

Sustainability Report 2019

Dutech Holdings Limited

Being supplier for SmartCity



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ABOUT THE REPORT



This sustainability report (“SR2019”) is the 3rd 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 2019 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 2019 financial year from 1st January 2019 to 31st December 2019. All data and statistics are recorded in RMB unless otherwise stated.

To ensure transparency, our Sustainability Working Group **continues** to gather and organise selected data and information from our foreign subsidiaries within the Group 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 2019, 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 our 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

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 third annual CSR report for the 2019 financial year from 1st January 2019 to 31st December 2019.

Last year was a challenging year for Dutech on the back of the current economic headwinds, further threatening a weakened economy. We took some big strides in investing in our people, our plants and the community we work in to achieve our vision of 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 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 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 2019, Dutech continued to optimise 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 organised 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 recognised Global Reporting Initiative (“GRI”) Standards and is in compliance with the SGX-ST Listing Rules 711A and 711B.

DR. JOHNNY LIU
CHAIRMAN & CEO



HIGHLIGHTS

- High and New Technology Enterprise (“HNTE”) and a preferential corporate tax rate of 15%
- 35 authorized patents (including 2 invention patents) and 21 achievement transformation in Enterprise Technology Center
- Newly established software center in Ireland to achieve greater synergies for the Group R&D function
- Newly acquired online company to further expand the European market
- RMB1,330,000 invested in workplace and competency training, 90% of the employees participated
- RMB 620,000 donated in local community to help the society
- RMB 3,400,000 saved during Procurement Practice Improvement

AREAS FOR IMPROVEMENT

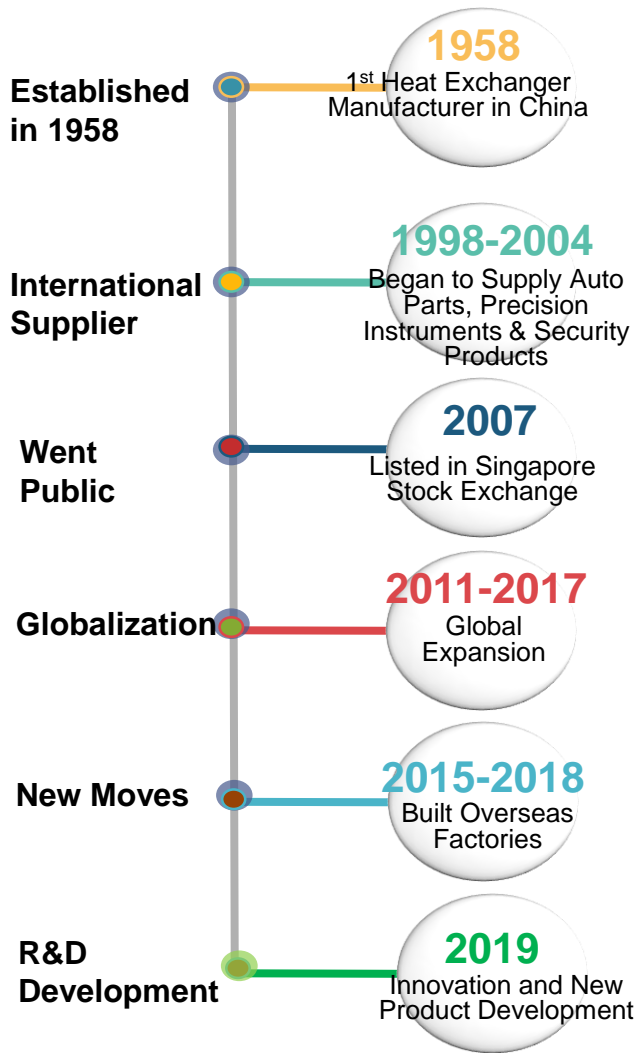
- Improving equal opportunity for women
- More worker participation in Occupational Health and Safety(OHS) control

AWARDS

- 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)



BUSINESS PROFILE



HISTORY AND ORIGIN

Dutech was originally the first Heat Exchanger 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 of 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 research manpower and material resources, and grouped our own R&D Team at our Shanghai headquarters in 2017.

NEW MOVE

After 2015, in view of rising 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 RMB 67m revenue and MTC achieved RMB 44m revenue in 2019.

