001:2015 and IATF16949:2016. When non-conforming or suspected products are shipped, quality assurance teams will notify relevant departments for containment action (including recall, rework or sorting) immediately. Sales department shall notify the customers as required so that the suspected or non-conforming products can be quarantined, recalled or returned in a timely manner. Moreover, factory teams led by quality assurance will perform the failure and root cause analyses. Prompt corrective and preventive actions will be taken accordingly to prevent similar incidents from recurring.

Most of the Group's factories have received ISO9001 accreditations, indicating the Group's ability to consistently provide products and services that meet customers' needs as well as applicable statutory and regulatory requirements (see Figure 9).

**Figure 9. ISO9001 Accreditations**



### ***Anti-corruption***

The Group is committed to preventing corruption, bribery, extortion, fraud and money laundering, as well as complying with applicable anti-corruption laws and regulations. It prohibits its employees from offering, making or receiving any bribes or kickbacks for the purpose of securing improper business advantages, or otherwise engaging in corrupt activities or practices.

The Group has established a whistle-blowing policy that allows anyone to report in good faith any misconduct or malpractice, without fear of reprisal, through a confidential channel. If investigation is to take place, the head of internal audit will carry out the investigative work, and then seek administrative support from the Chief Executive/Deputy Chief Executive. The Chief Executive/Deputy Chief Executive may also consider the appointment of an external party to assist the head of internal audit in performing the investigative work. The board, the audit committee and the head of internal audit will keep strict confidentiality on the informer's identity throughout the course of the investigation. Any form of disadvantage or reprisal against the informer by the Company's management or staff is expressly prohibited.

During the year ended 31 March 2018, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to bribery, extortion, fraud and money laundering. No legal case regarding corrupt practices was brought against the Group or its employees.

### ***Privacy and Information Security***

The Group strives to ensure compliance with the strictest standards of security and confidentiality. Personal data is stored securely and only authorized staff members have the right to gain access to the data. The Group will not release the personal data of its employees, customers and suppliers to external parties without the permission of the relevant parties.

### ***Protection of Intellectual Property***

It is the Group's policy to respect intellectual property rights and not to use infringing articles in its business. The Group adopts a policy which follows the key terms of copyright regulations. It is important for employees to comply with the copyright policy in the course of their employment. Where employees knowingly use infringing copies of copyright works in the course of their employment, the employees concerned could be subject to both civil and criminal liabilities.

## Community Involvement

As a responsible corporate citizen, the Group nurtures a caring culture among employees in the workplace and reciprocates to the community through participation in various community events. The Group has supported the Community Chest's Corporate and Employee Contribution Program for more than a decade. The Group is also an active participant of many community activities, such as Love Teeth Day, flag-selling, blood drive (see Figure 10), Earth Hour, Lai See Packets Recycle Program, festive food donation, etc. It also organized activities including cleaning campaign, visits to elderly homes as well as environmental caring seminars for primary schools during the year. The Group participated in an internship program for tertiary students to enhance them with relevant working experience. The Group formed a team to participate in a fund-raising activity to support the rehabilitation of the amputees (see Figure 11) and also sponsored the underprivileged children to participate in a robotic summer camp.

**Figure 10. Blood Drive**



**Figure 11. Participation in a Fund Raising Activity to Support the Rehabilitation of the Amputees**



Since 2014, GP Batteries has been a sponsor and the sole supplier of batteries for the Hong Kong Standard Chartered Marathon (see Figure 12). In January 2018, the Group participated in the race with a team of over 240 runners comprising colleagues and their families to promote work-life balance and a healthy lifestyle. Training sessions and run day on-site support were provided to help runners achieve their goals effectively and safely.

**Figure 12. GP Batteries Marathon Team**



In recognition of the Group's continuous commitment in good corporate citizenship, it has been awarded the Caring Company Logo by The Hong Kong Council of Social Service for 16 consecutive years.