

# 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

2020 / 2021

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## Introduction

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Gold Peak Group is committed to protecting the environment and being socially responsible to its stakeholders which include employees, suppliers, customers, shareholders, government and regulatory authorities and the communities. The Group values stakeholders' views and actively collaborates with them in order to achieve its objectives towards sustainable development. It is the Group's long-term sustainability targets to limit the use of hazardous substances, reduce energy consumption during manufacturing and maintain zero occupational health and safety incidents. With major manufacturing sites located in China, Malaysia, Vietnam and Thailand, the Group complies with high international safety standards and has made its products safe, reliable, eco-friendly and of high quality.

GP Batteries International Limited ("GP Batteries") of the Group is a major global developer, manufacturer and distributor of primary and rechargeable batteries as well as one of the largest consumer battery producers in Asia. Apart from battery products, the Group also strives to develop innovative products that are both eco-friendly and cost-efficient in order to enrich daily experience and improve the living standard of its customers as a whole. KEF launched Mu3 noise cancelling true wireless earphones to deliver pure and accurate sound. The Group's new wireless music systems, KEF LS50 Wireless II sound system and KC62 subwoofer, launched during the year were very well received by the market.

During the pandemic, the Group's strategic investments in its brands and distribution networks proved to be crucial for sustaining its business. The Group's online sales increased at a very respectable pace during the year ended 31 March 2021. The Group will continue with its strategy to capture the fast-growing opportunities of online shopping.

Though the economic slowdown is expected to continue and market recovery will likely depend on how quickly the COVID-19 pandemic is contained, the Group believes the direction it has taken to simplify its structure, stay focused on its customers, control its cost base and continuously improve its financial strength will enable the Group to overcome the challenges.

To enhance the future competitiveness of the Group, new centers of excellence are being set up in key cities including Singapore, Hong Kong, Shenzhen, London and Kuala Lumpur. The strategic plan is not only to expand the Group's talent base, but also enable the Group to be more responsive to the latest consumer trends and technologies in the regions surrounding these global cities.

The Group has continued to push its green initiatives during the year. Some of the Group's battery factories gained Zero Waste to Landfill validation from UL, a global certification body, for achieving approximately 95% waste conversion rate. A new project was initiated to install solar equipment for green energy and to reduce carbon footprint. The Group is also launching battery packs with new no-plastic packaging to facilitate material recycling. Significant investment has also been committed for promoting Nickel Metal Hydride rechargeable batteries to encourage consumers worldwide to reduce their consumption of single-use batteries.

During the year ended 31 March 2021, GP Batteries received the “CSR Advocate Mark” from Hong Kong Quality Assurance Agency for the sixth year to acknowledge its dedication and fulfillment as a social responsible organization. The Group cares about the community by organizing and participating in various social caring events. Driven by this fundamental value, the Group continues to invest in protecting the environment, as well as promoting health and safety in the workplace. The Group will continue its active role in shouldering corporate social responsibility and stay committed to providing the best products and services for its customers and the community.

## Stakeholder Engagement and Materiality

Stakeholder engagement is a core component of the Group's sustainability strategy and long-term success. It enables the Group to build and maintain successful relationships with the stakeholders and to address substantial issues, topics or concerns which affect its stakeholders, so that the Group can align its sustainability strategy with those of its stakeholders.

The Group identifies its key stakeholders which have material impact or could potentially be impacted by the Group's operations. The following is a summary of the Group's key stakeholders, how they are principally engaged and the material topics and concerns raised by the stakeholders and the Group:

