



# Sustainability Report 2018

## Dutech Holdings Limited

Being supplier for SmartCity



# TABLE OF CONTENT



|                                 |       |                                      |       |
|---------------------------------|-------|--------------------------------------|-------|
| <b>01 ABOUT THIS REPORT</b>     | 01    | <b>05 APPROACH TO SUSTAINABILITY</b> | 10-14 |
| Reporting Scope and Time Period |       | Sustainability Strategy              |       |
| Reporting Guidelines            |       | Governance Structure                 |       |
| Reporting Process               |       | Stakeholder Engagement               |       |
| Board Assurance                 |       | Materiality Assessment               |       |
| Feedback                        |       |                                      |       |
| <b>02 BOARD STATEMENT</b>       | 02    | <b>06 ENVIRONMENTAL</b>              | 15-18 |
| Sustainability Initiatives      |       | Environmental Management             |       |
| Commitment & Assurance          |       | Environmental Compliance             |       |
|                                 |       | Environmental Footprint              |       |
| <b>03 2018 HIGHLIGHTS</b>       | 03    | <b>07 PEOPLE</b>                     | 19-22 |
| Highlights                      |       | Diversity and Inclusion              |       |
| Areas for Improvement           |       | Training and Development             |       |
| Awards                          |       |                                      |       |
| <b>04 ABOUT DUTECH</b>          | 04-09 | <b>08 COMMUNITY</b>                  | 23    |
| Business Profile                |       | Relations with Community             |       |
| International Recognition       |       | Local Market Presence                |       |
| Strategic Layout                |       |                                      |       |
| Product Lines                   |       | <b>09 GRI CONTENT INDEX</b>          | 24-25 |
| Market Presence                 |       |                                      |       |



# ABOUT THE REPORT

This sustainability report ("SR2018") is the second 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 2018 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 2018 financial year from 1st January 2018 to 31st December 2018. All data and statistics are recorded in RMB unless otherwise stated.

To ensure transparency, our Sustainability Working Group began to gather and organize some data and information from our foreign subsidiaries within the Group in 2018. 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 2018, 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.

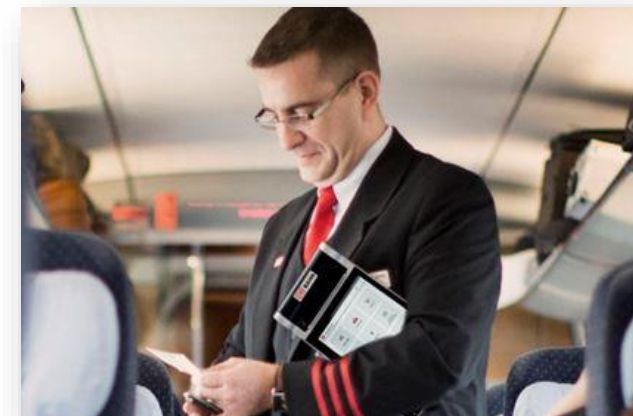
## ASSURANCE FROM BOARD

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 developments 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 second annual CSR report for the 2018 financial year from 1st January 2018 to 31st December 2018.

Last year was a solid year of progress for Dutech. We took some big strides forward in our drive to invest in our people and our plants to achieve our vision of becoming being a supplier for SmartCity, which would be a more intelligent world in the near future.

As a manufacturer, we are aware that our operations are consuming the social resources and have some 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 the lives of everyone.

### SUSTAINABLE INITIATIVES

Sustainability is always embedded in our long-term business plan. We strive to have 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.

In 2018, 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 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 direction 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 gathered and organized some data and information from our foreign subsidiaries. All the processes were monitored by the board.

### 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**

# 2018 HIGHLIGHTS



## HIGHLIGHTS

- Matrix Mechatronix Technology (Philippines) Corp. ("MMT") started production with the annual revenue over RMB11.0 million
- Over 300 members recruited in Group R&D team
- RMB1,165,000 invested in workplace and competency training, year over year increased by 16.3%
- RMB605,000 donated in local community to help the society, year over year increased by 36.0%
- Advanced wastewater treatment station built in the main plant

## AREAS FOR IMPROVEMENT

- Increasing water consumption efficiency
- Improving equal opportunity for women
- More youth opportunities

## AWARDS

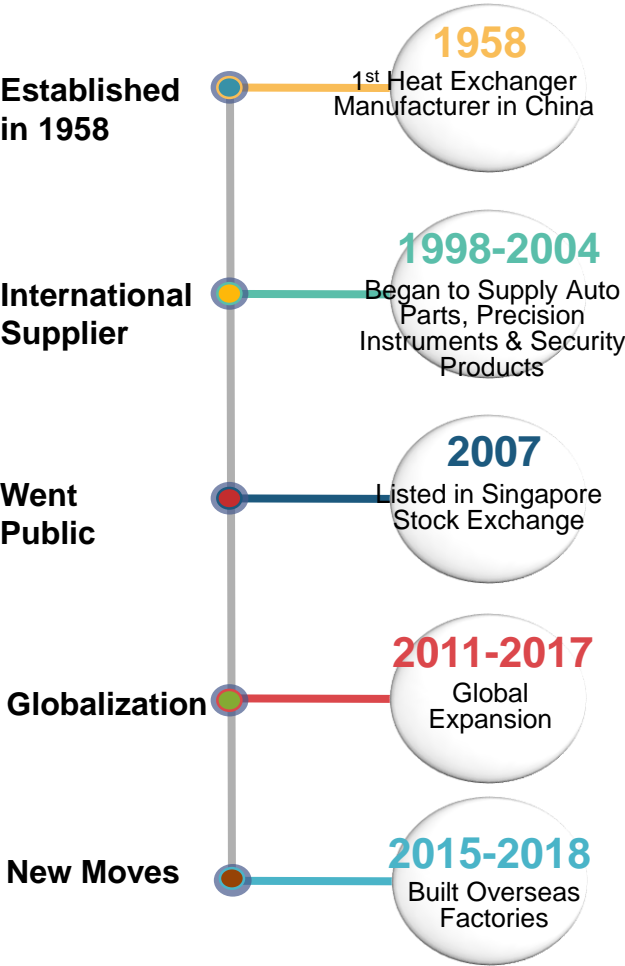
- Dutech - "Best Supplier" by Glory in 2018
- Tri Star Inc. - "Supplier of the Year Metals" by Diebold Nixdorf in 2018
- Tri Star Inc. - "Top 100 Enterprises That Made Economic Development Contributions" by Local Government of Nantong City, Jiangsu Province, China in 2018
- Almex - "Winner of German Design Award 2018" by German Design Council in 2018
- Tri Star Inc. - "Deputy Director of Security & Protection Industry Association" by Security & Protection Industry Association