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

INNOVATION AND DEVELOPMENT

In the year, the Group augmented our capabilities and expertise in the development of innovative, 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, we have two subsidiaries qualified as HNTE companies, and were entitled to a preferential corporate tax rate of 15% as compared to the 25% statutory rate.

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 FROM CUSTOMERS AND OTHER ORIGINATION

- "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



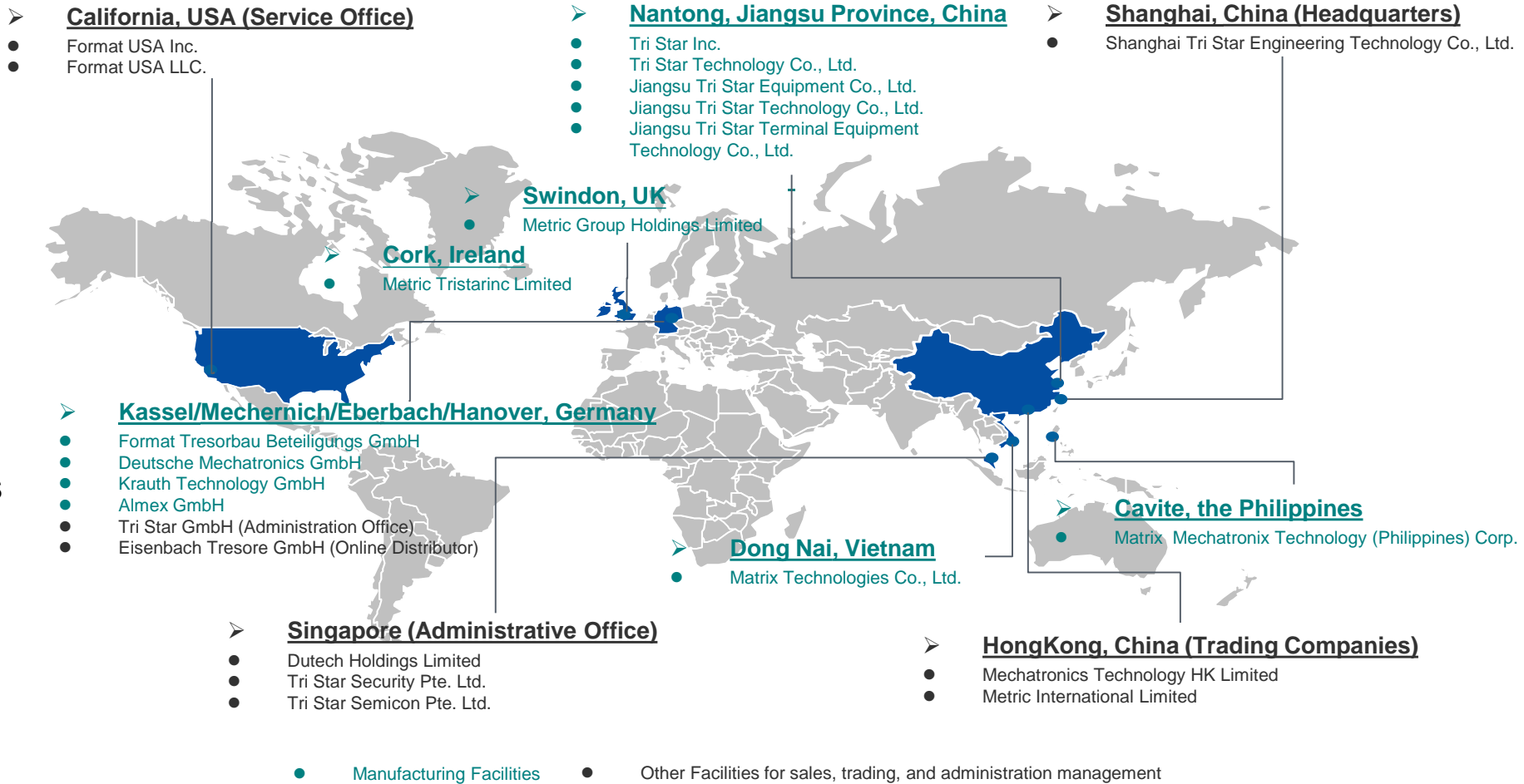
COVERS:

3 CONTINENTS

7 COUNTRIES

13 CITIES

OVER **2,400** EMPLOYEES



ABOUT DUTECH

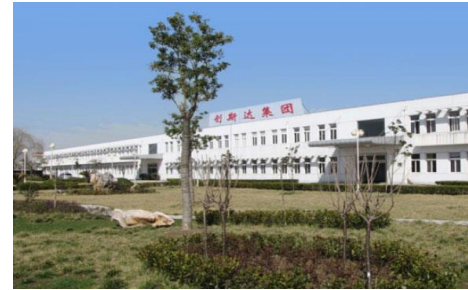
STRATEGIC LAYOUT

The Group's headquarters is located in Shanghai, which serves as the centre 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:

200,000 m²

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, 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 enable 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, United Kingdom, the United States, Brazil, Australia, India, the Middle East, Japan and China.

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 2019 Dutech Holdings Limited (“AR2019”)”.

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 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 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
Board of Directors	<ul style="list-style-type: none">• Provide oversight of economic performance, people and environmental topics to the Sustainability Working Group• Approve the Group's strategy• Review the effectiveness of sustainability strategy, and seek areas for further improvement• Review and approve the sustainability report
Chief Executive Officer	<ul style="list-style-type: none">• Lead the Senior Management to implement the sustainability strategy with guidance from the Board of Directors• Oversee and monitor the preparation of sustainability reporting, driving progress company-wide
Sustainability Working Group	<ul style="list-style-type: none">• Develop the plan and schedule for sustainability reporting disclosure• 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.).• Monitor the performance of the company in relation to material ESG targets and related Key Performance Indicators (KPIs).• Summarize ESG performances and draft annual sustainability report
Business Units	<ul style="list-style-type: none">• Support the Sustainability Working Group in implementing its sustainable strategies and collecting information.

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 of 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">● Economic performance● Development & Training● Business, strategy & directions	<ul style="list-style-type: none">● Product quality & availability● Service quality	<ul style="list-style-type: none">● Economic performance● Business, strategy & directions● Dividends Plan
Engagement Methods	Engagement Methods	Engagement Methods
<ul style="list-style-type: none">● Employee engagement surveys● Regular visits, dialogues and briefings● Staff feedback	<ul style="list-style-type: none">● Customer satisfaction surveys● Regular meetings● Feedbacks from hotline/ Email communications● Interactions with sales staff	<ul style="list-style-type: none">● Annual report● Annual General Meetings● Occasional site visits● Inquiry by phone calls/Email communications● Company website● SGX corporate announcement

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">● Compliance● Long-term relationship● Environment impacts	<ul style="list-style-type: none">● Compliance	<ul style="list-style-type: none">● Community investment● Volunteering
Engagement Methods	Engagement Methods	Engagement Methods
<ul style="list-style-type: none">● Occasional sites visit● Regular performance evaluations on quality, availability and On-Time;	<ul style="list-style-type: none">● Occasional sites visit● Regular reports & meetings	<ul style="list-style-type: none">● Visits and meetings● Donations● Volunteer activities● Publicity campaigns.