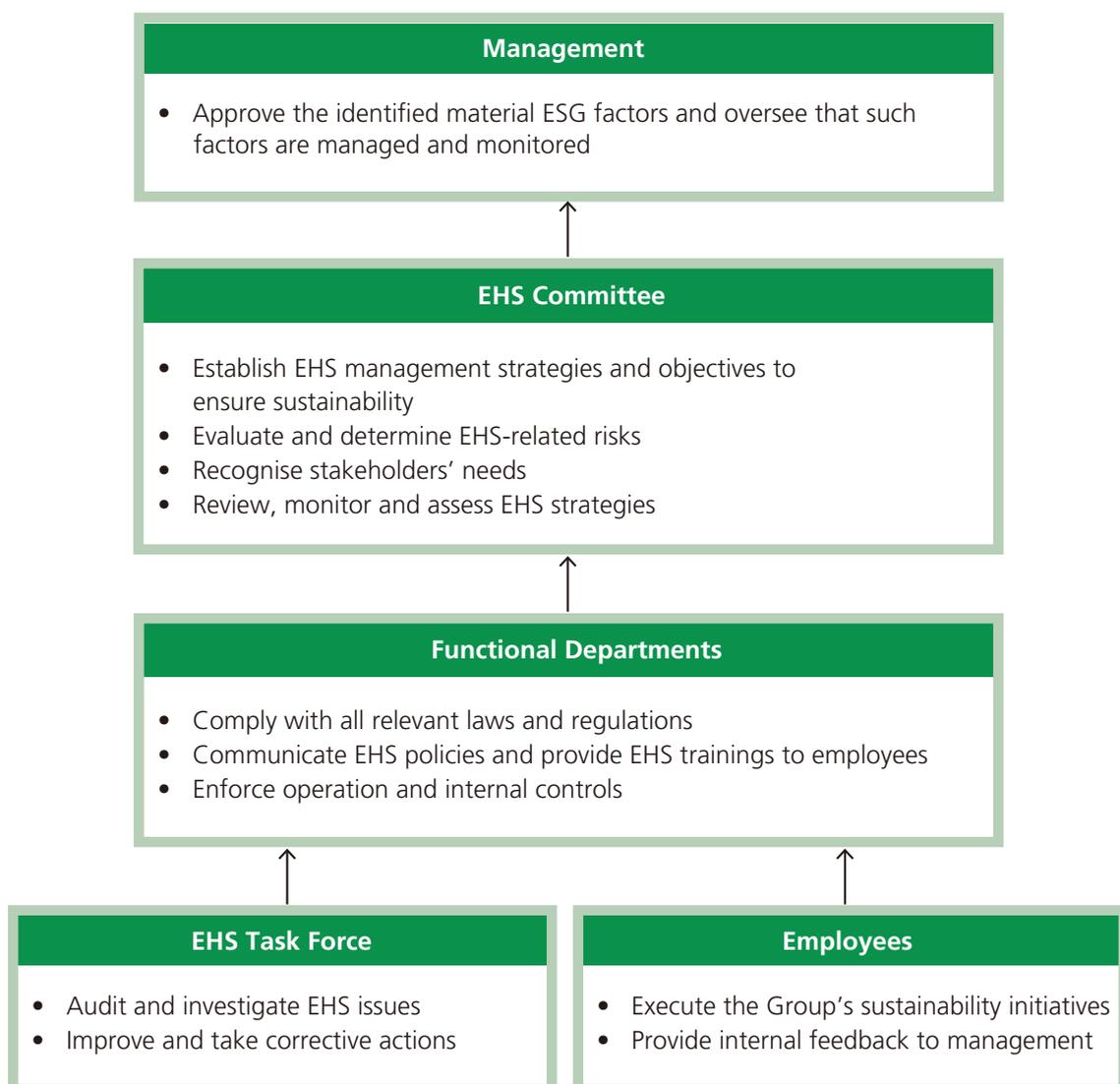
**Figure 1. Stakeholder Engagement**

Stakeholder	Method of engagement	Material topics and concerns
Employees	<ul style="list-style-type: none"> <li>Internal communications through formal and informal channels</li> </ul>	<ul style="list-style-type: none"> <li>Career development</li> <li>Working environment</li> <li>Well-being of staff</li> <li>Remuneration and benefits</li> <li>Compliance with local labour laws</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Meetings</li> <li>Feedback</li> </ul>	<ul style="list-style-type: none"> <li>Pricing</li> <li>Product safety and quality</li> <li>EHS practices</li> <li>Ethical practices</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Suppliers' assessment</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Quality standard</li> <li>EHS requirements and compliance</li> <li>Ethical practices</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Annual general meeting</li> <li>Investor relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Distribution to shareholders</li> </ul>
Government and regulatory authorities	<ul style="list-style-type: none"> <li>Periodic reports and returns</li> <li>Ongoing dialogues</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Community services</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impacts</li> <li>Community engagement</li> </ul>

## EHS Management Approach and Strategy

The Group is principally engaged in investment holding and development, manufacturing, marketing and trading of batteries, electronics and acoustics products, as well as 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. The following is a summary of the Group’s EHS management approach:

**Figure 2. EHS Management Approach**



During the year ended 31 March 2021, 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

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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 2021. The report covers the ESG performances of the headquarters in Hong Kong and the major overseas manufacturing plants of the Group. It should be read in conjunction with the Company's 2020–2021 annual report, in particular the Corporate Governance Report set out on pages 26 to 32.

## Environmental Protection

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The Group adopts an EHS policy by establishing a well-planned EHS management system to ensure continuous improvement on environmental protection, as well as 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 2021, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

The Group’s factories have been accredited with ISO 14001 (see Figure 3). The accreditations demonstrate that the Group has established an effective environmental management system to control and manage hazardous substances.

**Figure 3. ISO 14001 Accreditations**



During the year ended 31 March 2021, GP Batteries and three factories of the Group in China were named “EcoPartner”, “3 Years+ EcoPioneer” or “5 Years+ EcoPioneer” 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 4).

**Figure 4. 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.

GP Batteries has been awarded “Hong Kong-Guangdong Cleaner Production Partner (Supply Chain)” while two factories in China have been awarded “Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing)” by the Environment Bureau of Hong Kong and the Department of Industry and Information Technology of Guangdong Province, China since December 2018.