# 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

Afterwards, we continued to acquire Krauth Technology GmbH in 2015 and Metric Group Limited in 2016. Additionally, we established Almex GmbH and started to 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 Research and Development (R&D) 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 started to set up overseas factories in Philippines and Vietnam, which are MMT and Matrix Technologies Co., Ltd. ("MTC") respectively. Up to 2018, MMT has started production with annual revenue over RMB11.0 million. MTC is scheduled to begin operation in 2019.



# ABOUT DUTECH

## INTERNATIONAL RECOGNITION

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

### AWARDS 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

### AWARDS FOR PRODUCTS

- Azor Bike BV (Green Energy Technology Solution)
- Koninklijke Gazelle NV (Green Energy Technology Solution)

In 2018, the Group was rewarded with:

### AWARDS FROM CUSTOMERS AND OTHER ORIGINATION

- 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
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- Tri Star Inc. - “Deputy Director of Security & Protection Industry Association” by Security & Protection Industry Association



# ABOUT DUTECH

## STRATEGIC LAYOUT



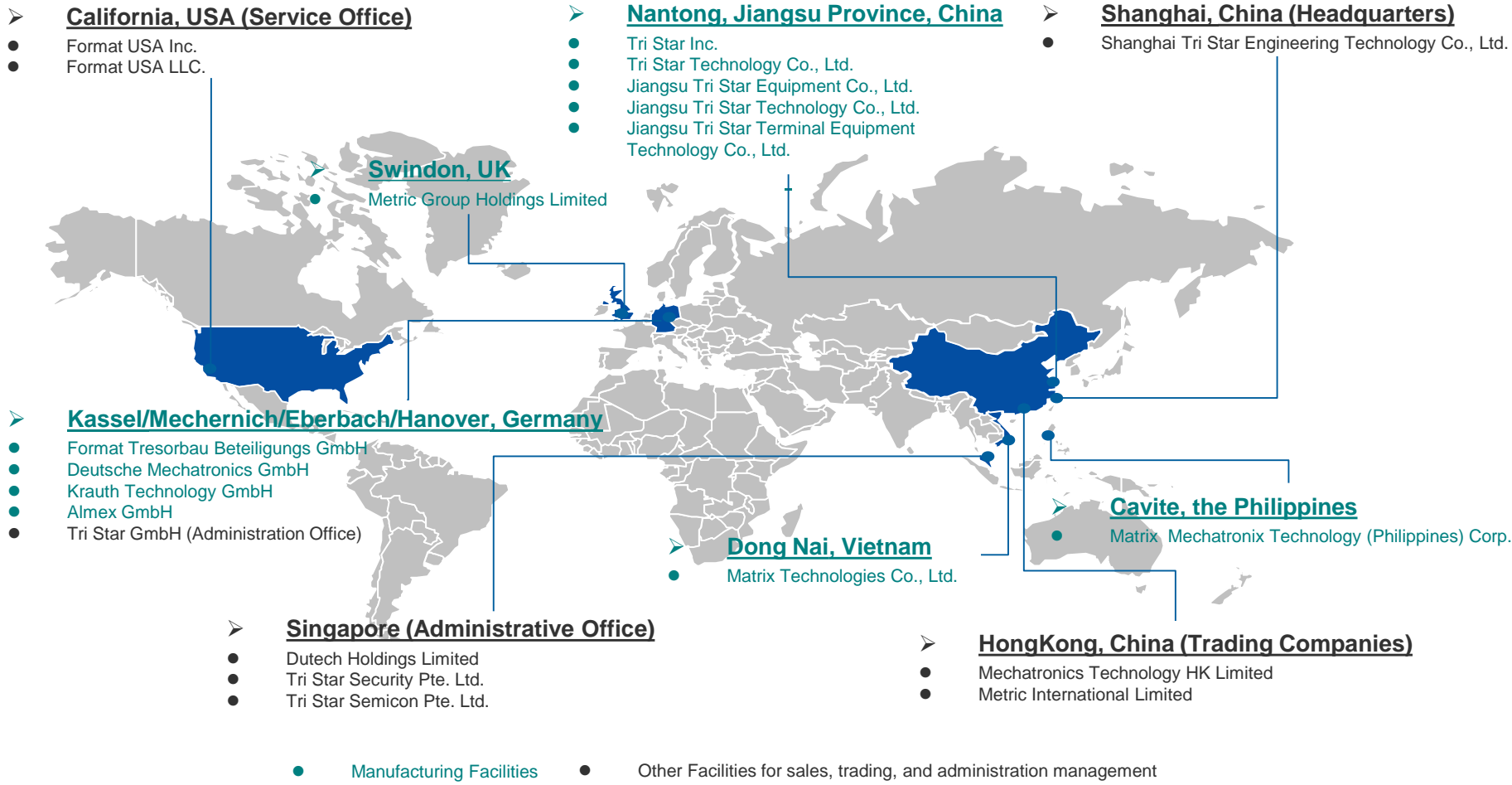
### COVERS:

3 CONTINENTS

6 COUNTRIES

12 CITIES

2,800 EMPLOYEES





# ABOUT DUTECH

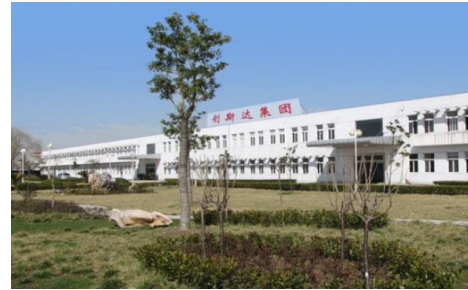
## STRATEGIC LAYOUT

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, the Philippines, Germany, and the United Kingdom, with the total amount of production area of:

**200,000 m<sup>2</sup>**

We set different trading companies, service offices and administration offices in Hong Kong, California, Hanover and Kassel, as the 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, 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
- Large-scale operations
- Positive cooperation with subsidiaries

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



# MARKET PRESENCE

## CUSTOMERS

The Group has a global market presence, comprising Germany, France, Italy, the United Kingdom, the United States, Brazil, Australia, India, Japan and Chinese Mainland.

Our reputable customers include Continental, Diebold-Nixdorf, Liberty Safe & Security Products Inc., Tractor Supply Co., Glory Ltd., SGI, Aldi and Deutsche Bahn 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

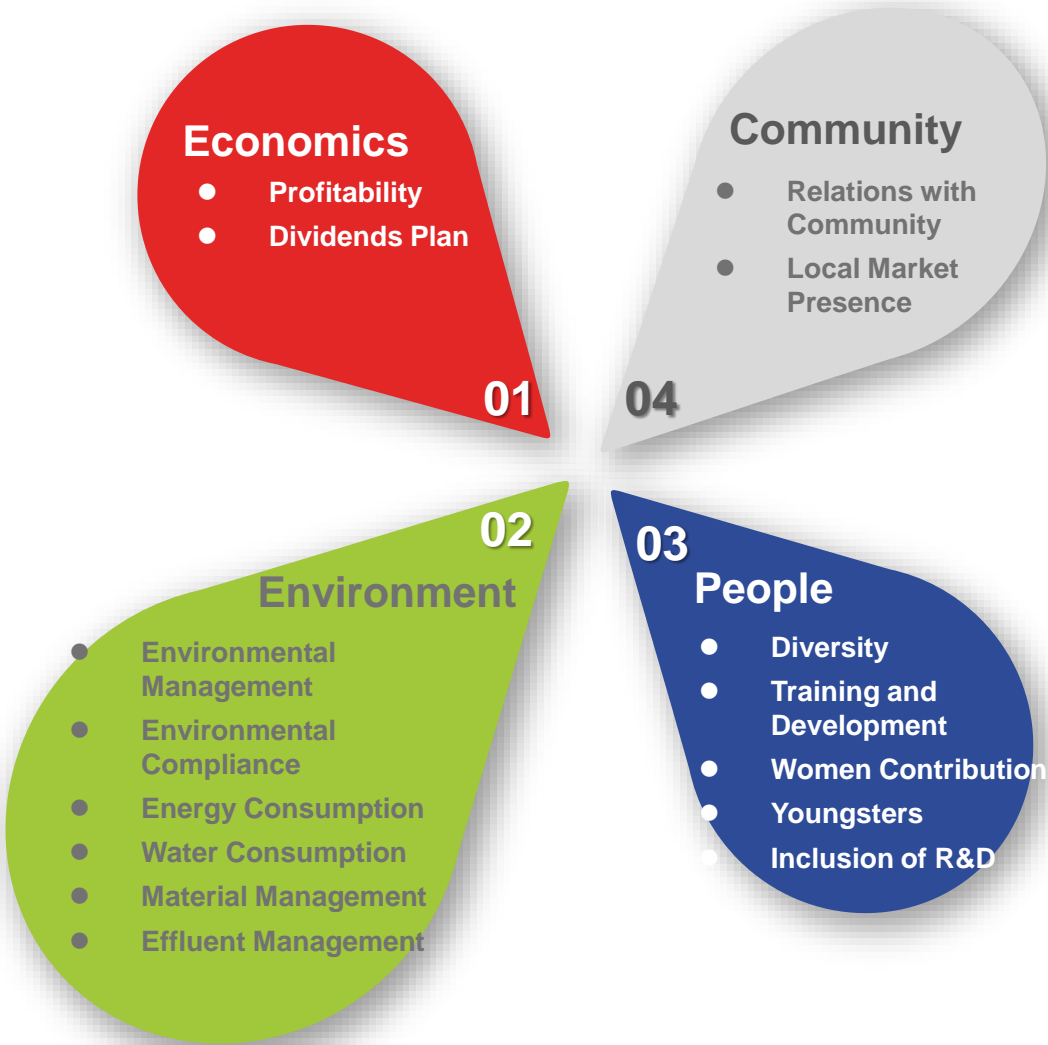
## SUSTAINABILITY STRATEGY



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 Economic factors, please refer to “Annual Report 2018 Dutech Holdings Limited (“AR2018”)”.

