



# Sustainability Report 2020

Dutech Holdings Limited

Being Supplier for SmartCity

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# ABOUT THE REPORT



This sustainability report (“SR2020”) is the 4<sup>th</sup> annual CSR report released by Dutech Holdings Limited (“Dutech” or the “Group”).

The purpose of this report is to provide information about our Group’s sustainability strategies, initiatives and past performance in 2020 in a transparent and accountable manner; and to strengthen the mutual understanding and communication with all of Dutech’s stakeholders.

## REPORTING SCOPE AND TIME PERIOD

This report covers our material Environmental, Social and Governance (ESG) factors and our sustainability strategies, initiatives and performance of operations, for the 2020 financial year from 1st January 2020 to 31st December 2020. All data and statistics are recorded in RMB unless otherwise stated.

To ensure transparency, our Sustainability Working Group continues to gather and organize selected data and information from our foreign subsidiaries within the Group starting in 2019. Partial related disclosure is added in this report.

## REPORTING GUIDELINES

The report has been prepared in accordance with the Global Reporting Initiative (‘GRI’) framework standards: Core option to report about our impacts on the economy, environment and society.

## REPORTING PROCESS

To effectively collect the economic, environmental and social efforts and achievements of Dutech in 2020, all the information and figures for this report were collected through on-site visits, employee interviews, and information after consulting with different business units, departments, plants and subsidiaries within the scope of the report. We are continuously optimizing collection channels and computing methods to ensure the relevance and accuracy of the data.

## BOARD ASSURANCE

We have not engaged any external consultants for this report, but relied on the internal and external business segment reviews and reports and the review by the Board to ensure the accuracy of our disclosures on sustainability performance.

## FEEDBACK

Feedback is vital to our development on sustainability. We appreciate any comments or suggestions on this report. Please feel free to reach us at:

+86 21 50368072  
[sofiashen@tristarinc.com](mailto:sofiashen@tristarinc.com)

# BOARD STATEMENT



## DEAR STAKEHOLDERS,

On behalf of the board of directors of Dutech Holdings Limited (“Dutech” or the “Group”), I am pleased to present our fourth annual CSR report for the 2020 financial year from 1st January 2020 to 31st December 2020.

Last year was an unexpected and challenging year for global citizens and businesses. With our partners, customers and suppliers being impacted by Covid-19, Dutech executed a strategy of mobilization and adapted according to the changing circumstances. We ensured that our daily operations are kept going, while seeking to pave a new path in a pandemic-impacted economy.

As a manufacturer, we are aware that our operations are consuming the social resources that have actual and potential negative impacts on the environment and community. But we are confident that we can make the world a better place by providing more intelligent solutions to improve everyone’s lives.

### SUSTAINABLE INITIATIVES

Sustainability is always being embedded in our long-term business plan. We strive to achieve a positive impact on the environment and society as a whole, while remaining a successful business and increasing shareholder value.

We subscribe to the notion of Sustainability in all our business processes and systems and believe sustainability is fundamental to our long term business development.

Starting in 2019, Dutech continued to optimize collection channels and computing methods in disclosure, and presented our sustainability strategies, initiatives and performance related to environmental, social and governance to our stakeholders in more details within the whole group. We will continue in our approach to sustainability with four material pillars, including Environment, People, Economics and Community to ensure the implementation of the Group’s sustainability strategy.

### COMMITMENT & ASSURANCE

When preparing the report, the Board delegated the authority for daily management of economic performance, people and environmental topics to the Sustainability Working Group in Shanghai headquarters to oversee the sustainability process within the Group and to ensure the proper and consistent implementation of the Group’s strategy.

Our Sustainability Working Group continued to work hard on the assessment of material environmental, social, and governance (“ESG”) factors, after gathering all the information from different functions. They have also gathered and organized selected data and information from our foreign subsidiaries.

### THE BOARD TOOK THE RESPONSIBILITY TO REVIEW THE REPORT, AS A RESULT, WE CAN ENSURE HEREIN:

The following sustainability report is prepared with the internationally recognized Global Reporting Initiative (“GRI”) Standards and is complied with the SGX-ST Listing Rules 711A and 711B.



DR. JOHNNY LIU  
CHAIRMAN & CEO

# 2020 HIGHLIGHTS

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## HIGHLIGHTS

- Qualified as High and New Technology Enterprise (“HNTE”) with preferential corporate tax rate of 15%
- 23 new authorized patents obtained by our China entities
- 7 new certifications including 3 from UL, 2 from CEN, and 2 from CE
- R&D efforts recognized, including Nantong plant being named as a municipal Enterprise Technology Centre
- RMB 930,000 invested in workplace and competency training, over 90% of the employees in China participated
- Donated masks to our overseas suppliers, customers, and subsidiaries to help to manage the spread of Covid-19
- RMB 5.2 million saved in procurement expenses through localization strategy
- Proportion of female employees and workers increased by 3%

## AREAS FOR IMPROVEMENT

- More energy saving measures to reduce electricity and water usage
- More worker participation and awareness in Occupational Health and Safety(OHS) control

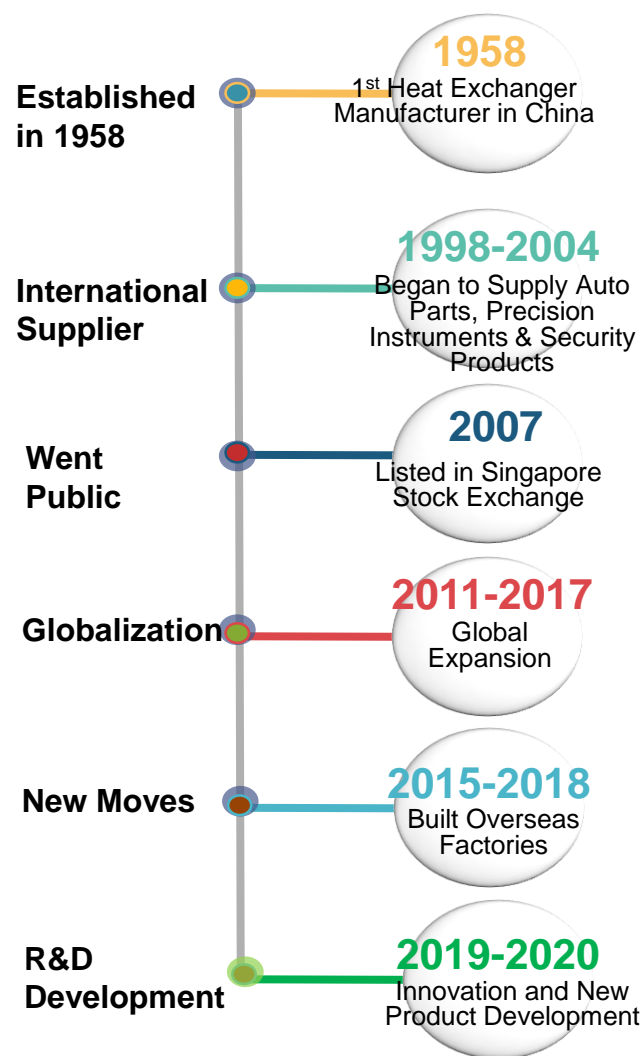
## CREDENTIALS

- Tri Star Inc. - “Deputy Director of Security & Protection Industry Association” by Security & Protection Industry Association
- Tri Star Inc. - “Member of European Certification Board of Security Fire & Life safety (ECB•S)”

# ABOUT DUTECH



## BUSINESS PROFILE



### HISTORY AND ORIGIN

Dutech was originally the first Heat Ex-changer Manufacturer in China, established in 1958 and supplied parts to Shanghai Diesel Engine Corp. Over the years, our business extended to auto parts, precision instruments and fire-proof commercial safes. The Group was listed on the Main board of the Singapore Exchange Securities Trading Limited ('SGX-ST') on 2 August, 2007.