The Group’s revenue for the year ended 31 March 2021 was 10.8% higher than that of last financial year. As a result, GHG emissions, waste produced, electricity consumption, water consumption and packaging material usage increased. A change in sales mix (with increase in revenue from the Batteries Business and KEF but decrease in revenue from the sales of professional audio products) and some newly set-up operation bases in South East Asia contributed to the increase in intensity of GHG emissions, waste produced, electricity consumption and water consumption.

### ***Emissions***

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

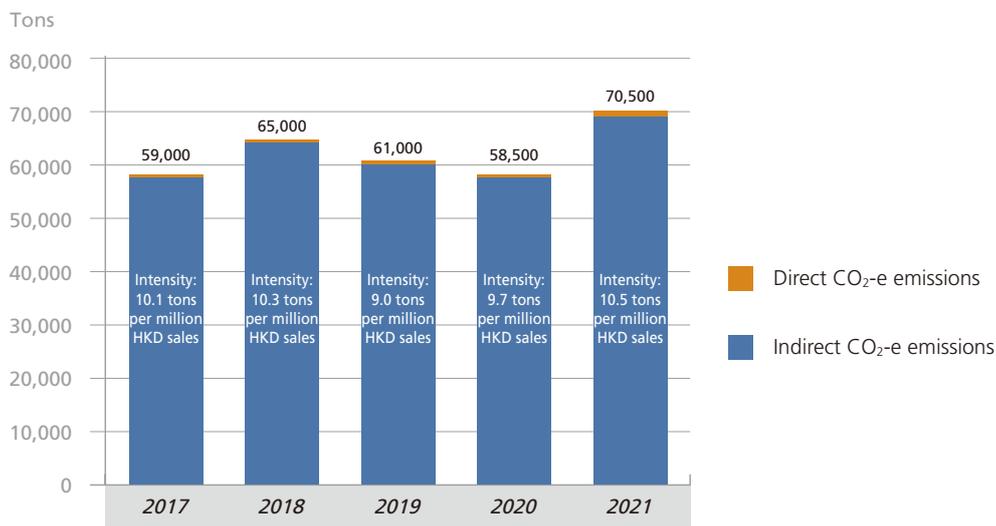
Emissions of electronics business mainly arise from the use of glue and paint on loudspeaker and speaker cabinets during production. During the glue and paint curing, the solvents of glue and paint or chemical gases such as toluene and xylene will evaporate. Commonly used solvents are classified as preferred, 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 and paint is classified as high, medium and low. The Group regularly monitors and maintains the air emission risk of using glue and paint at 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 GHG emissions from the Group. Direct CO<sub>2</sub> emissions mainly arise from the direct consumption of diesel for generators, and petrol and diesel for owned 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. A small amount of indirect GHG is also emitted from the usage of outsourced vehicles and business air travels. The Group is committed to reducing such emissions by avoiding peak hour traffic, utilizing vehicles efficiently by carpooling and encouraging the use of online meetings to reduce business air travels. Video and phone conferences are encouraged to reduce business travel-related carbon footprint. Duplex printing and paperless operation are advocated to conserve natural resources.

GHG emissions are quantified in terms of CO<sub>2</sub> equivalent (“CO<sub>2</sub>-e”). For the year ended 31 March 2021, the total GHG emissions of the Group were approximately 70,500 tons CO<sub>2</sub>-e (2020: 58,500 tons CO<sub>2</sub>-e). Direct GHG (Scope 1) emissions accounted for approximately 1% (2020: 1%) and indirect GHG (Scope 2 and Scope 3) emissions accounted for approximately 99% (2020: 99%) of the total GHG emissions (see Figure 5).

**Figure 5. GHG Emissions for the year ended 31 March<sup>#</sup>**



<sup>#</sup> GHG covered in this report include CO<sub>2</sub>, methane and nitrous oxide.

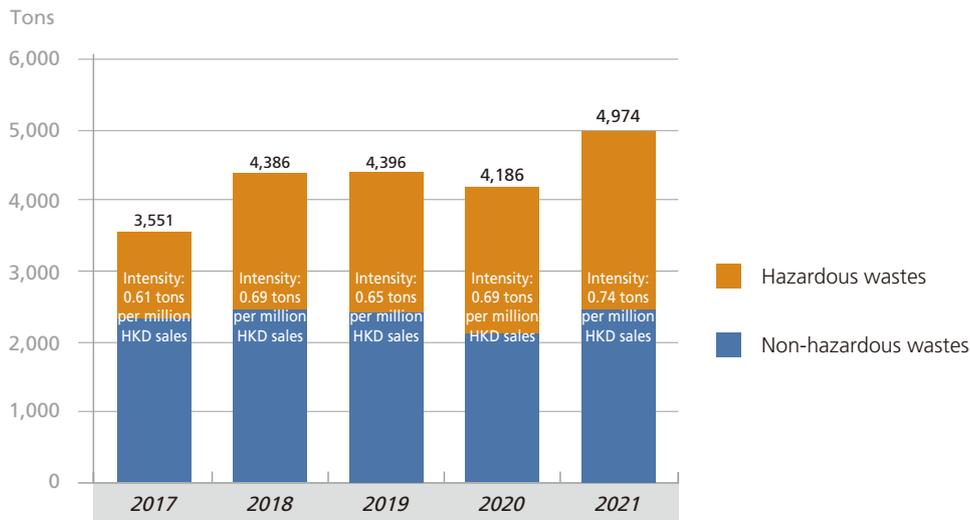
The Group has installed onsite sewage treatment facilities to minimize water pollution. The facilities are regularly inspected to ensure normal operations, prevent leakages and avoid accidents. The Group regularly monitors the pH value and heavy metals content of its industrial sewage to ensure that the pH value and heavy metals content are within the permissible limits of the relevant wastewater discharge standards. The Group encourages recycling and reusing industrial sewage without affecting product quality in order to save water resources. Domestic sewer lines are directly connected to sewage treatment facilities to prevent pollution. Sewage treatment courses has also been organised for employees to ensure that they have a clear understanding of relevant policies and procedures.