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, our shareholders, our employees, our 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 all believe that good sustainability governance is fundamental to corporate governance. At Dutech, sustainability is strictly governed across various levels within the group from the Board, Chief Executive Officer and senior management to the sustainability working groups and business units in each plant. Our sustainability governance structure is detailed below:

| Levels within the Group                                      | Responsibility   |
|--|--|
| <b>Board of Directors</b>                                    | <ul style="list-style-type: none"><li>● Delegating the authority for daily management of economic performance, people and environmental topics to the Sustainability Working Group</li><li>● Meeting annually to approve of Group's strategy framework</li><li>● Review the effectiveness of sustainability strategy, and seek to areas for further improvement</li><li>● Review the report and verify the sustainability strategy</li></ul> |
| <b>Chief Executive Officer</b>                               | <ul style="list-style-type: none"><li>● Leading the Senior Management to implement the sustainability strategy with guidance from the Board of Directors</li><li>● Overseeing and monitoring the preparation of sustainability reporting, driving progress company-wide</li></ul>  |
| <b>Senior Management Team</b>                                | <ul style="list-style-type: none"><li>● Providing Sustainability Working Group with the interface to our business units in plants</li><li>● Facilitating, monitoring, supervising and reviewing the preparation of sustainability report</li></ul>   |
| <b>Sustainability Working Group</b>                          | <ul style="list-style-type: none"><li>● Developing the plan and schedule for sustainability reporting disclosure</li><li>● Drafting the sustainability report</li></ul>  |
| <b>Business Units with Different Functions in each Plant</b> | <ul style="list-style-type: none"><li>● Supporting the Sustainability Working Group in collecting data and gathering 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 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 can understand their concerns on our sustainability performance and reporting. This helps us quickly find the key sustainability challenges the Group is facing and explore the ways that we are responding.

### 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 ensures strategic advantages in competition.                             | Governments promulgate laws and regulations, shaping the business environment in which our business is situated.  | 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></ul>  | <ul style="list-style-type: none"><li>● Compliance</li></ul>  | <ul style="list-style-type: none"><li>● Community investment</li><li>● volunteering activities</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

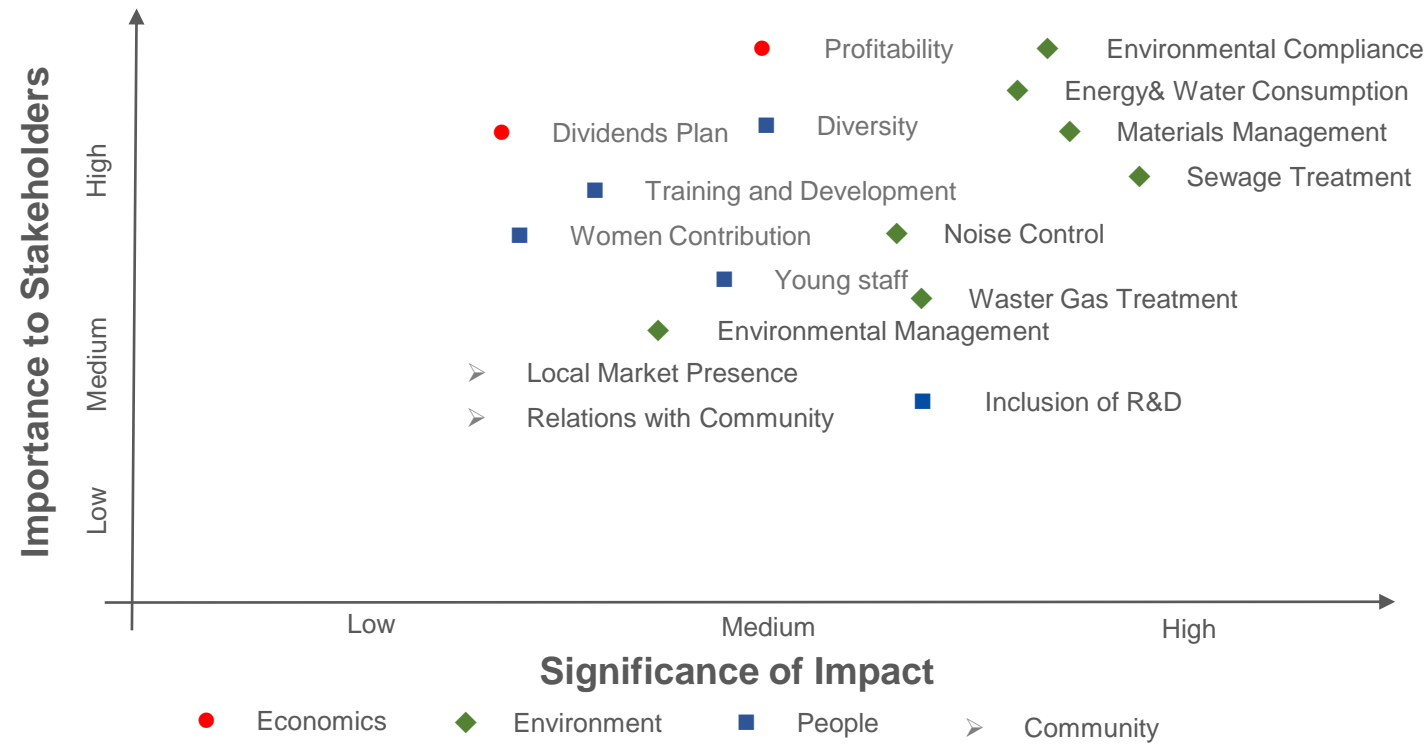
## MATERIALITY ASSESSMENT



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 2018, we reassessed the test with Materiality and set up a detailed differences depending on different impact and level of importance to stakeholders of each material ESG factor.

The findings yielded material topics embracing Profitability, Dividends Plan, Environment Management, Environmental Compliance, Noise Control, Waster Gas Treatment, Sewage Treatment, Energy Consumption, Water Consumption, Materials Management, Diversity, Training and Development, Relations with Community, and Local Market Presence became the most important topics for the Group.



# MATERIAL ESG FACTORS - ENVIRONMENTAL



## ENVIRONMENTAL MANAGEMENT



Quality  
QM System  
EN ISO 9001



Sustainability  
Environment  
EN ISO 14001



We have put in place a specific guideline 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 designated a full-time environmental specialist to be responsible for the environmental management of the daily operations of all plants in China.