### SAFE BUSINESS EXPANSION

The Group grew into a global leading manufacturer of high security UL- and CEN-certified products through the international acquisitions of Format Tresorbau Beteiligungs GmbH in 2011 and Deutsche Mechatronics GmbH in 2014.

### BUSINESS TRANSITION

The Group went on to acquire Krauth Technology GmbH in 2015 and Metric Group Limited in 2016. Almex GmbH was established in 2016 and is involved in the design and manufacture intelligent terminals including Ticketing and Vending Machines ("TVM") and parking machines.

Through global acquisition, we transitioned from an original equipment manufacturer into an original design manufacturer. We invested a large amount into building up our research capability by investing in manpower and material resources, and grouped our own R&D Team at our Shanghai headquarters in 2017.

### NEW MOVE

After 2015, in view of production costs and other factors in global trade, we set up overseas factories in Philippines and Vietnam, which are MMT and MTC respectively. MMT achieved USD64 million revenue and MTC achieved USD48 million revenue in 2020.

E-commerce has been an important sales channel of the Group. In 2019, the group acquired an online sales company Eisenbach Tresore GmbH to further increase our online presence.

### INNOVATION AND DEVELOPMENT

In 2020, the Group augmented our capabilities and expertise in the development of innovative and high technology solutions. Our Enterprise Technology Center in Nantong, China, opened from 2015, has obtained a total of 35 authorized patents and total of 21 achievement transformation, all of which have achieved mass production. Our subsidiary, Jiangsu Tri Star Technology Co., Ltd, was accorded High and New Technology Enterprise ("HNTE") status in China. In total, two of our subsidiaries qualified as HNTE companies, and were entitled to a preferential corporate tax rate of 15% as compared to the statutory rate of 25%.

Outside of China region, we established a Software Center, called Metric Tristarinc Limited, in Cork, Ireland, to further enhance and achieve greater synergies for our R&D function across different markets.

# ABOUT DUTECH



## INTERNATIONAL RECOGNITION

In recognition of our outstanding capabilities, the Group has received numerous awards over the decades, amongst them:

### CERTIFICATES & AWARDS FOR PRODUCTS

- - ISO 9001, ISO/TS16949, ISO14001, OHSAS18001, AS9100D,
- - UL, CEN
- Azor Bike BV (Green Energy Technology Solution)
- Koninklijke Gazelle NV (Green Energy Technology Solution)

### AWARDS AND CREDENTIALS FROM CUSTOMERS AND OTHER SOURCES

- “Best Supplier” by Wincor Nixdorf in 2005
- “Best Supplier” by Ferrotec in 2007
- “200 Best Companies under US\$1 Billion in Sales” by Forbes Asia Magazine in 2008
- “Best 50 Chinese Companies in the next 30 Years” by Founder Magazine in 2008
- “Gold Award Supplier” by Diebold in 2010
- “Quality Supplier” by Scientific Games in 2014
- “21 Century China Best Business Model Selection” in 2014
- Dutech - “Best Supplier” by Glory in 2018
- Tri Star Inc. - “Supplier of the Year Metals” by Diebold Nixdorf in 2018
- Tri Star Inc. - “Top 100 Enterprises That Made Economic Development Contributions” by Local Government of Nantong City, Jiangsu Province, China in 2018
- Almex - “Winner of German Design Award 2018” by German Design Council in 2018
- Tri Star Inc. - “Deputy Director of Security & Protection Industry Association” by Security & Protection Industry Association
- Tri Star Inc. - “Member of European Certification Board of Security Fire & Life safety (ECB•S)”



# ABOUT DUTECH



## STRATEGIC LAYOUT

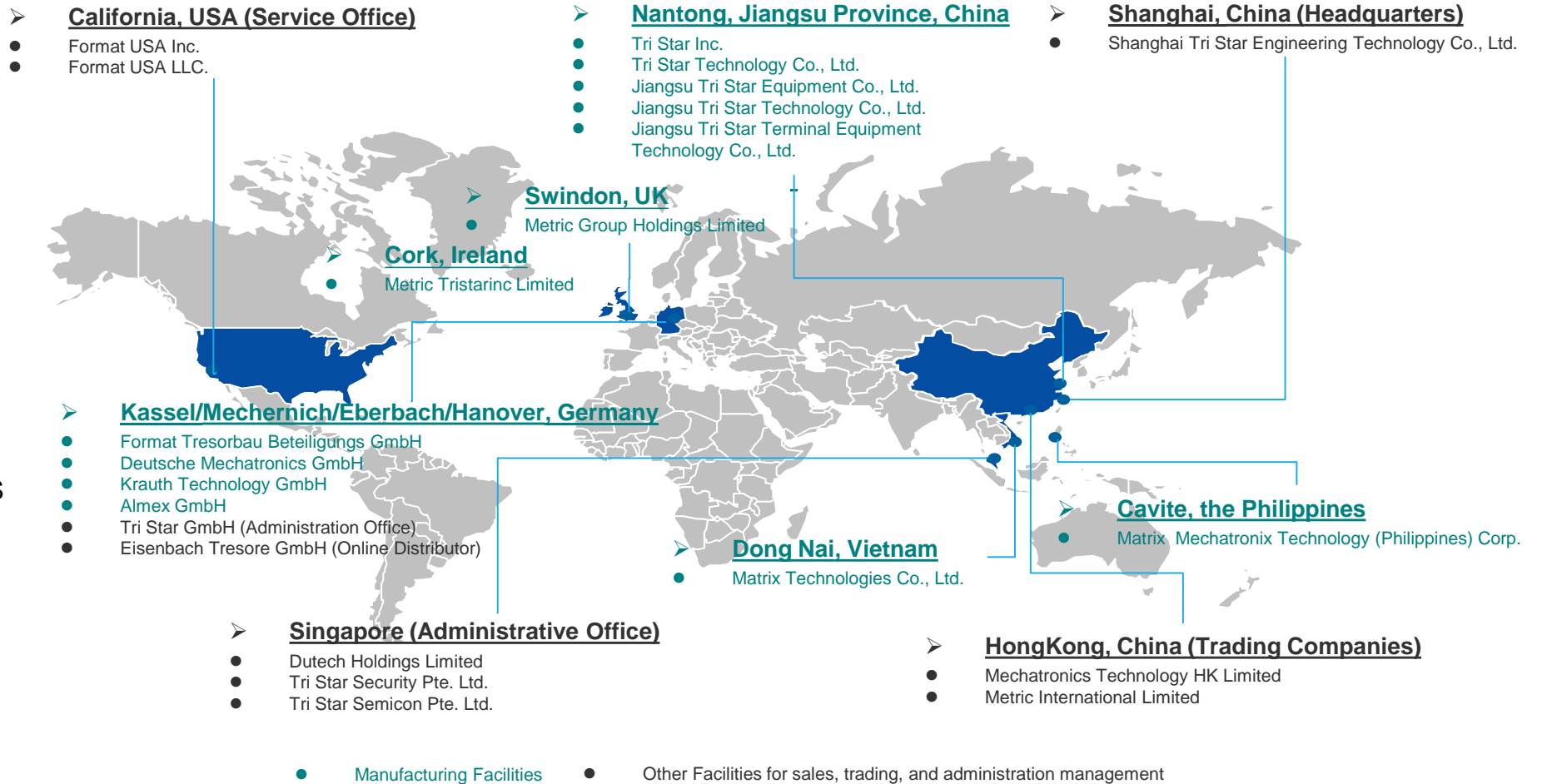
### COVERS:

**3** CONTINENTS

**7** COUNTRIES

**13** CITIES

OVER **2,600** EMPLOYEES





# ABOUT DUTECH

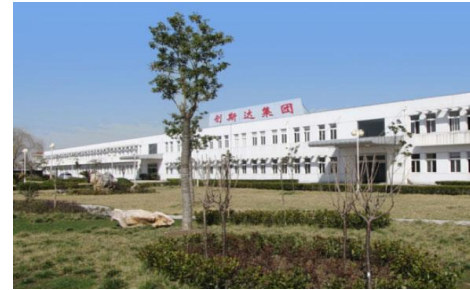
## STRATEGIC LAYOUT

The Group's headquarters is located in Shanghai, which serves as the center for group management, R&D, sales, marketing, customer service, corporate development and finance management.

Our manufacturing facilities are strategically situated in China, Vietnam, Philippines, Germany, and the United Kingdom, with a total production area of:

**201,500 m<sup>2</sup>**

We have trading companies, service offices and administration offices in Hong Kong, California, Hanover and Kassel, as well as regional offices for North American and European Sales.



# ABOUT DUTECH

## PRODUCT LINES

Today, we are in the reforming process. We design, develop, manufacture and market ATM safes, banking safes, commercial safes, and cash-handling systems. We are also intensifying efforts on research and development for parking machines and intelligent terminals including Ticketing and Vending Machines ("TVM").

The Group is proud of our:

- Strong research and development capabilities,
- Vertically integrated solutions, and
- Large-scale operations

which enables us to offer high quality products to our customers at competitive prices within competitive lead times.



# ABOUT DUTECH

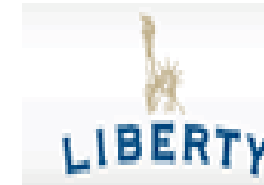


## CUSTOMER PORTFOLIO

The Group has a global market presence, comprising Germany, France, Italy, Ireland, the United Kingdom, the United States, Brazil, Australia, India, the Middle East, Japan and China.

Our reputable customers include Diebold-Nixdorf, Liberty Safe & Security Products Inc., Tractor Supply Co., Glory Ltd., SGI, Aldi, Deutsche Bahn, and Decathlon etc. Most of our customers are the industry front-runners.

We always collaborate closely and frequently with customers and ensure we provide quality services and products that address all the needs of our customers.



# APPROACH TO SUSTAINABILITY



## SUSTAINABILITY STRATEGY

We take a four-pillar approach to Sustainability, focusing on the issues that matter most to our business and our stakeholders. These four material pillars are identified as Economics, Environment, People, and Community.

The following report is designed to explain some material efforts and achievements regarding Environment, People and Community. For the disclosure of other Economic factors, please refer to "Annual Report 2020 Dutech Holdings Limited ("AR2020")".

Sustainability is always embedded in our long-term business plan. At Dutech, sustainability focuses on the long-term value we deliver to a wide variety of our stakeholders, comprising of our customers, shareholders, employees, suppliers, the local government we collaborate with and the community we work in.

For us, it is about being responsible for a boarder range of stakeholders for long term, and increasing the positive impacts that Dutech's operations, products, and employees have on the whole society, and in doing so, when pursuing the Group's ongoing viability, growth and success.



# APPROACH TO SUSTAINABILITY



## SUSTAINABILITY GOVERNANCE STRUCTURE

At Dutech, we believe that good sustainability governance is fundamental to corporate governance.

Sustainability is strictly governed across various levels within the Group from the Board of Directors, Chief Executive Officer and senior management to the Sustainability Working Group which includes members across all departments and operational entities.

Dutech has a dedicated team at the Group level to oversee management in establishing the sustainability risk and reporting framework. This team is headed by Mr Ge Chaofeng.

Our sustainability governance structure is detailed below:

Levels within the Group	Responsibility
<b>Board of Directors</b>	<ul style="list-style-type: none"><li>• Provide oversight of economic performance, people and environmental topics to the Sustainability Working Group and Risk Management group;</li><li>• Approve the Group's strategy;</li><li>• Review the effectiveness of sustainability strategy and seek areas for further improvement;</li><li>• Review and approve the sustainability report.</li></ul>
<b>Chief Executive Officer</b>	<ul style="list-style-type: none"><li>• Lead the Senior Management to implement the sustainability strategy with guidance from the Board of Directors;</li><li>• Oversee and monitor the preparation of sustainability reporting, driving progress company-wide.</li></ul>
<b>Sustainability Working Group</b>	<ul style="list-style-type: none"><li>• Develop the plan and schedule for sustainability reporting disclosure;</li><li>• Design, implement and monitor the sustainability risk framework (including the sustainability risk governance structure, sustainability risk and reporting strategy and policies, material Environmental, Social and Governance (ESG) factors and performance targets, sustainability risk culture, etc.);</li><li>• Monitor the performance of the company in relation to material ESG targets and related Key Performance Indicators (KPIs);</li><li>• Summarize ESG performances and draft the sustainability report.</li></ul>
<b>Business Units</b>	<ul style="list-style-type: none"><li>• Support the Sustainability Working Group in implementing its sustainable strategies and collecting information.</li></ul>

# APPROACH TO SUSTAINABILITY



## STAKEHOLDER ENGAGEMENT

Stakeholders are the key to our success as they directly affect or are affected by Dutech's every action, objectives and policies. As such, we attach great importance to fostering relationships and creating mutual understanding with all related parties. We regularly communicate with our investors, employees, customers, and suppliers, and patiently listen to the opinions from some additional stakeholders including the government and community.