**Wastes**

The Group implements standardized management of hazardous wastes. The 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 the 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 carried out 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 2021, the Group produced 2,526 tons (2020: 2,088 tons) of hazardous wastes (see Figure 6).

Non-hazardous wastes include mainly scrapped cardboards, wood, plastics, metals, kitchen wastes and office wastes. Non-hazardous wastes are classified into non-recyclable and recyclable wastes. More than 80% of the non-hazardous wastes are recyclable. Non-recyclable wastes are collected and disposed of by garbage collection companies. Recyclable scrap parts such as cardboards, solder oxide wastes and copper wire scraps are collected and sold to recycling companies. For the year ended 31 March 2021, the Group produced 2,448 tons (2020: 2,098 tons) of non-hazardous wastes (see Figure 6).

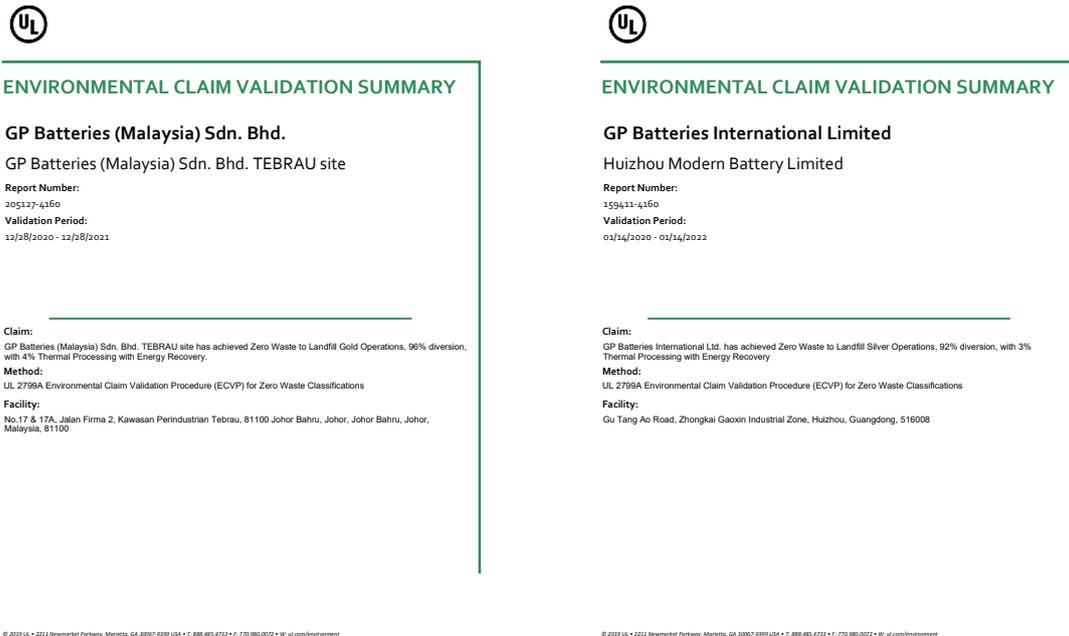
**Figure 6. Wastes Produced for the year ended 31 March**



The Group enhances conservative and efficient use of resources through automation. It adopts clean 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 develop environmental friendly and cost-effective technology so as to reduce emissions, usage of hazardous materials, energy consumption and wastes production.

During the year ended 31 March 2021, two battery factories of the Group in Malaysia received UL Zero Waste to Landfill Gold Validation and two battery factories of the Group in China and Malaysia got Silver Validation to acknowledge their efforts and achievements in maximizing production waste diversion and energy recovery as well as its ongoing commitment to sustainable operations (Figure 7).