Periodic testing and audits are conducted by the environmental specialist to identify any deficiency in our environmental management system.



Based on the review from our environmental specialist, we are continuously trying to make improvements to our environmental management system.





# MATERIAL ESG FACTORS - ENVIRONMENTAL

## ENVIRONMENTAL COMPLIANCE



### Restriction of Hazardous Substances (ROHS) Requirement

We are always committed to manufacturing products that deliver a green impact and are compliant with all the environmental requirements. 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. We worked closely with our suppliers to collect materials information to assure the quality of supply.

Internally, we also strictly controlled production processes by properly managing chemical substances, reducing hazardous substances in our products, regularly inspecting finished products. All inspections have showed that our products are qualified under the new RoHS.



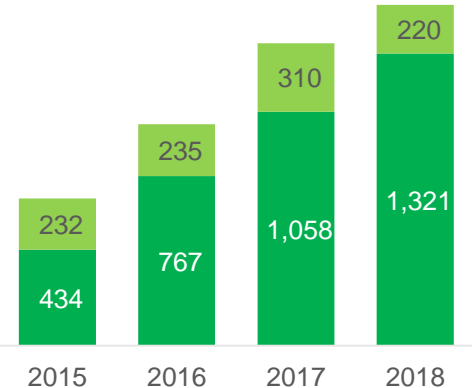
We required all our suppliers to ensure that their materials comply with the European Parliament Directive 2011/65/EU, the Restriction of Hazardous Substances (RoHS), and clearly state this warranty clause when renewing supplier contracts.

In order to retain reliable and qualified suppliers, we make regular performance evaluations of our suppliers with respect to quality, availability, and On-Time performance.

According to the performance evaluation, the number of the qualified suppliers in 2018 increased to 1,541, among which 85.7% have stayed with us for long-term cooperation.

### Qualified Suppliers

- The number of other qualified suppliers
- The number of qualified suppliers with long-term relationships



# 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. To minimize the environmental footprint:

### NOISE CONTROL

From 2015, we passed all the tests for air and noise emission. Noise is isolated by moving voice source away from the circumjacent residential areas, thickening shock pads, and building sound-proof premises.

### WASTE GAS TREATMENT

Each workshop at our plants is equipped with dust removal systems. VOCs was reduced to 0.06 t/a in 2018 in the emission of waste gas.

### SEWAGE TREATMENT

The new sewage treatment station started running before the end of 2018. It operated well to dispose the sewage with 17 processes, successfully reducing the concentration of COD, SS and NH3-N in sewage.

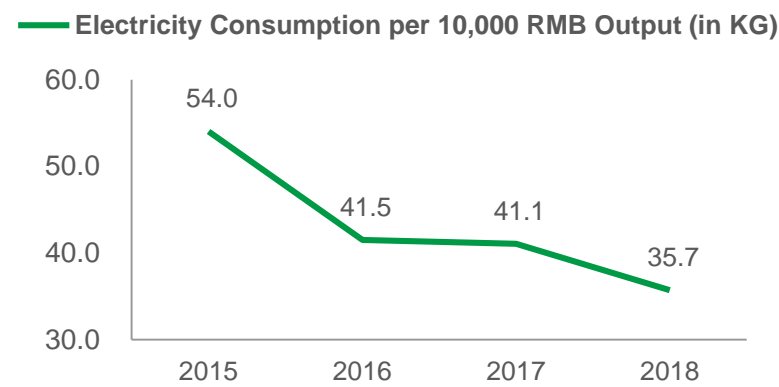
As a result of this new system, we are allowed to treat and discharge sewage automatically instead of outsourcing. The discharge ceiling of sewage was significantly raised from this year. 100% of the sewage discharged met the effluent standards from the local authority. The quantity of sewage that met the effluent standard in 2018 rocketed to 21,051 tons, nearly ten times the quantity of discharged sewage in 2017. The pollutants contained in sewage were diluted.

|        | 2017              |                  | 2018              |                  |
|--------|-------------------|------------------|-------------------|------------------|
|        | Quantity(in tons) | Concentration(‰) | Quantity(in tons) | Concentration(‰) |
| Sewage | 2,565.0           |                  | 21,051.0          |                  |
| COD    | 3.5               | 1.3‰             | 7.9               | 0.3‰             |
| SS     | 2.3               | 0.8‰             | 1.3               | 0.1‰             |
| NH3-N  | 0.4               | 0.1‰             | 0.3               | 0.0‰             |

# MATERIAL ESG FACTORS - ENVIRONMENTAL



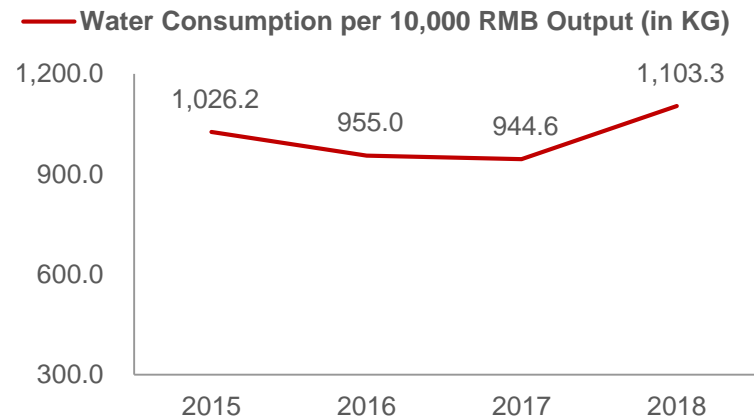
## ENVIRONMENTAL FOOTPRINT



We consume a large amount of water, electricity and natural gas in various forms during daily production, which will leave some adverse impacts on environment.

### ENERGY CONSUMPTION

In 2018, Electricity Consumption per 10,000 RMB Output dropped from 41.1KG in 2017 to 35.7KG, largely due to the replacement of air compressors in 2018, which results in greater efficiency. It reduced energy consumption by 5.5% in 2018.