### Key Areas Of Concerns From Each Stakeholder Groups

Employees	Customers	Shareholders
Employees are valuable assets which are the key to our long-term business development.	We are committed to addressing the needs of our customers and following through with our quality products and services.	Our core objective is to increase shareholders' value, so we have close ties with our shareholders.
Concerns	Concerns	Concerns
<ul style="list-style-type: none"> <li>● Economic performance</li> <li>● Development &amp; Training</li> <li>● Business, strategy &amp; directions</li> </ul>	<ul style="list-style-type: none"> <li>● Product quality &amp; availability</li> <li>● Service quality</li> </ul>	<ul style="list-style-type: none"> <li>● Economic performance</li> <li>● Business, strategy &amp; directions</li> <li>● Dividends Plan</li> </ul>
Engagement Methods	Engagement Methods	Engagement Methods
<ul style="list-style-type: none"> <li>● Employee engagement surveys</li> <li>● Regular visits, dialogues and briefings</li> <li>● Staff feedback</li> </ul>	<ul style="list-style-type: none"> <li>● Customer satisfaction surveys</li> <li>● Regular meetings</li> <li>● Feedbacks from hotline/ Email communications</li> <li>● Interactions with sales staff</li> </ul>	<ul style="list-style-type: none"> <li>● Annual report</li> <li>● Annual General Meetings</li> <li>● Occasional site visits</li> <li>● Inquiry by phone calls/Email communications</li> <li>● Company website</li> <li>● SGX corporate announcement</li> </ul>

# APPROACH TO SUSTAINABILITY



## STAKEHOLDER ENGAGEMENT

Through regular engagement practices with our stakeholders, we understand their concerns on our sustainability performance and reporting.

### Key Areas Of Concerns From Each Stakeholder Groups

Suppliers	Governments	Local Community
Reliable and qualified suppliers are crucial to the success of our business. It is key to maintaining our strategic advantage amidst keen competition.	Governments promulgate laws and regulations, shaping the business environment where we operate.	We encourage active participation in community to fulfill our social responsibility, through financial aid, volunteering activities and publicity campaigns.
Concerns	Concerns	Concerns
<ul style="list-style-type: none"> <li>● Compliance</li> <li>● Long-term relationship</li> <li>● Environment impacts</li> </ul>	<ul style="list-style-type: none"> <li>● Compliance</li> </ul>	<ul style="list-style-type: none"> <li>● Community investment</li> <li>● Volunteering</li> </ul>
Engagement Methods	Engagement Methods	Engagement Methods
<ul style="list-style-type: none"> <li>● Occasional sites visit</li> <li>● Regular performance evaluations on quality, availability and On-Time;</li> </ul>	<ul style="list-style-type: none"> <li>● Occasional sites visit</li> <li>● Regular reports &amp; meetings</li> </ul>	<ul style="list-style-type: none"> <li>● Visits and meetings</li> <li>● Donations</li> <li>● Voluntary activities</li> <li>● Publicity campaigns.</li> </ul>

# APPROACH TO SUSTAINABILITY

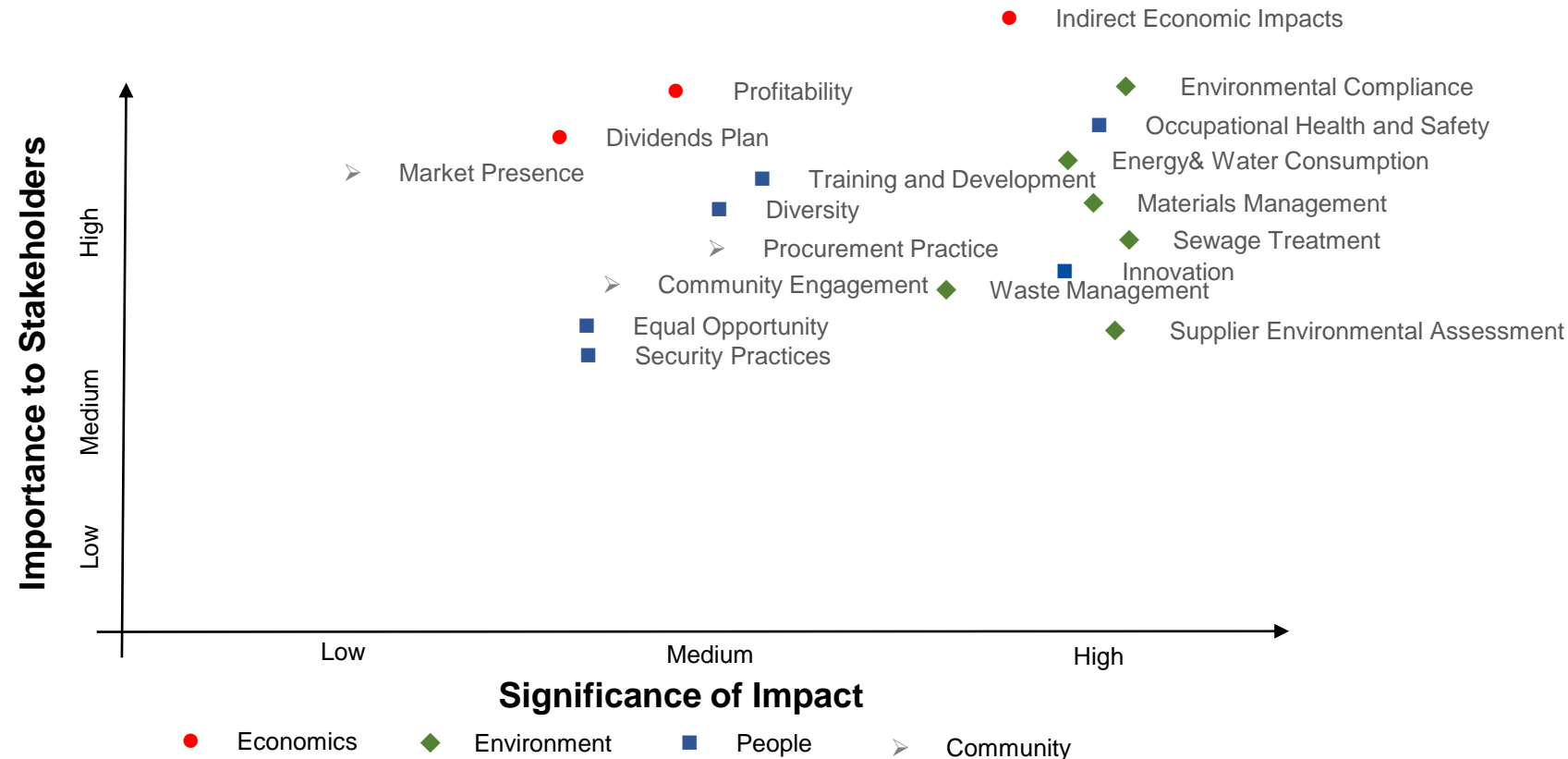


## MATERIALITY ASSESSMENT

In 2017, our Sustainability Working Group began the Materiality Assessment with the identification of the priorities and emerging areas of concerns from all the stakeholders.

In 2020, we reassessed and reviewed the test with Materiality with our board members. According to their guidance, we set up detailed differences depending on different impact and level of importance to stakeholders of each material ESG factor.

The findings yielded material topics embracing Indirect Economic Impacts, Environmental Compliance, Occupational Health and Safety, Environmental Footprint (including Energy Consumption, Water Consumption, Materials Management, Sewage Treatment, Waste Management), Innovation, Supplier Environmental Assessment, Profitability, Dividends Plan, Training and Development, Diversity & Equal Opportunity, Procurement Practice, Community Engagement, Security Practices, and Market Presence. These became the most important topics for the Group.