**Figure 7. Zero Waste to Landfill Validations**

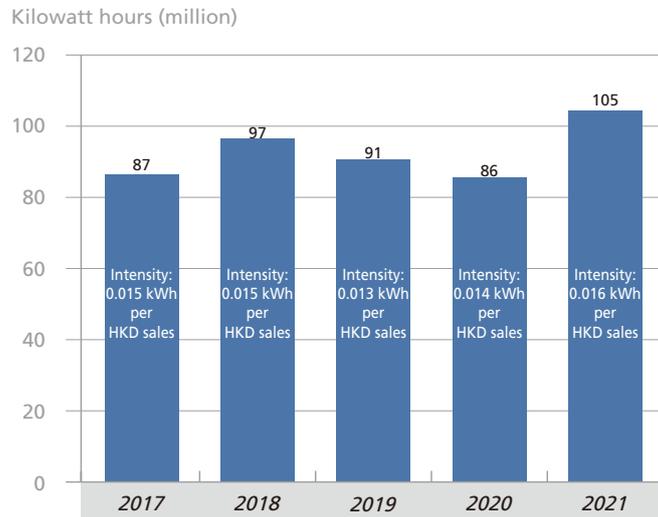


**Use of Resources**

The Group engages in energy efficiency practices and strives to reduce energy consumption to alleviate effects on global warming. The Group educates and enhances staff awareness on saving electricity. Electricity consumption is closely tracked and reviewed to maintain a lean and efficient operation. Energy efficiency of equipment is also considered when making capital investment. For development of manufacturing equipment, the Group adopts energy-saving technology and uses energy-effective components. The Group is also working on reducing its carbon footprint by using solar equipment to increase the use of green energy.

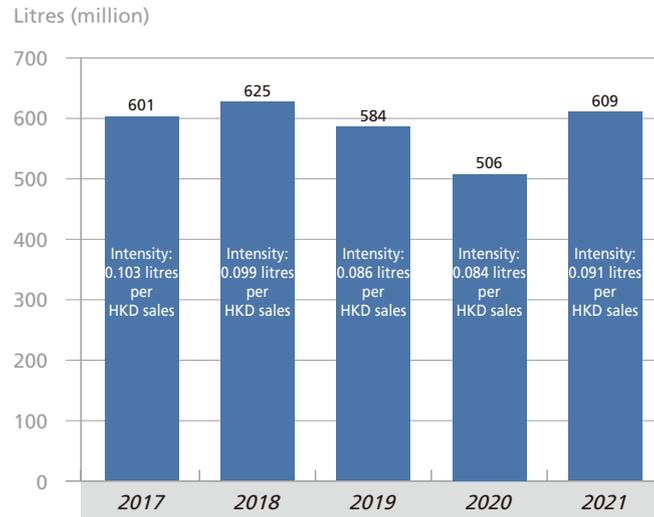
It is the long-term direction of the Group to apply green building concept and as an energy saving initiative employed by its factories. Green building concept includes using natural lighting from roof window and courtyard glass, installing utilities underground for more headroom, using glass as partition as much as possible, replacing various light sources with LED tubes and using solar energy for certain lighting systems. The information of electricity consumption is set out in Figure 8.

**Figure 8. Electricity Consumption for the year ended 31 March**



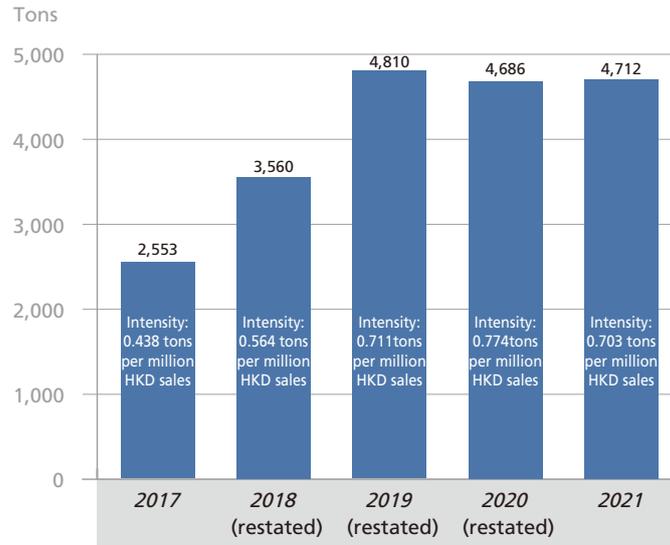
The Group regularly monitors its water consumption. Water-saving washing facilities are used. Water supply facilities and equipment are properly maintained. Water used in certain production plants is recycled for watering, toilet flushing and manufacturing. There is no issue in sourcing water that is fit for the Group's manufacturing purpose. The information of water consumption is set out in Figure 9.

**Figure 9. Water Consumption for the year ended 31 March**



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. Types of packaging material usually include cardboards, paper and plastics. Product packaging is constantly reviewed in order to reduce material usage and minimize the impact on the environment. In addition to reduce material usage, the Group also strives to increase the use of eco-friendly packaging material. For example, the Batteries Business is in the process of changing the packaging of GP Batteries to eco-friendly paper packaging. The information of packaging material usage is set out in Figure 10.

**Figure 10. Packaging Material Usage for the year ended 31 March**



Prior period comparative figures have been restated to conform to current year’s presentation.