### WATER CONSUMPTION

Water Consumption per 10,000 RMB Output increased to 1,103.3KG in 2018, with an increase of 16.8% versus that in 2017.

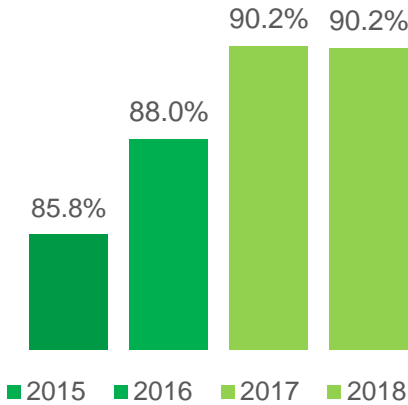
The increase is due to the commissioning of a new production line for painting at the end of 2018, which consumed a large amount of water. The situation for water consumption is expected to improve in 2019.

### MATERIALS MANAGEMENT

At Dutech, we aim to maximize the use and efficiency of resources. We invested a large amount in our infrastructure by investing in new equipment and making upgrades to technology.

The utilization ratio of raw materials steadily increased from 85.8% in 2015 to 88.0% in 2016, and to 90.2% in 2017. In 2018, the utilization ratio of raw materials maintained at more than 90%.

### Utilizing Ratio of Raw Materials





# MATERIAL ESG FACTORS - PEOPLE



## DIVERSITY AND INCLUSION

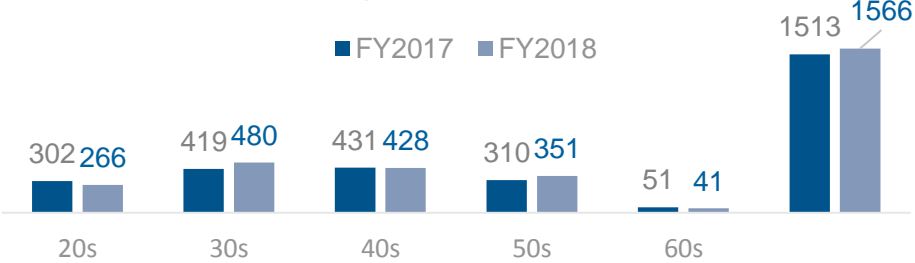
### DIVERSITY

Dutech is a multi-generational company with employees from 20 to 67 years old. We are committed to building a diverse team to achieve the global success for the whole group. The number of people employed at China main plant and Headquarters at January 1st, 2019 were increased to 1,566.

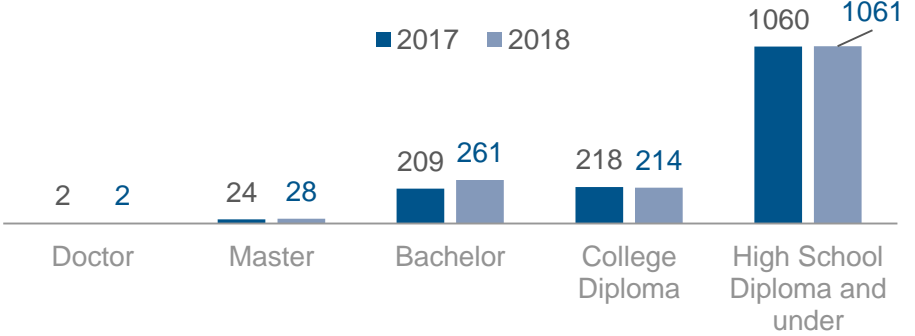
- The majority of our employees are in their thirties and forties, with total proportion of 58%. Most of them entered our Group after graduation and grew into their current positions.
- The third major group are those aged over 50, making up 22% of the total. Most of them work in senior positions in the company with years of experience.
- Employees under 30 occupies 17% of the total, which is 3% less than the percentage in 2017. It is due to the fact that we needed more experienced workers to support the new and extended plants overseas in 2018.

The employees with Doctor and Master degrees account for 2 percent of the total in China. The others with Bachelor degree and college diploma are the second largest group, account for thirty percent of total. Most of them are our product engineers and other professionals in different fields of Finance, Accounting, Sales and Marketing. 68 percent left are our workers who are very skilled at the technical aspects, including Electric Welding, Bending, Painting and etc.

Age Distribution



Education Distribution



# MATERIAL ESG FACTORS - PEOPLE



## DIVERSITY AND INCLUSION

### WOMEN CONTRIBUTION

Dutech maintains a policy of providing equal opportunities to all its employees. The Group's recruitment of employees and their subsequent annual reviews are based on merit, work attitude, cooperation with other staff & workers, and their efficiency and effectiveness of work. We highly depend on the contributions from our outstanding female employees.

In 2018, 21% of our employees are women in Shanghai headquarters and Nantong Plants, totally amounting to 325 women.