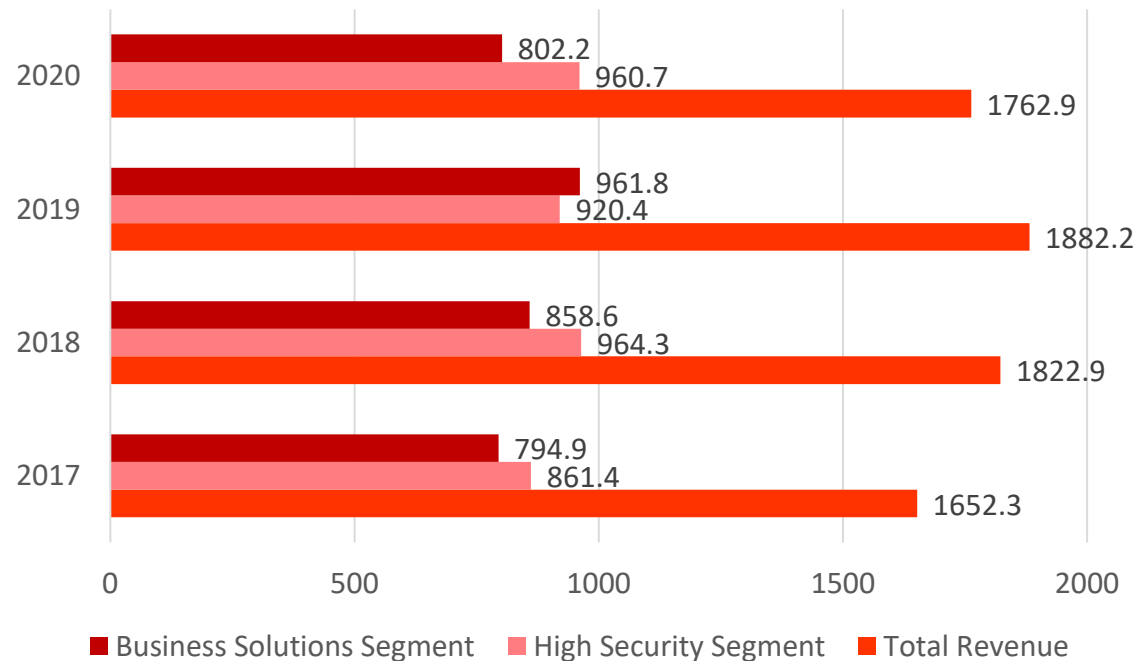




# MATERIAL ESG FACTORS - ECONOMICS



**Group Revenue Segment Breakdown,  
2017-2020 (in RMB millions)**



## Indirect Economic Impacts by Covid-19 <203-2>

The Covid-19 pandemic is unprecedented in its global reach and impact, posing formidable challenges to citizens worldwide and leading to direct and indirect effects within the interconnected global economy and society.

### Economic Impacts

The pandemic brought about, on a global scale, lockdowns, temporary production suspension, surging shipping costs, complications in trade, and many more direct and indirect consequences. Against this backdrop, Dutech achieved a creditable sales of RMB 1762.9 million in 2020, a decrease of 6.3% or RMB 119.2 million compared to the last corresponding period.

### Social Impacts

Lockdowns in China and many other parts of the world negatively impacted manufacturing and service sectors and contributed to Dutech's decrease of 16.5% or RMB 159.0 million in sales in its Business Solutions segment. However, there was a slight increase of 4.3% or RMB 39.7 million in sales in the High Security segment in FY2020.

# MATERIAL ESG FACTORS -ENVIRONMENTAL



## Environmental Compliance

<307-1, 308-1>

Dutech is always committed to manufacturing products that deliver a green impact and are compliant with all the environmental requirements.



We have put in place specific guidelines for every step in the production process to ensure adherence to the requirements of the ISO14001 environmental management system certification & EN ISO9001 quality management system certification.



We have designated a full-time environmental specialist to be responsible for the environmental management of the daily operations of all plants in China. He submits monthly report directly to the Managing Director in charge of Asia operation,



Periodic testing and audits are conducted by the environmental specialist, senior management and external audit to identify any deficiency in our environmental management system. The total of 115 testing and audits were conducted periodically and aperiodically in 2020.



From the reviews of our environmental specialist, we continually make improvements to our environmental management system. We had full compliance with environmental laws and/or regulations in 2020.

## Restriction of Hazardous Substances (ROHS) Requirement



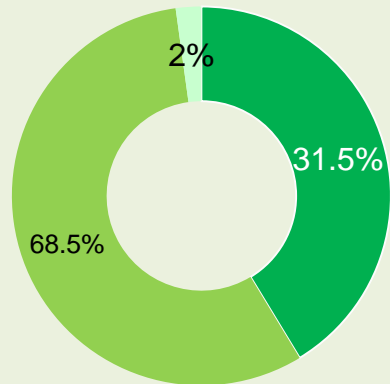
Since the new ROHS Directive 2011/65/EU was published in the Official Journal of the European Union on July 1st , 2011, we responded rapidly. To ensure this environmental issues are addressed, we enforce the following measures:

We control production processes by managing chemical substances and reducing hazardous substances in our products. We also inspect our finished products regularly. Inspections have showed that all our products are qualified under the new RoHS.

We work closely with our suppliers to collect materials information to ensure the quality of supply. To manage the environmental compliance, the Group set this requirement as an environmental criteria in the process of new supplier screening in 2019. We require all our suppliers to ensure that their materials comply with the European Parliament Directive 2011/65/EU, the Restriction of Hazardous Substances (RoHS), and clearly state this warranty clause when renewing supplier contracts.

## Procurement Distribution In China region

- From Overseas Suppliers
- From Local Suppliers
- Outsourcing



The percentage of international sourcing for this year decreased to 31.5%. This achieved a cost savings of RMB 5.2 million for the Group in 2020.

## Supplier Environment Assessment

<308-1&2>

Starting in 2019, Dutech's procurement focus gradually shifted from international to local sourcing. This change in procurement strategy brought about many positive outcomes, including minimizing negative environmental impacts, lowering costs of business, reducing fuel consumption and exhaust emissions in the process of delivery.

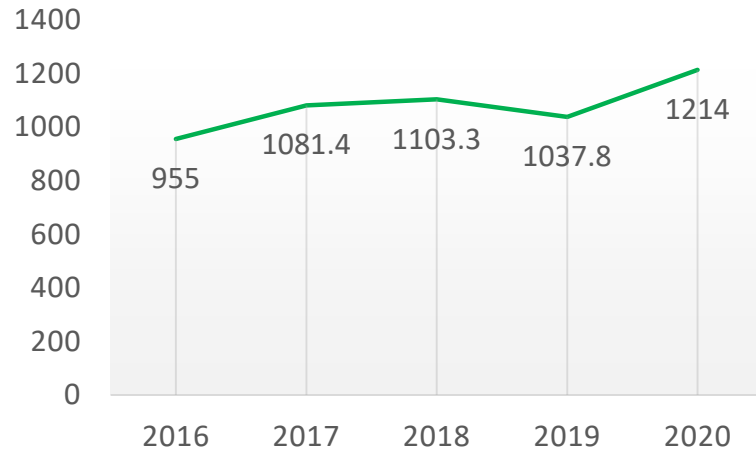
In 2020, we updated our Supplier Environment Assessment with new guidelines. We took the environmental impacts, together with the legal, quality and price impacts into consideration when assessing new local suppliers.