**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.

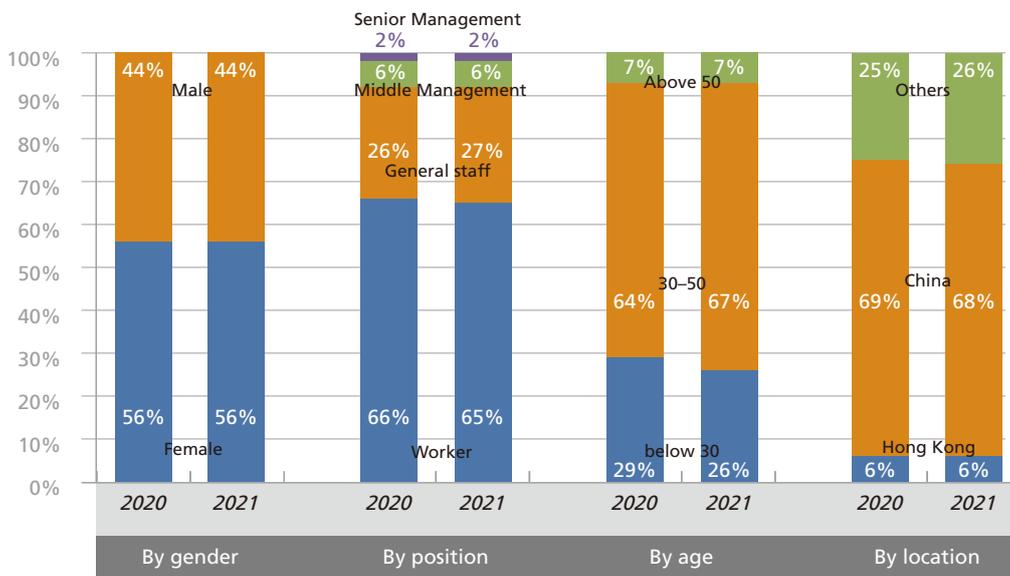
Sustainability will be a major emphasis in developing the Group’s products and manufacturing capabilities. The Group is working on more sustainable products, using recycled materials and reviewing packaging strategy. Its target is to make all production materials and wastes reusable and recyclable. GP Batteries is the first battery company in Greater China that has obtained voluntary UL Environmental Claim Validation (“ECV”) certificate for recycled content (UL ECVP 2809) and many of the Group’s rechargeable battery models contain at least 10% recycled material. Moving forward, the Group will do its best to help save the planet with the ambition to drive the industry both in standards and performance as well as to produce batteries in a more sustainable way.

## Social Responsibilities

### Employment

As at 31 March 2021, the Group was supported by a motivated workforce of approximately 7,510 (2020: 8,120) 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 2021 is set out in Figure 11.

**Figure 11. Workforce Structure as at 31 March**

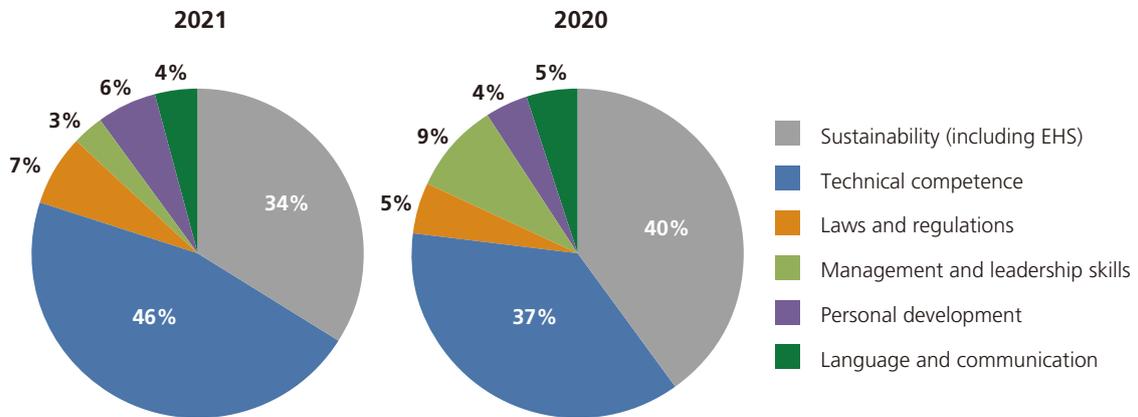


The Group considers its employees the most valuable asset and offers them fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group and contribution of individual employees. Retirement schemes are offered as part of the 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 such as laws and regulations, management and leadership skills, personal development, technical competence, sustainability (including EHS) as well as language and communication. Sustainability (including EHS) trainings cover environmental protection, chemical and waste management, occupational safety and social responsibility. In addition, orientation programs provided to new employees in production plants include training on safety and occupational health in relation to their scope of work.

During the year ended 31 March 2021, a total of approximately 38,100 (2020: 37,700) hours of training, excluding orientation programs for new employees, were recorded. The various categories of staff development and training, excluding orientation programs for new employees, are set out in Figure 12.