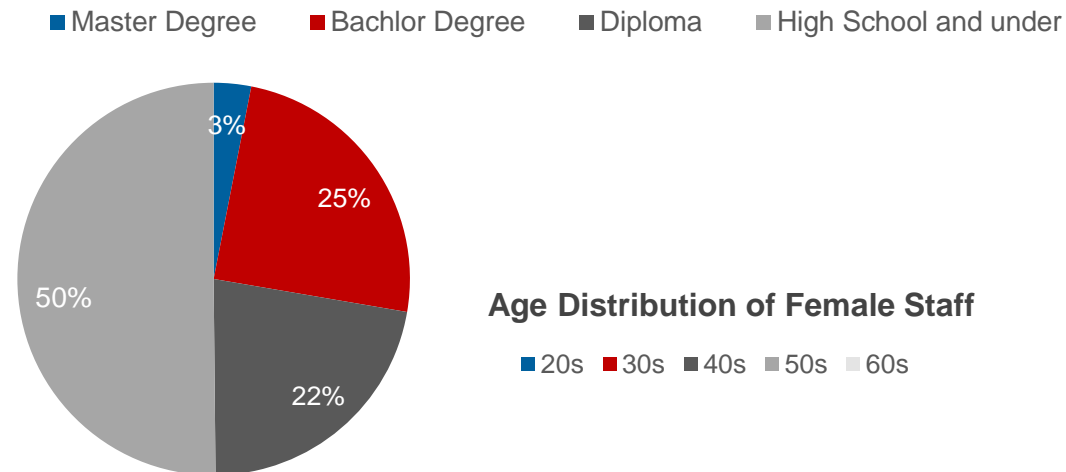
- 28% of them received higher education. 10 women staff (3%) acquired their Master degree, 80 women staff (25%) graduated with the Bachelor degree.
- The majority of 325 female employees are in their thirties and forties, contributed 67% of total. Young women of post-90s generation has decreased from 69 (19%) in 2017 to 62 in 2018.
- Two of eight senior managers in Group are women, while the proportion of female middle management is significant as well, up to 28%.

### YOUNG STAFF FOR FUTURE

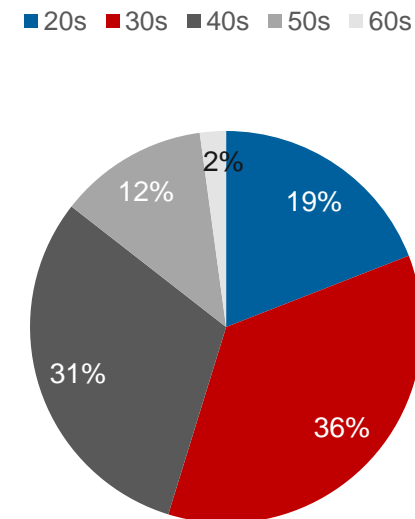
Young staff is our key priority in human resource development. We continued to develop our talent pool and bring younger professionals into our business through campus recruitment and graduate training programs.

In 2018, we had 746 young people of post-90s and post-80s, contributed respectively 17% and 31% of total employees.

### Education Distribution of Female Staff



### Age Distribution of Female Staff



# MATERIAL ESG FACTORS - PEOPLE



## DIVERSITY AND INCLUSION

### R&D TEAM IN CHINA

To meet our objectives of being supplier of future SmartCity, we are hiring new employees with different expertise, especially for our R&D team.

We strive to develop our R&D team and try to transfer from an original equipment manufacturer (“OEM”) to an original design manufacturer (“ODM”).

In 2015, we only had 35 research employees in China. Two years after that, our R&D team was rapidly expanded to a group of 135 professionals in electrical and software engineering. In 2018, we recruited 6 more engineers to join our R&D team. Up to 2018, we have grouped a R&D team with 311 members.

### R&D TEAM WITHIN GROUP

Besides our R&D team in China, four of our subsidiary factories own their independent R&D team with strong research development capacity. The proportion of R&D staff are respectively:

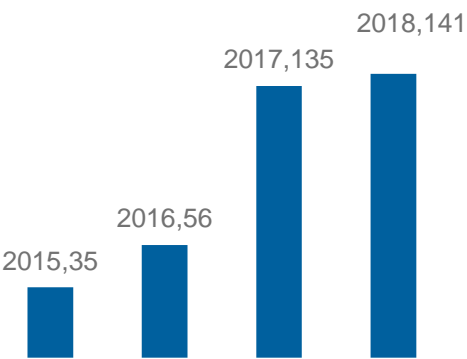
**36.6%** in Krauth Technology GmbH

**33.3%** in Almex GmbH

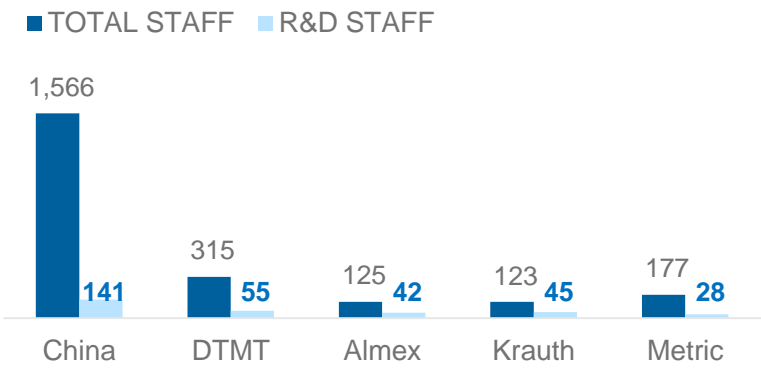
**17.5%** in Deutsche Mechatronics GmbH

**15.8%** in Metric Group Holdings Limited

### R&D Team in China



### R&D % within Group



# MATERIAL ESG FACTORS - PEOPLE



## TRAINING AND DEVELOPMENT

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 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. We are planning regular study and business visits for our people, sending them to our different subsidiaries to deepen the understanding of our group and exchange professional ideas and experience.

We also encourage our people make use of their spare time to update the skills and knowledge in professionals and offer financial incentives for them to obtain recognized qualifications. 15 people acquired professional qualifications in their area of expertise in Intermediate and Assistant Mechanical Engineer in 2018.