2.6% of overseas suppliers identified as having significant actual and potential negative environmental impacts were requested to make improvements going forward. 6% of overseas suppliers identified as having significant actual and potential negative environmental impacts were removed from our approved vendor list. The Group makes more direct purchases from local companies, including the Chinese subsidiaries or associated companies of our foreign suppliers to reduce our carbon footprint.

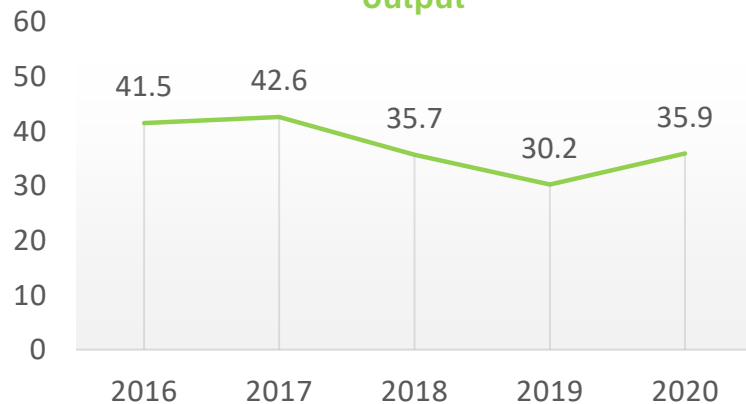
# MATERIAL ESG FACTORS - ENVIRONMENTAL



**Water Consumption**  
in KG per 10,000 RMB output



**Energy Consumption**  
in KG standard coal per 10,000 RMB output



## Environmental Footprint

We consume a large amount of water, electricity and fuel in various forms during daily production, which will have some adverse impacts on environment. Understanding the importance of reducing the negative environmental impact of our operations, Dutech strives to make more sustainable choices at every step, from energy sources to materials management and recycling.

### Energy Consumption <302-1&4>

We consume fuel when running the machines and using inter-plant transportation. To manage the fuel consumption, we regularly update machines parts or tooling and continuously optimize the horizontal transport in factories. In 2020, we actively responded to China's policy on promoting the use of electrical vehicles and installed charging stations at our Nantong plants to encourage the use of electrical vehicles.

Despite our energy saving measures, Electricity Consumption in KG standard coal per RMB 10,000 output rose 15.8%, from 30.2KG in 2019 to 35.9KG in 2020, largely due to an increase in sales of high security products which consumes a greater amount of energy to produce.

### Water Consumption <303-5>

Water Consumption in KG per RMB 10,000 output increased 14.5%, from 1,037.8KG in 2019 to 1214.0KG in 2020. The rise in water usage is also contributed by the increase in sales of gun safes, which is directly linked to an overall increase in energy and water consumption at our plants.

### Materials Management <301-1>

At Dutech, we aim to maximize the use of our raw materials (in particular, steel plates) and reduce any material wastage by investing in new equipment and upgrading our technology. Dutech is pleased to maintain a raw material utilization ratio of more than 90% from 2017 to 2020, achieving our set target.

# MATERIAL ESG FACTORS - ENVIRONMENTAL



## Environmental Footprint

As a manufacturer, we inevitably create noise, produce waste water, and emit polluted air with dust in the production process. In product development and commercial activities, we take environmental protection requirements into full consideration.

We strictly observe environmental regulations globally, and aim to create optimal social, economic, and environmental conditions through innovative solutions. We continuously seek to provide quality products that minimally influence the environment, while reducing our environmental footprint in the production.

## Sewage Treatment

<306-1&2>

The new sewage treatment station started running at the end of 2018 and worked well since the start of its operation. It has 17 processes, successfully diluting the contaminants, like COD, SS and NH3-N, in sewage.

As a result of this new system, we are allowed by the local environment authority to treat and discharge sewage automatically, instead of outsourcing. The discharge ceiling of sewage was significantly raised from this year. 100% of the sewage discharged met the effluent standards from the local authority.

Between 2019 and 2020, the quantity of sewage that met the effluent standard has risen to 24,024 tons, with an increase of 14.9% compared to the quantity discharged in 2019.

## Waste Management

<306-2&4>

Dutech has evaluated various disposal options and their environmental impacts. For different types of waste, different waste disposal method has been determined:

Recyclable waste	<p><b>Recyclable waste:</b> Uncontaminated paper products (newspapers, magazines, packaging cartons); Metals (iron, copper, aluminum, steel, etc.); Glass products; Plastic products (foam, plastic bottles, hard plastic trays, wire trays, etc.); Wood scrap wood tray; product cloth scraps; Rubber and rubber products; and Various beverage packaging boxes (bottles), etc.</p>	<p>Disposed by Company:</p> <ul style="list-style-type: none"> <li>• Classification in Stacking Area</li> <li>• Sell by the specially-assigned person</li> </ul>
Non-recyclable waste	<p><b>Kitchen Waste:</b> Leftovers and other food residues; Vegetable stalks and leaves; Animal skeleton and viscera; Tea leaves; Fruit residue and melon rind; bonsai and other plant leaves; and Used cooking oil</p>	<p>Disposed by Sanitation Department:</p> <ul style="list-style-type: none"> <li>• Classification in garbage chamber</li> <li>• Field cleaning staff clean every day</li> </ul>
	<p><b>Hazardous Waste:</b> Wasted paint bucket; Paint cleaning waste; Emulsion; Waste activated carbon; Water treatment of sludge; Cleaning agent (cleaning cloth); Paint residue; Waste batteries; Chemical containers; Waste filter element; Filter screen; Waste printer cartridges; Toner drum; and Expired drugs waste daylight lamp tube, etc.</p>	<p>Disposed by external expertise:</p> <ul style="list-style-type: none"> <li>• Classification in Hazardous waste warehouse</li> </ul>
	<p><b>Other Waste:</b> Toilet paper; Wipe toilet paper; Non-renewable paper; Contaminated or non-recyclable glass; Plastic bags; Garbage generated by the workshop (old work clothes, waste gloves, dust, construction garbage, waste plasterboard scraps,)</p>	<p>Disposed by Sanitation Department:</p> <ul style="list-style-type: none"> <li>• Classification in garbage chamber</li> <li>• Field cleaning staff clean every day</li> </ul>

# MATERIAL ESG FACTORS - PEOPLE



## Diversity & Inclusion

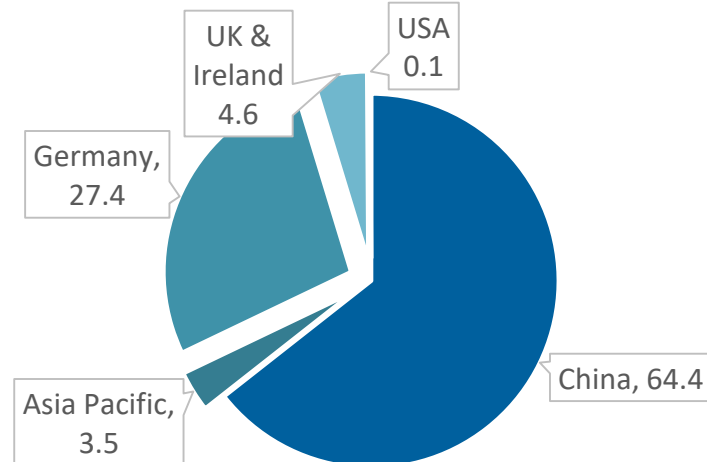
<405-1>

### Group Workforce

Dutech is committed to building a diversified team to achieve the global success for the Group. Our people are highly trained and competent to discharge their responsibilities.

