

HM INTERNATIONAL HOLDINGS LIMITED



(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8416

ESG



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THE COMPANY

Being part of the major financial printing service providers in Hong Kong, HM International Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) offer integrated printing services, including comprehensive one-stop Business Process Outsourcing (“BPO”) solutions that cover financial printing projects, marketing collateral printing projects and value-added new media services, such as website design, video production, e-book and app production and electronic marketing presentation material production.

Upholding the mission to deliver quality services with the “CARE” attitude: C – Confidentiality; A – Accuracy; R – Reliability; and E – Ease of Mind, the Group has been focusing on strengthening on three major areas, which are Creativity, Service and Technology, to differentiate its services among the industry.

The Group aims to fulfil the needs of its diversified clientele including corporations which are listed or seeking to be listed on the Stock Exchange of Hong Kong Limited (the “SEHK”), multinational financial institutions such as fund houses and insurance companies, education organisations, and private companies in hospitality, marketing and advertising and legal sectors.

The Company is listed on the GEM of the SEHK since January 2017.

ABOUT THIS REPORT

This is the second Environmental, Social and Governance (“ESG”) Report published by the Company. By reporting the policies, measures and performances of the Group in ESG aspects, the Company ensures all stakeholders can fully understand its commitments and progress towards sustainability development.

Reporting Boundary

This report focuses on the operation of the Group’s integrated printing services which covers its three offices in Hong Kong during the year ended 31 December 2017. The reporting boundary remains the same as in our first ESG Report published last year. In order to compare the Group’s yearly performances, the structures of the two reports are aligned as closely as possible.

Reporting Standard

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) introduced by the SEHK. The four reporting principles, namely materiality, quantitative, balance and consistency, form the backbone of this report. To ensure the accuracy of environmental key performance indicators, the Group commissioned a professional consultancy to conduct a carbon assessment. In addition to the disclosures with the “comply or explain” provision, selected key performance indicators that are categorised as “recommended disclosures” by the ESG Reporting Guide are included to enhance this report. A complete index can be found in the last chapter for reference.

Confirmation and Approval

Information documented in this report is based on the policies and guidelines, statistical data, and management and operation information collected from the Group. This report has been confirmed and approved by the board of directors of the Company in March 2018.

Opinion and Feedback

The Group values the opinion of stakeholders. Questions and suggestions regarding the content or format of the report are welcome and can be sent to enquiry@hetermedia.com.

MANAGEMENT STATEMENT

With the aim of contributing our effort to protecting the environment and supporting the society, we are dedicated to leading a business driven primarily by sustainability through tides of change. We emphasise the significance of sustainable development in our operational strategies as we believe to act responsibly, we must plan sustainably.

Engaging our employees is our top priority. In this regard we pride ourselves in being a leader in employee satisfaction, and we are likely to top the chart in any staff happiness index. To help our staff strike a balance between work and life, we offer family-friendly schedules and an open-space office setting to increase flexibility at work.

We care deeply about clients' trust and satisfaction. With this in mind, the importance of confidentiality needs no further emphasis given the nature of the information we handle. We have always maintained a firm stance on protecting confidentiality by adhering to the strictest standards. In this light, we have established the Access Control Policy this year to outline the controls on information's access for ensuring its confidentiality. As we can never be too careful when it comes to information security, we aim to achieve accredited certification for ISO 27001 Information Security Management System in 2018.

We acknowledge that our industry owes a duty to pay special attention to sustainable use of resources. As part of our environmental impact mitigation measures, we have obtained the Chain of Custody Certification issued by the Forest Stewardship Council ("FSC") and all A4 office papers our employees use are FSC-certified. Beyond responsible use of paper products, the switch to electronic documents is another significant step towards sustainability. By offering e-books and apps production services, we encourage clients to join us on a more sustainable journey and reduce their paper consumption.

With concerted effort, we will continue to outperform ourselves in making a sustainable business. Taking different social needs and expectations into account, we endeavour to collaborate with our stakeholders at different levels to formalise a comprehensive sustainability governance structure. While we still have a long way to go, we have every confidence in achieving it.