We invested in various workplace and competency training, mainly focused on health, safety and environment:

- All trainings in 2018 cost 1,165,000 RMB.
- Train hours per capita in 2018 was increased to 185 hours.
- The proportion of trained employees in 2018 was at 85%.
- The satisfaction degree of all training was increased to 94%.

|  | 2015    | 2016    | 2017      | 2018      |
|--|---------|---------|-----------|-----------|
| Training Hours per Capita (In Hours)   | 160     | 162     | 180       | 185       |
| Investment in Training (In RMB)        | 691,000 | 850,000 | 1,002,000 | 1,165,000 |
| Proportion of Trained Employees (In %) | 69%     | 74%     | 85%       | 85%       |
| Degree of Satisfaction (In %)          | 88%     | 90%     | 93%       | 94%       |
| No. of Qualification                   | 4       | 8       | 13        | 15        |



# MATERIAL ESG FACTORS - COMMUNITY



## RELATIONS WITH COMMUNITY

We are always focused on relations with local community. In 2018,

- 1. RMB605,000 was invested to the local community to help the poor;
- 2. 96 volunteers participated the annual blood donation;
- 3. 10 students were offered the financial aid based on the annual sponsor plan.

|                                      | 2015 | 2016 | 2017 | 2018 |
|--------------------------------------|------|------|------|------|
| Financial Contributions (in RMB'000) | 152  | 285  | 445  | 605  |
| Blood Donation (in Person)           | 65   | 72   | 78   | 96   |
| Fellowship (in Person)               | 10   | 10   | 10   | 10   |

## LOCAL MARKET PRESENCE

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 have five plants in Nantong, Jiangsu Province, China. In 2018, we employed approximately 1,431 workers and in addition a team of 50 administrative staff and middle management. All of them were hired locally.

Workforce localization rate in China: **98%**

# GRI STANDARDS CONTENT INDEX



| GRI Standard                      | General Disclosure |  | Page  |
|-----------------------------------|--------------------|--|-------|
| Organizational Profile            |                    |  |       |
| GRI 102: General Disclosures 2016 | 102-1              | Name of the organization                   | 1,2,4 |
|                                   | 102-2              | Activities, brands, products, and services | 3,5   |
|                                   | 102-3              | Location of headquarters                   | 7     |
|                                   | 102-4              | Location of operations                     | 6,7   |
|                                   | 102-5              | Ownership and legal form                   | 4     |
|                                   | 102-6              | Markets served                             | 9     |
|                                   | 102-7              | Scale of the organization                  | 4,6,7 |
|                                   | 102-8              | Information on employees and other workers | 20-21 |
|                                   | 102-9              | Supply chain                               | 16    |
| Strategy                          |                    |  |       |
| GRI 102: General Disclosures 2016 | 102-14             | Statement from senior decision-maker       | 2     |
| Governance                        |                    |  |       |
| GRI 102: General Disclosures 2016 | 102-18             | Governance structure                       | 11    |
| Stakeholder Engagement            |                    |  |       |
| GRI 102: General Disclosures 2016 | 102-40             | List of stakeholder groups                 | 12,13 |
|                                   | 102-42             | Identifying and selecting stakeholders     | 12,13 |
|                                   | 102-43             | Approach to stakeholder engagement         | 12,13 |
|                                   | 102-44             | Key topics and concerns raised             | 12,13 |

| GRI Standard                       | General Disclosure |  | Page                                       |
|------------------------------------|--------------------|--|--|
| Reporting Practice                 |                    |  |  |
| GRI 102: General Disclosures 2016  | 102-45             | Entities included in the consolidated financial statements | 4,6  |
|                                    | 102-46             | Defining report content and topic Boundaries               | 1  |
|                                    | 102-47             | List of material topics                                    | 10,14                                      |
|                                    | 102-50             | Reporting period   | 1  |
|                                    | 102-52             | Reporting cycle  | 1  |
|                                    | 102-53             | Contact point for questions regarding the report           | 1  |
|                                    | 102-54             | Claims of reporting in accordance with the GRI Standards   | 1  |
|                                    | 102-55             | GRI content index  | 24-25                                      |
| Material Topics                    |                    |  |  |
| Economic Performance               |                    |  |  |
| GRI 201: Economic Performance 2016 | 201-1              | Direct economic value generated and distributed            | Refer to Annual Report for Further Details |

# GRI STANDARDS CONTENT INDEX



| GRI Standard                                    | General Disclosure |   | Page  |
|---|--------------------|---|-------|
| Material Topics                                 |                    |   |       |
| Materials                                       |                    |   |       |
| GRI 301: Materials 2016                         | 301-1              | Materials used by weight or volume                            | 18    |
| Energy  |                    |   |       |
| GRI 302: Energy 2016                            | 302-1              | Energy consumption within the organization                    | 18    |
|   | 302-4              | Reduction of energy consumption                               | 18    |
| Emissions                                       |                    |   |       |
| GRI 305: Emissions 2016                         | 305-2              | Energy indirect (Scope 2) GHG emissions                       | 17-18 |
| Effluents and Waste                             |                    |   |       |
| GRI 306: Effluents and Waste 2016               | 306-1              | Water discharge by quality and destination                    | 17    |
|   | 306-2              | Waste by type and disposal method                             | 17    |
| Environmental Compliance                        |                    |   |       |
| GRI 307: Environmental Compliance 2016          | 307-1              | Non-compliance with environmental laws and regulations        | 16    |
| Supplier Environmental Assessment               |                    |   |       |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1              | New suppliers that were screened using environmental criteria | 16    |

| GRI Standard                                  | General Disclosure |  | Page |
|---|--------------------|--|------|
| Material Topics                               |                    |  |      |
| Materials                                     |                    |  |      |
| Training and Education                        |                    |  |      |
|   |                    |  |      |
| GRI 405: Training and Education 2016          | 404-1              | Average hours of training per year per employee                                      | 22   |
|   | 404-2              | Programs for upgrading employee skills and transition assistance programs            | 22   |
|   | 404-3              | Percentage of employees receiving regular performance and career development reviews | 22   |
| Diversity and Equal Opportunity               |                    |  |      |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1              | Diversity of Governance bodies and employees   | 20   |
| Employment                                    |                    |  |      |
| GRI 401: Employment 2016                      | 401-1              | New employee hires and employee turnover   | 21   |

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