We comply with local labour laws and regulations wherever we operate and we subscribe to the principle of non-discrimination in our employment practices.

As of 31 December 2020, the Group employs over 2600 employees across China, Germany, the United Kingdom, Asia Pacific, Ireland and the United States. More than 99% are hired locally on a permanent contract basis.



### R&D Team

Dutech is committed to maintaining our competitive strength by investing in R&D. To qualify as an Original Design Manufacturer, the Group recruited Electrical Engineers, Mechanical Engineers, Software Engineers, Quality Assurance and Project Management Engineers to strengthen our R&D capabilities.

Our R&D team has expanded from a team of 35 research employees in 2015 to 156 professionals in 2020 distributed globally in five of our subsidiaries and our headquarters in China.

### Employee Benefits

<401-2>

Dutech cares about our people and invests in their well-being and morale. During the Covid-19 lockdowns, all our workers and employees received wages that were above the local government's minimum wage standard. For families that were greatly impacted by the pandemic, we offered our staff additional financial support.

For full-time employees, we offer an extensive suite of employment benefits, including healthcare insurance, medical care benefits, disability coverage, parental leave and retirement provisions.

In compliance with the newly introduced provisions on social security in China, we made supplementary social security payments of approximately RMB 1 million for some of our employees in November and December of 2020.

# MATERIAL ESG FACTORS - PEOPLE



## Diversity & Equal Opportunity

<405-1>

### China Workforce

As at 31 December 2020, we have about 1,700 staff employed at our Nantong plant and Shanghai headquarters (an increase of 17.6% from 2019). New hires during 2020 approximates 25.2%, and employee turnover approximates 15.3% for 2020. We strictly follow regulations on legal working age and ensure that no one hired is under age of 18.

#### By Gender

The Male to Female Ratio is 3.1:1 in 2020.

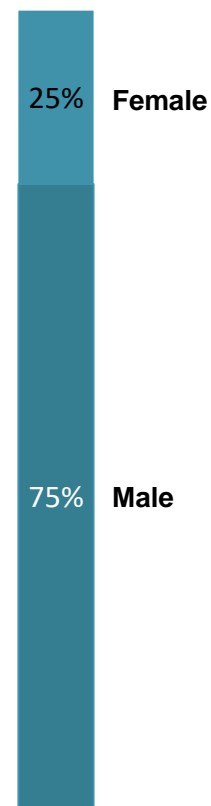
#### By Age

We are also a multi-generational company with employees from 18 to 67 years old. The majority is in their thirties and forties, with a proportion of 59%. Most of them joined our Group after graduation and grew into their current positions. The third largest group are those aged over 50, making up 28% of the total. Most of them work in senior positions in the company with years of experience. Employees under 30 occupy 12% of the total, similar to last year. We continuously attract and hire young talents with diverse backgrounds to augment our labour force.

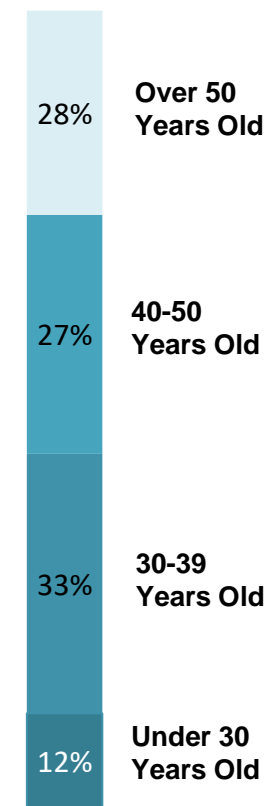
#### By Education

The employees with Doctorate and Master degrees account for 2 percent of the total workforce in China. The others with Bachelor degree and college diploma are the second largest group, account for 26 percent of total. Most of them are our product engineers and other professionals in different fields of Finance, Accounting, Sales and Marketing. 72 percent of our workforce is very skilled at the technical aspects, including Electric Welding, Bending, Painting and etc.

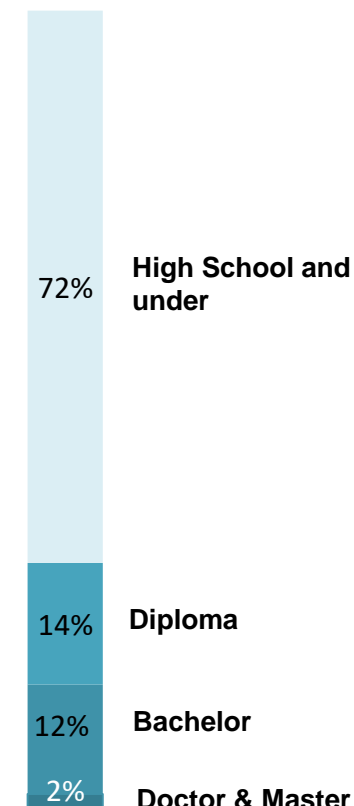
China Workforce  
by Gender



China Workforce  
by Age



China Workforce  
by Education





## Diversity & Equal Opportunity

< 401-1, 405-1&2 >



Dutech maintains a policy of eliminating gender bias and providing equal opportunities to all its employees and board members. The Group’s recruitment and subsequent annual reviews are based on merit, work attitude, cooperation with other staff & workers, and their efficiency and effectiveness of work. These principles also apply equally to opportunities for advancement and remuneration policies.

Due to a sudden surge in demand in the second half of 2020, we recruited 425 new staff in 2020 in China (80% were hired on temporary basis). There is no pay differential between male and female hires during the year for the same position.

The rate of new hires for male and female employees is around 10-15 percent, whereas the rate of turnover for male is 11%, which is 7 percentage points higher than female employees.

In 2020, 423 (approximately 25%) of our employees at our Shanghai headquarters and Nantong plants are women, 25% of our senior management and over 30% of our middle management are women. Our female colleagues contribute positively and significantly to the performance of the Group

We are also pleased to report that Dutech has a women representation of more than 25% on its Board of Directors.

	 <b>Male</b>	 <b>Female</b>
Board members	71%	29%
Senior Management	75%	25%
China Workforce	75%	25%
<b>Number (and Rate) of New Hires and Turnover, by Gender</b>		
New Hires	15%	10%
Turnover	11%	4%



# MATERIAL ESG FACTORS - PEOPLE



## Security Practices - Occupational Health and Safety

<403-1&5, 8-10>

Dutech cares for our people and their health and safety are of paramount importance. In 2020, we took many measures and included collection and disclosure of all injuries during staff commute. We are committed to providing a high safety standard in our workplace. We believe a safe and secure workplace contribute positively to production efficiency.