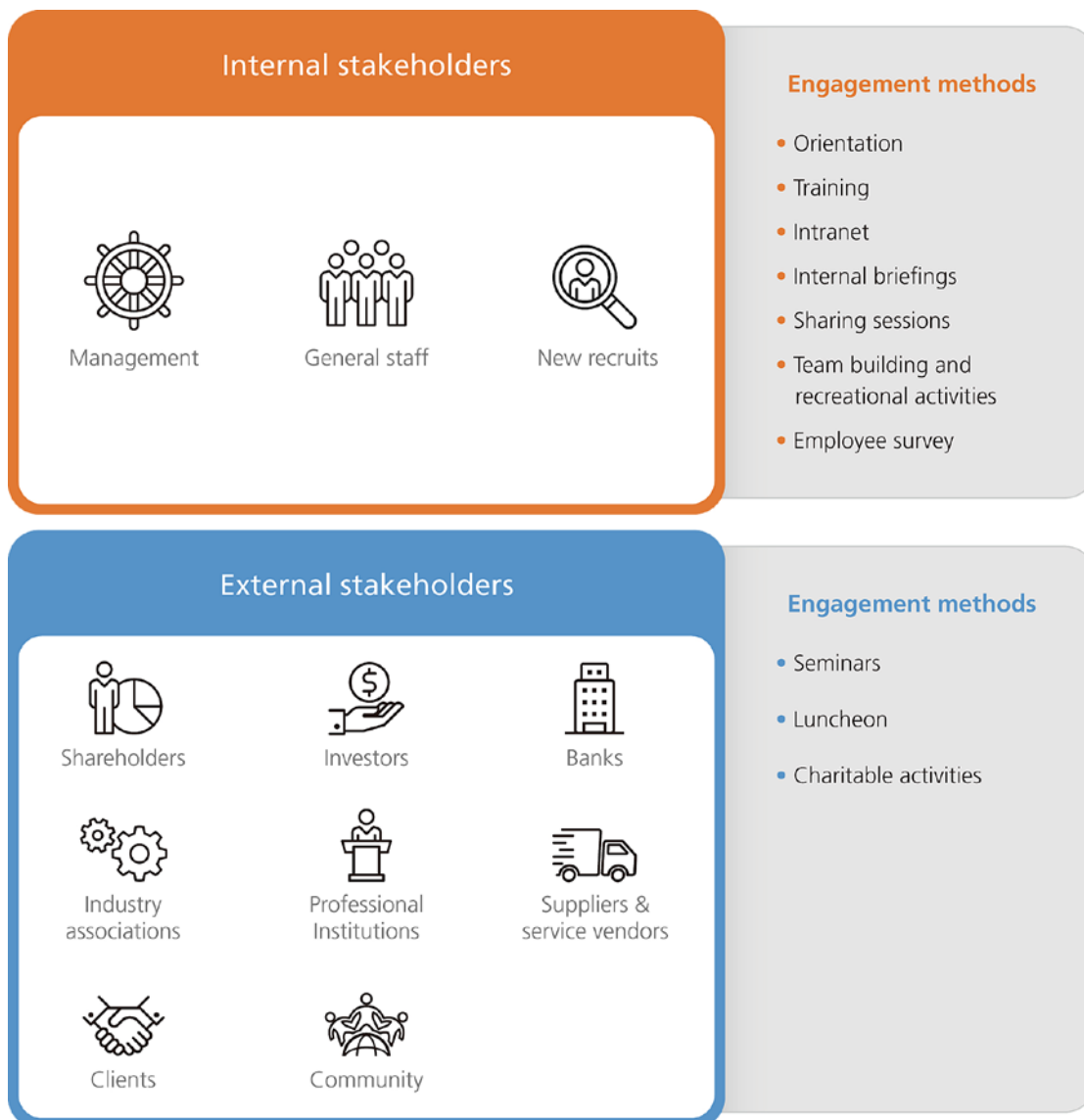
Chan Wai Lin
Chief Executive Officer, Executive Director and Compliance Officer
HM International Holdings Limited

STAKEHOLDER ENGAGEMENT

The Group constantly communicates with its key internal and external stakeholders through various channels. Stakeholder participation allows the Group to ensure our business and sustainability strategies align with their perspectives and expectations.