**Figure 12. Staff Development and Training for the year ended 31 March**



\* Excluding orientation programs for new employees

During the year ended 31 March 2021, 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 employees with a safe and healthy working environment in order to protect their health and wellness.

During the pandemic, the Group has taken the following precautionary measures to safeguard our workplace in entirety while giving employees peace of mind. A designated working team was established to enhance implementation of hygienic measures. All staff and visitors entering the office premises were requested to take temperature and wear surgical masks. Common areas of workplaces were disinfected frequently and regularly. Adequate face masks and disinfectant were provided in workplace.

Special shuttle bus routes, flexible working hours and work meals were arranged for employees to reduce risk of infection. Shift duties, split teams and home-office practices were implemented to reduce workplace density and social contact, while maintaining smooth business operation. Employees who had symptoms of fever, or other respiratory symptoms would be advised to seek medical consultation and apply for sick leave. The Group provided special leave arrangement to employees who were required for compulsory quarantine ordered by the governments during the pandemic.

All business travels within the Group have been reduced to minimal. The Group encouraged the use of video or conference calls wherever possible for internal and external business meetings.

The Group recommended employees to disclose their travel records and contacts with people of potential risks during the period and considered if special work arrangement is required on a case-by-case basis. The Group assured that details provided will be treated in confidence.

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 programs for new employees in production plants, while training courses on first aid, proper use of hazardous and chemical materials are also held. Child and forced labour are strictly prohibited in the Group.

The Group uses ISO 45001, Occupational health and safety management systems – requirements with guidance for use (“ISO45001”) 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 factories were certified with ISO 45001 accreditations (see Figure 13).

**Figure 13. ISO 45001 Accreditations**



During the year ended 31 March 2021, 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 2021, subsidiaries in Hong Kong, Mainland China, Malaysia and Vietnam reported 53 cases (2020: 36 cases) of workplace injury, resulting in a loss of 1,297 working days (2020: 729 working days). There was no work-related fatality during the years ended 31 March 2020 and 2021.

### ***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 regular 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 has dedicated significant amount of resources and efforts to its research and development center for the development of new products and introduction of advanced equipment. In order to meet the increasing market demand, GP Batteries has equipped itself with cost-effective automated systems that enhance productivity and quality control. GP Batteries' quality management system and manufacturing process is data-driven and follows the continuous improvement philosophy. Factors/parameters that could affect product quality are hence prevented by data automation.

GP Batteries' 9V Carbon Zinc and Alkaline batteries are UL recognized components based on UL217 (Standard for Safety – Smoke Alarms). 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 series is one of the most common safety standards for both Nickel and Lithium systems rechargeable secondary cells and batteries in portable applications. Both IEC 62133-1 for Nickel batteries and IEC 62133-2 for Lithium batteries are being the mandatory requirements for audio/video, information and communication technology equipment according to IEC 62368-1. GP Batteries' IEC 62133-certified Lithium-ion and NiMH batteries offer quick market penetration into more than 50 Certification Body Scheme participating countries. According to the Recommendations on the Transport of Dangerous Goods – Manual of Tests and Criteria published by UN (United Nations), Section 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).

Since 2020, the Group introduced new childproof packaging for its coin-sized lithium battery to prevent children from esophageal injury or death caused by accidental battery ingestion. The childproof packaging features tamper-proof design with double blisters to avoid accidental opening, and can only be opened with scissors. A child safety pictogram and warning message are also printed on the packaging to reduce the risk of accidents. Packs also comply with the latest IEC standards (IEC 60086-4 Edition 5) and ACCC(AU) regulation.

As an established global corporation, GP Batteries 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 by UL WTDP (Witnessed Test Data Program) for UL1642, UL2054, UL62133 and UN38.3 battery safety testing in China and Hong Kong. It is also the only one in Hong Kong out of five UL CTF (Customers’ Testing Facilities – Stage 2) certified laboratories for IEC62133 battery safety testing in China and Hong Kong (see Figure 14).