To ensure Occupational Health and Safety (OHS) in our workplace, Dutech has put in place the following:

- All new staff are required to attend a mandatory Occupational Health and Safety (OHS) training and all employees are required to attend training on Safety and Workplace Environment periodically;
- Administration department conducts fire and typhoon safety drills periodically, and sets up response plans;
- All offices are equipped with first-aid kits, and employees are encouraged to learn first-aid skills; All factories also have in-house nurse stations to serve as first port of call in case of an emergency;
- The headquarter conducts inspections to ensure compliance with OHS policies. Government agencies also conduct inspections from time to time.

Notes: In 2019, we only collected and disclosed severe work-related injuries. In 2020, we revised our policy to include collection and disclosure of all cases of injuries (those occurred on Dutech's premises in China and during staff commute) and occupational diseases.

	FY2020
Environmental Legal Non-Compliance	0
Work-related Injury Incidents	22
Work-related Fatal Incidents	0
Occupational Disease	31

Our Group of companies are all OHSAS18001, ISO14001 certified. No warnings and penalties were issued by the government for five consecutive years. We will continue to remain compliant by taking necessary precautions to ensure our OHS standards within the organization are of sterling standards.

In 2020, there were no work-related fatality but a total of 22 cases of work-related injuries were registered within the China operations. 12 of the work-related injury incidents occurred on our premises (including production plant and office), while 10 occurred during the staff's commute. The Group disbursed approximately RMB 266,000 in compensation for these work-related injuries to cover medical treatment and other related expenses.

The Group also recorded 31 cases of occupational disease. The Group provides regular medical checks and personal protective equipment when deemed necessary when undertaking specific jobs or tasks.

# MATERIAL ESG FACTORS - PEOPLE



## Training and Development

< 404-1&2&3 >

At Dutech, we value our people and invest in them for the long-term. We have put in place an integrated approach to developing talent with equal opportunities for all. Our HR teams appraise all employee performance semi-annually. On top of these performance reviews, they draw up separate training plans for our workers, administrative staff, and young professionals every year.

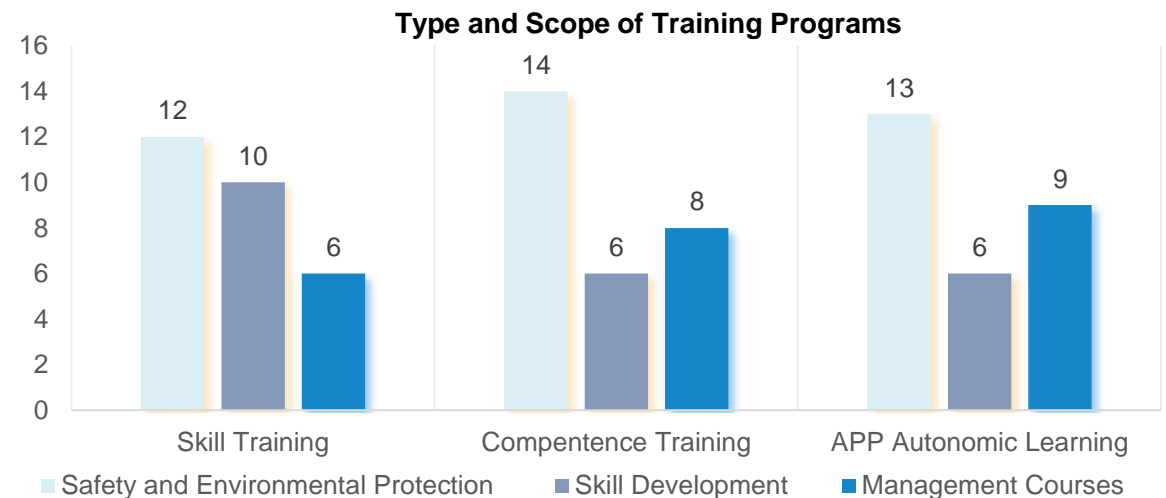
Additionally, we focused on mobilizing our talent pool through multiple interactions with subsidiaries all over the world. Due to the limitations imposed by the pandemic, we shifted from in-person visits and study to weekly online meetings. Regular meetings online facilitate full involvement of our different subsidiaries and allow our employees to deepen the understanding of our Group and exchange professional ideas and experience.

### Training Focus for 2020:

- I. **Online training courses:** 52 courses, 1,260 lessons.
- II. **Safety and security training:** Provide routine training to reduce risks of occupational injuries and emphasize sanitary measures against Covid-19.
- III. **E-commerce skill training:** Organize training for our employees to receive latest news on online marketplaces and trends in e-commerce.

In 2020, 84 training sessions, totaling to 340 hours, were scheduled for our workers and employees in the areas of safety, logistics, leadership, accounting, management tools, administration, production management, marketing, professional literacy, safety, supply chain, and quality control. Most trainings were carried out online and the Group achieved a high employee participation of over 90% in China..

In addition to skill trainings, our HR teams have planned security and disaster preparedness training in response to the incidence of flooding, fire and extreme weather that occurred at our Nantong plants in 2020.



# MATERIAL ESG FACTORS - COMMUNITY



## Market Presence

<202-2>

Our subsidiaries operate in different cities all over the world. Our hiring policy is to hire from the local community, specifically for our workers and majority of middle management. It helps to bring great job opportunities to the local community and contributes to the local tax and social security. We are pleased to report that 99% of the employees at our Vietnam and Philippines plants are locally hired.

We have five plants in Nantong, Jiangsu Province, China. In 2020, we employed approximately 1,642 workers and 90 administrative staff and middle management. All of them were hired locally.

For senior management, 99% of them are hired from the local community.

## Procurement Practice

<204-1>

Covid-19 pandemic's initial and continuing impacts have greatly influenced Dutech's procurement process and strategy. Amidst the lockdowns and work-from-home measures implemented in response to the pandemic in many parts of the world, local sourcing became a key procurement focus for Dutech to meet our procurement needs.

Dutech continued its China regional procurement strategy of 2019, further increasing the proportion of local suppliers and sourcing. 65.5% of our overall local procurement was from the Yangtze River Delta region, where our main manufacturing bases and Shanghai headquarters are located. In addition, the Pearl River Delta region has become our new procurement region for electronic components, accounting for 3% of annual purchase amount. To cope with Covid-19's continuing impacts, Dutech improved its existing procurement structure by adding back-up suppliers in our reserve and shifting towards localization.

Localization has helped Dutech to maintain normal operations during the pandemic. Local sourcing is a strategy to help ensure supply, support a stable local economy, and maintain community relations.

## Community Engagement

<413-1>

Being a stakeholder in the community we operate in, Dutech seeks to devote efforts in better engaging the communities to achieve long-term sustainable relationships and discourse. We are well aware of the importance of educational opportunities for children, hence, we have partnered with a non-profit organization in Shanghai to construct a school in Yunnan, China. In 2020, Dutech also donated 10,000 face masks to our cooperative partners and customers overseas to support them in managing the spread of Covid-19.

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# GRI STANDARDS CONTENT INDEX

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# Dutech Holdings Limited

11G International Shipping & Finance Centre 720 Pudong Avenue  
Shanghai 200120, PRC  
Tel: (86) 21 5036 8072  
Fax: (86) 21 5036 8073