This continuous communication journey also safeguards a regular interval for the Group to keep up with the pace of change, identify and prioritise any emerging ESG risks, and turn them into opportunities.

Main means of stakeholder engagement



Material ESG aspects

To formulate its sustainability strategy and direction and to identify the most important environmental and social issues, the Group commissioned an independent sustainability consultancy to conduct a management interview. Combining the results of the interview and expert advice, we identified three material aspects as shown below to be the focuses of this report.



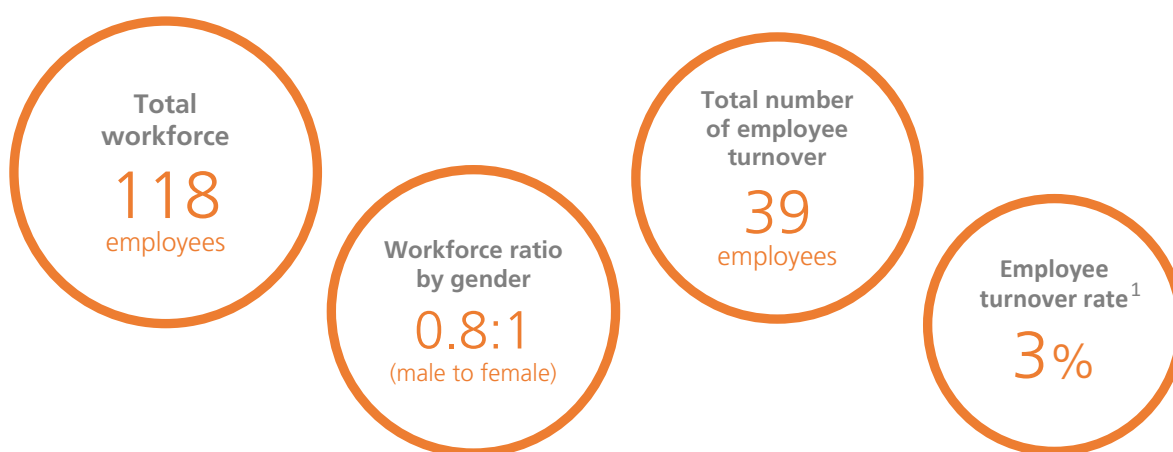
To ensure the effectiveness of stakeholder engagement, the Group dedicates itself to establishing transparent, upright and beneficial communication mechanisms and providing timely response.

Looking forward, we are considering to engage a broader set of stakeholders in a more interactive way in order to make sure our practices and disclosures accurately reflect the issues that are considered to be the most significant to our stakeholders.

EMPLOYMENT AND LABOUR PRACTICES

Employment

Employees are the foundation which the Group is built on and the dedication and commitment of each of our employees are vital. As a responsible employer, we have in place a set of employment policies that ensures fair remuneration for all employees. Policies relating to employment system, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities diversity, anti-discrimination, and other benefits and welfare are set out in the Employee Handbook.



Our BPO services are often complex and time-critical, and to meet the needs the Group operates around the clock throughout the year including public holidays. Yet to ensure our employees can achieve and maintain a healthy balance between work and family commitments, we have implemented family-friendly practices such as offering flexible working hours or work-from-home permit after consulting with their supervisors. In 2017, the Group also established a Birthday Leave Policy, which grants all permanent full-time employees one day of fully paid leave.

We believe creating a culture of diversity and inclusion helps our employees unleash their potentials. We value staff diversity in our workplace, and therefore we provide equal

¹ Employee turnover rate is calculated based on the average monthly full-time employees departure during the year, divided by the average of the employee numbers at the beginning and end of the year.

opportunities for all applicants and employees regardless of race, colour, national origin, religion, gender, marital status, age, sexual orientation, and disability. We are committed to treating all employees with fairness and respect. Employees are hired based on their abilities and merits, and are promoted based on their performance. These commitments are stated in our Inclusive Working Environment Policy. Our Code of Conduct also requires employees to maintain a proper demeanor and conduct to eliminate discrimination and harassment in our workplace. Employees who are being discriminated or harassed should report to the Group directly. Disciplinary actions will be applied to employees who have committed to any act of discrimination or harassment.