**Figure 14. Certificate of Qualification for Hong Kong Laboratory**

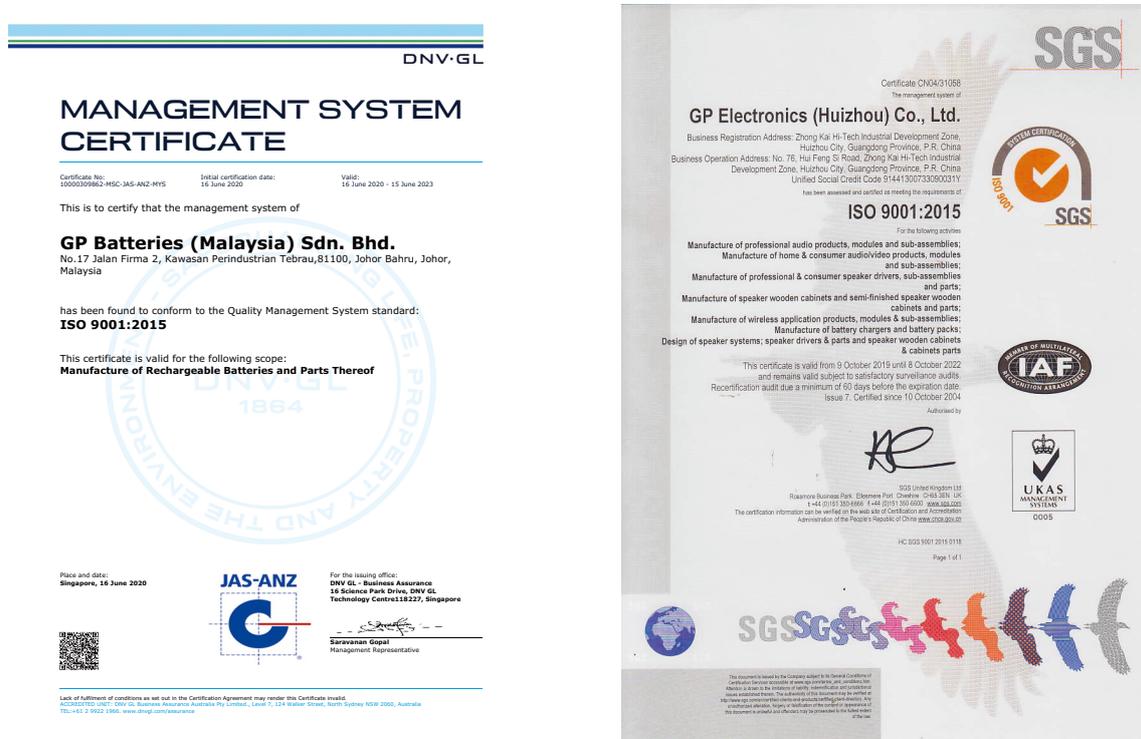


During the year ended 31 March 2021, the Group complied with all relevant laws and regulations that have significant impact on the Group relating to health and safety, advertising, labelling and privacy matters on products and services provided and methods of redress.

The Group has developed and implemented quality control systems towards hazardous substances which are produced in manufacturing processes to ensure all operations have complied 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 ISO 9001:2015 and IATF 16949:2016. When non-conforming or suspected products are shipped, quality assurance teams will notify the relevant departments for containment action (including recall, rework or sorting) immediately. Sales department shall notify the affected customers 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 teams 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 ISO 9001 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 15).

**Figure 15. ISO 9001 Accreditations**



During the pandemic, the Group’s logistic teams have kept updating on its suppliers’ production situation and agreed with the suppliers on priority requirements to minimize any impacts on the Group’s productions and supply chain.

Considering the difficulties facing its customers during the COVID-19 lockdown in some countries, the Group allowed some orders to be cancelled or re-scheduled for a later shipment date without enforcing its contractual rights on the customers. In addition, the Group also extended the credit terms for certain customers, after rigorously assessing their creditworthiness.

The project to rebalance GP Batteries’ manufacturing capacity between China and South East Asia enabled the Group to maintain a more stable product supply despite material shortages and logistics capacity issues arising from lockdown restrictions in various countries. With a more diversified supply base, GP Batteries was able to win some business from competition, who could be more severely affected by the pandemic and logistic capacity problems.

**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 Executive Directors. The Executive Directors may also consider the appointment of an external party to assist the head of internal audit with the investigation. The board, the audit committee and the head of internal audit will keep strict confidentiality on the informer’s identity throughout the process. 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 2021, 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.

During the year ended 31 March 2021, GP Batteries was awarded “Privacy-Friendly Awards Gold Certificate” by Office of the Privacy Commissioner for Personal Data, Hong Kong to recognise its efforts in promoting the protection of personal data privacy.

**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 Investment**

Being a responsible global corporate citizen, the Group has devoted to contributing the community, including but not limited to Hong Kong.

Since the outbreak of the pandemic in early 2020, the Group initiated to source surgical masks in the midst of supply shortage for donation to medical institutes, elderly homes and non-profit charity organizations both in Hong Kong and overseas in the hope of keeping the medical staff, workers, the minority groups like the elderly, the disabled and orphans safe from the virus (see Figures 16 and 17). Donation during lockdowns underwent great challenges, with import controls and travel restrictions in some countries. Yet the Group pledged not only to contribute to local society, but also gave support to other countries in need during the difficult period.



**Figures 16 and 17. The Group donated 10,000 surgical masks to minority groups in Malaysia and Vietnam**

The Group has also encouraged employees' participation in supporting a number of social caring events during the financial year. It has been contributing to the Community Chest's Corporate and Employee Contribution Program for over two decades and has actively taken part in many community activities like Love Teeth Day, flag-selling, Earth Hour, Lai See Packets Recycle Program, etc.

The Group is also committed in promoting healthy lifestyles. Since 2014, GP Batteries has been a sponsor and the sole supplier of batteries for the Hong Kong Standard Chartered Marathon and the staff members are encouraged to join the running event together with their families to promote a healthy life and work-life balance.

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 19 consecutive years.



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