During the reporting period, there were no cases of non-compliance with laws and regulations related to employment and labour practices.

Training and Development

We believe by providing training programmes to our employees, we can promote their improvement in performance and nurture their career growth. In 2017, the Group prepared a training and development guideline for management to establish training plans in a systematic manner. According to the guideline, we will conduct assessment to identify the training needs of our staff every year. The training programmes would eventually be developed based on the identified needs and will be organised both internally and externally.

During the reporting year, the Group has provided over 13 internal and external training programmes, which comprise of a variety of topics including professional and technical knowledge, corporate culture and communication skills.



Health and Safety

Creating a healthy and safe working environment is our commitment to all employees, particularly when it comes to protecting employees from injury and occupational diseases. To accomplish this objective, our Occupational Health and Safety Policy states the joint responsibility of the Group and our employees.

We are proud of our zero injury record in 2017 and our employees who made and will continue to make safety a daily priority. The wellbeing of our staff is imperative to us and therefore we have facilities and activities in place that encourage calories burning and nutrients intake. Table tennis table and synthetic bowling greens are installed in the office and fresh fruits and fresh juice were given out to our staff as snacks to promote the importance of having a healthy lifestyle.

Work-related fatalities / Injury incidents	Absentee rate
None	1%

To go beyond the standard set out in the regulations and to maintain a safe and healthy workplace, we are keen on listening to our staff who are encouraged to talk to the occupational safety and health representatives regarding any potential hazards at workplace.

During the reporting period, there were no cases of non-compliance with laws and regulations related to health and safety.

Labour Standard

Child and forced labour do not only put our reputation at risk, but more importantly, it is associated with possible infringement of basic human rights.

The Group has established policies to provide guidances on prohibiting any form of child or forced labour in our operations. As stated in our Hiring Procedure, the use of child labour is prohibited according to the Employment of Children Regulations made under the Employment Ordinance or other relevant employment laws. Reimbursements, cash compensation and compensatory leaves are provided to eligible employees who agree to engage in overtime work during work days and rest days.

During the reporting period, there were no cases of non-compliance with laws and regulations related to child and forced labour.

OPERATING PRACTICE

Supply Chain Management

As a business involving the use of natural resources, the Group pays greater attention to minimising the environmental and social impacts of our business along with our suppliers. We prefer selecting suppliers who have environmental commitment and we look for indicators such as the ISO 14001 certification. We also consider factors such as compliance with environmental legal requirements in our supplier assessment, selection and evaluation process.

The Group is considering to formulate a sustainable procurement policy by including assessment of suppliers' social performance in its Green Procurement Guideline.

Product Responsibility

As a BPO service provider, having reliable privacy and security practices is critical in safeguarding our clients. The Group has in place a set of privacy and security policies to make sure all employees are provided with sufficient guidelines to strictly comply with all relevant regulations and laws.

Our Access Control Policy outlines our controlling measures on information access, while the Code of Conduct states clearly that all employees should treat all non-public information about the Group and any clients and suppliers as confidential information. Employees who have access to the confidential information are not permitted to use or share such information to any third party except for the conduct within the Group's business.

Looking forward, we are reviewing the mechanism and considering to prepare policies or guidelines related to product responsibility. In particular, we are going to formalise procedures of quality assurance for products and services, as well as internal control guidelines and methods of redress, which will be open to external stakeholders in the future.

During the reporting period, there were no cases of non-compliance with laws and regulations related to product and service responsibility.

Anti-corruption

The Group is aware of the impact of its activities and its relationships with other members in the community. In line with our Code of Conduct, our employees should be vigilant to any acts involving fraud, deception, theft, forgery, bribery or corruption. Unless consent is given, our employees should not offer, solicit or accept anything of material value to or from their colleagues, clients, suppliers or other business partners of the Group.

We put special emphasis on preventing insider trading. The Code of Conduct requires our employees to keep all information of any listed companies strictly confidential especially when the disclosure of such information would cause sharp fluctuation of share prices. Employees are also prohibited from trading the securities of these companies directly or indirectly.

The Group regularly communicates with our staff on the importance of integrity and arranges anti-corruption training sessions for all employees to ensure they fully understand its expectations. We have also established a confidential whistle-blowing system as a channel for our staff to report any illegal behaviours. In 2017, we invited the Hong Kong Independent Commission Against Corruption (ICAC) to host an anti-corruption talk for our employees.

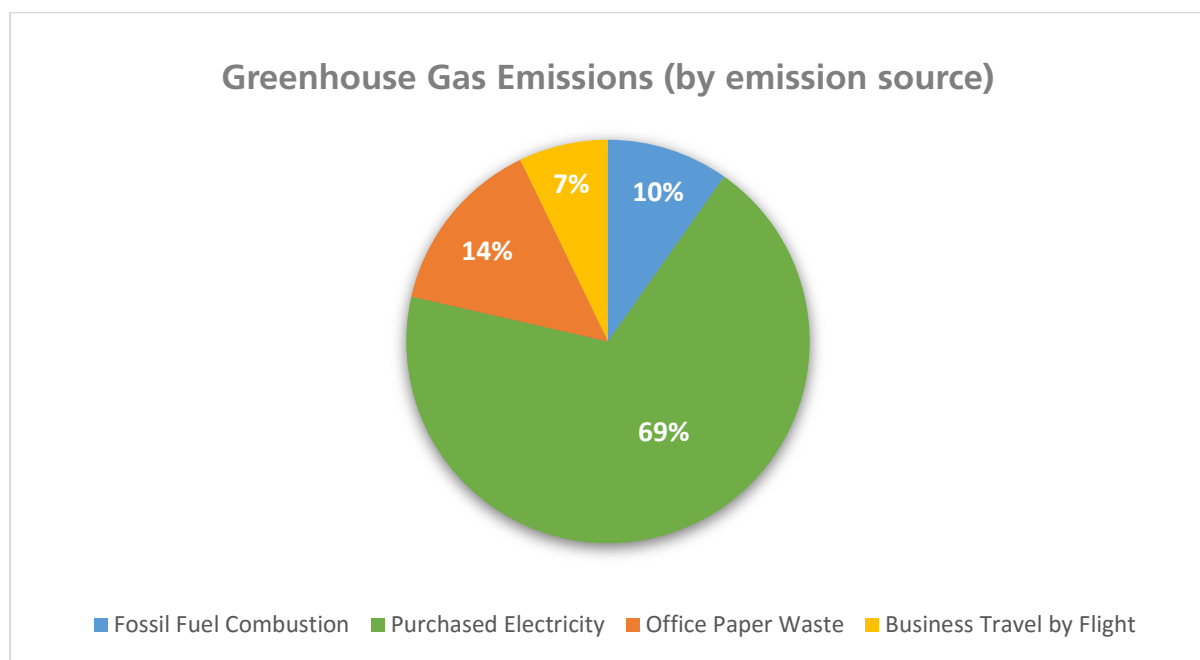
During the reporting period, there were no concluded legal cases and cases of non-compliance with laws and regulations related to anti-corruption.

PROTECTING THE ENVIRONMENT

Unpredictable weather patterns and natural disasters that are affecting us at an unprecedented speed are evidence of environmental degradation. In order to protect the natural environment and the communities we operate in from further degradation, the Group has established the Environmental Guideline and adopted measures accordingly to minimise the impact of our operation on the environment.

Emissions

During the reporting year, we have commissioned an external consultancy to quantify the greenhouse gas emissions from our operations with a carbon assessment. The Guidelines² compiled by the Environmental Protection Department (the “EPD”) and the Electrical and Mechanical Services Department of Hong Kong, and international standards such as ISO 14064-1 and Greenhouse Gas Protocol were referred to during the quantification of greenhouse gas emissions. The assessment process also allowed us to understand the use of resources better, develop specific action plans to enhance efficiency and formulate its carbon reduction targets.



² Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

Business travel, especially by air, is one of the contributors to the Group’s greenhouse gas emissions. We encourage employees to make use of virtual meetings and virtual training courses to avoid overseas business travel whenever practicable. We also encourage employees to schedule visits or offsite meetings within one trip to reduce the frequency of travel.

The Group makes an effort to ensure that each type of waste is properly handled to minimise any impact on the environment. Handling methods of each type of waste are set out below.

Wastes	Types	Handling methods
E-waste ³ (e.g. disposable computers)	Hazardous	<ul style="list-style-type: none"> • Donated to charitable organisations • Collected by recyclers⁴ assigned by the EPD
Sensitive paper documents	Non-hazardous	<ul style="list-style-type: none"> • Handled and destructed by professional vendors
Non-sensitive paper, plastic bottles and aluminium cans	Non-hazardous	<ul style="list-style-type: none"> • Collected separately in designated colour recycling bins in office area

Although the Group has put waste recycling and donation into practice to minimise any environmental impact, we understand that waste reduction is more beneficial and cost-effective than recycling. We encourage our employees to reuse office stationaries and advocate using reusable containers and utensils in the office.

Use of Resources

It is the Group’s duty to use resources efficiently and responsibly. We have adopted a series of measures which allows us to effectively manage our use of resources.

Paper is a major resource the Group uses, therefore all A4 office papers in our daily operations are FSC-certified, the mark of responsible forestry in production. We also minimise our paper consumption by replacing printed notices and memorandums with uploaded versions in the Group’s intranet and encouraging paperless meetings.

³ All data on the devices are wiped permanently before disposal.

⁴ As part of the Computer Recycling Program and Waste Electrical and Electronic Equipment (WEEE) Recycling Programme.

The Group encourages water conservation in the workplace to nurture a water saving culture among the employees by reminding employees to turn off water taps when they are not in use. Any leakage or dripping found in our office areas should also be reported promptly to prevent unnecessary water consumption.

The Group has established guidelines to advise employees to use energy efficiently. Office copy machines will be automatically switched to energy saving mode when left idle for a set period of time. Electric appliances will also be automatically switched off when they are not in use.

Environment and Natural Resources

We understand that in order to generate long-term values for stakeholders and local communities, it is important to minimise the negative environmental impact of our business operations.

Due to our business nature, apart from emissions and use of resources, our operation does not have other significant impact on the environment. The Group is certified with the FSC Chain of Custody Certification, which outlines the requirements for tracking certified materials from the forest to the final product to ensure the wood contained in the product or product line originates from certified forests.

The Group has established a whistle-blowing system for employees to raise concern on any behaviour that is detrimental to the environment. During the reporting period, there were no cases of non-compliance with laws and regulations related to emissions and environmental protection.

INVESTING IN SOCIETY

Community Investment

As a caring enterprise, the Group is keen on understanding the needs and fulfilling the expectations of our stakeholders and the communities which we operate in. The enactment of Community Investment Guideline indicates our commitment to foster positive relationships in the communities.

Our Social Responsibility Team was set up in 2007, and ever since we have been taking part in various charity events, projects and donation drives. During the reporting period, we have recruited 134 volunteers and have contributed a total of 471 service hours. We have also donated HK\$49,300 in support of various charitable activities. Some programmes the team participated in or organised during the reporting period include:

Handmade Rice Dumpling Activity



Jockey Club Homeless World Cup (HK) Fund-raising Tournament

SPCA's Aniform Day 2017



2017 ORBIS Moonwalkers



Social Responsibility Team & Free Methodist Church Tak Tin IVY Club Handmade Rice Dumpling Activity 2017

In collaboration with Free Methodist Church Tak Tin IVY Club, we organised a rice dumpling making activity in May 2017. Our Social Responsibility Team had a great time making traditional rice dumplings together with the residents of the elderly home. The steamed rice dumplings were then sent to elderlies living alone for a shower of festive blessings for the Dragon Boat Festival.

In recognition of our continuous efforts, we have been awarded with the Caring Company Logo from the Hong Kong Council of Social Service for nine consecutive years.



ESG PERFORMANCE AT A GLANCE

Environmental performance

Air emissions	Types of emissions	Amount emitted
	Nitrogen oxides (NOx) (in kilogram)	4.2
	Sulphur oxides (SOx) (in kilogram)	0.1
	Respiratory suspended particles (RSP) (in kilogram)	0.3

Greenhouse gas emissions	Types of emissions	Amount emitted
	Greenhouse gas in total (in tonnes)	206
	Scope 1: Direct greenhouse gas emissions (in tonnes)	20
	Scope 2: Energy Indirect greenhouse gas emissions (in tonnes)	142
	Scope 3: Other Indirect greenhouse gas emissions (in tonnes)	44
Intensity of greenhouse gas (tonnes CO ₂ -e each employee)	1.8	

Waste disposal	Types of wastes	Waste produced
	Total hazardous (in tonnes)	0
	Non-hazardous (in tonnes)	6,361
	Intensity of non-hazardous (tonnes each employee)	54

Use of energy	Types of consumption	Resources used
	Petrol (in MWh)	65
	Electricity (in MWh)	180
	Total energy consumption (in MWh)	245
Energy intensity (MWh each employee)	2	

Social performance – Employment and Labour Practices⁵

Number of full-time employees	Gender	Employee category	Age group				Total workforce	Male to female ratio
			Below 30	30 to 40	41 to 50	Above 50		
	Male	C-level executives	0	0	1	2	118	0.8:1
		Senior management	0	0	0	0		
		Middle management	0	1	1	0		
		General staff	17	19	9	3		
	Female	C-level executives	0	0	0	0		
		Senior management	0	0	2	1		
		Middle management	0	4	3	1		
		General staff	27	19	6	2		

Employee turnover	Gender	Employee category	Age group				Total employee turnover	Employee turnover rate ⁶
			Below 30	30 to 40	41 to 50	Above 50		
	Male	C-level executives	0	0	0	0	39	3%
		Senior management	0	0	0	0		
		Middle management	0	0	2	0		
		General staff	6	5	2	0		
	Female	C-level executives	0	0	0	0		
		Senior management	0	0	0	0		
		Middle management	0	2	1	0		
		General staff	15	4	1	1		

⁵ As of 31 December 2017.

⁶ Employee turnover rate is calculated based on the average monthly full-time employees departure during the year, divided by the average of the employee numbers at the beginning and end of year.

Work-related fatality and / or injury	Gender	Number of work-related fatalities	Number of work-related injury	Lost day due to work-related injury	Number of days of absence from work	Absentee rate
	Male	0	0	0	141.5	1%
	Female	0	0	0	237	

	Gender	Employee category				Total training	Percentage (%) of employee trained by gender
		C-level executives	Senior management	Middle management	General staff		
Number of trained employees	Male	3	0	2	28	87	53%
	Female	0	2	9	43		66%
Total training hours	Male	13.5	0	10.5	143.5	423	/
	Female	0	14	37	204.5		

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Number / Remark
A. Environmental		
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	12
A1.1	The types of emissions and respective emissions data	18
A1.2	Greenhouse gas emissions in total and intensity	18
A1.3	Total hazardous waste produced	18
A1.4	Total non-hazardous waste produced and intensity	18
A1.5	Description of measures to mitigate emissions and results achieved	13
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	13
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	13
A2.1	Direct and indirect energy consumption by type in total and intensity	18
A2.2	Water consumption in total and intensity	There was no independent water meter installed in the office to record water consumption and the properties management is unable to provide relevant water bills. Hence, there was no data of water consumption.
A2.3	Description of energy use efficiency initiatives and results achieved	14
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Currently sourcing sufficient water from municipal water supplies.
A2.5	Total packaging material used for finished products	The Group did not use packaging material.
A3 Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	14
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	14
B. Social		
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.	7

B1.1 (Partial)	Total workforce by gender and age group	19
B1.2 (Partial)	Employee turnover rate by gender and age group	19
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.	9
B2.1	Number and rate of work-related fatalities	20
B2.2	Lost days due to work-related injury	20
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	9
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	8
B3.1	The percentage of employees trained by gender and employee category	20
B3.2	The average training hours completed per employee by gender and employee category	20
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	9
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	10
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	10
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	10
B7 Anticorruption		
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	11
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	11
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	11
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	15
B8.2	Resources contributed	15