APPROACH TO SUSTAINABILITY

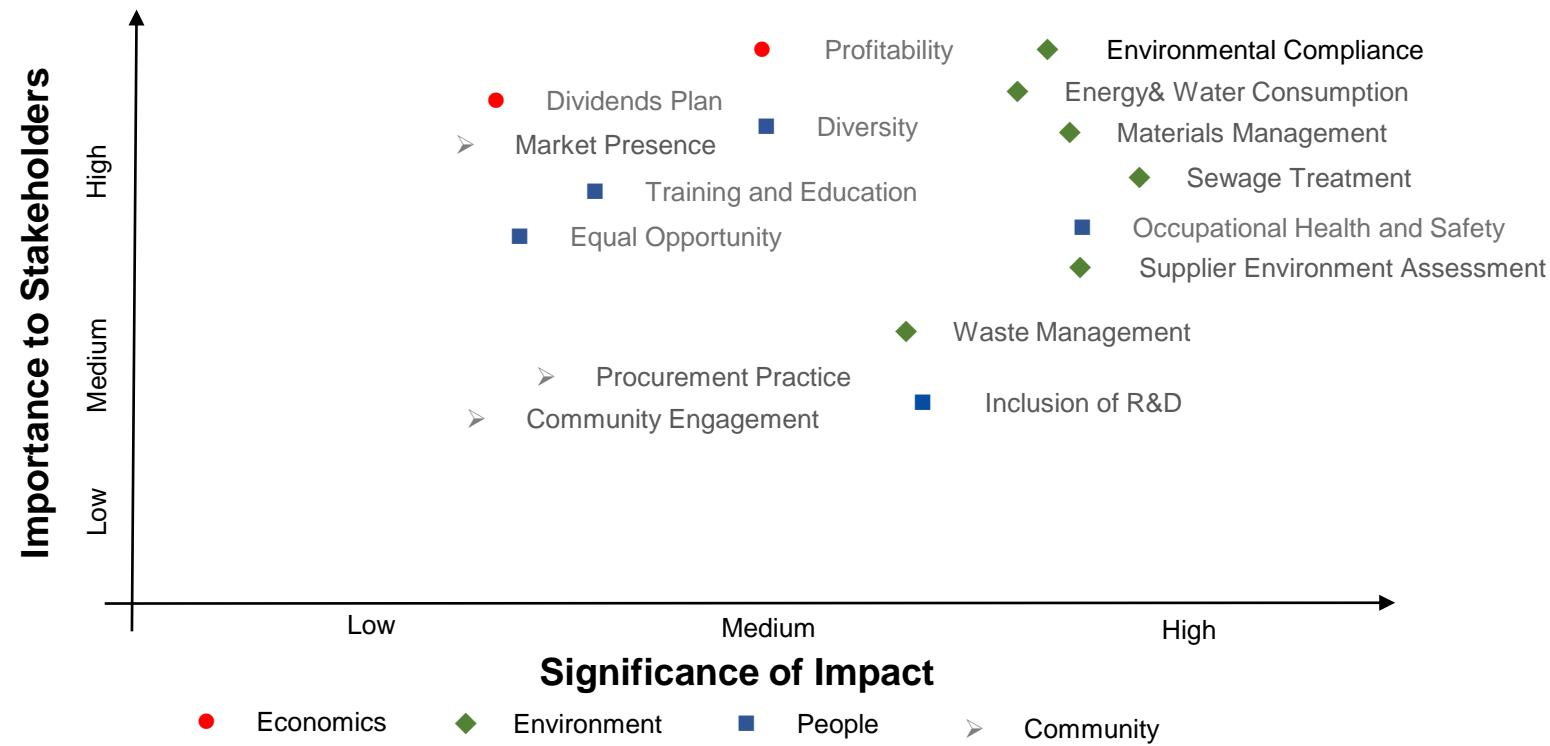
MATERIALITY ASSESSMENT



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 2019, 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, Environmental Compliance, Supplier Environment Assessment, Environmental Footprint (including Energy Consumption, Water Consumption, Materials Management, Sewage Treatment, Waste Management), Diversity & Inclusion, Equal Opportunity, Occupational Health and Safety, Training and Education, Market Presence, Procurement Practice and Community Engagement. These became the most important topics for the Group.



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 makes monthly report directly to 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. A total of 95 testing and audits were conducted periodically and aperiodically in 2019.



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 2019.

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 issue is 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 goods 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.



Supplier Environment Assessment

<308-1&2>

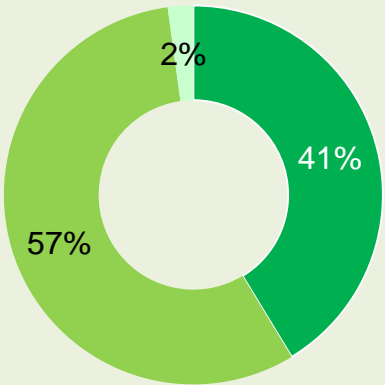
Before 2019, Dutech's procurement practices tend to focus on international sourcing, which may lead to negative environmental impacts: on-going rising costs of business, higher fuel consumption and exhaust emissions in the process of delivery.

Dutech improved its procurement practices through developing new local suppliers with Supplier Environment Assessment. We took the environmental impacts, together with the legal, quality and price impacts into consideration when assessing new local suppliers.

7% of overseas suppliers identified as having significant (both actual and potential) negative impacts were requested to make improvements going forward. 14% of overseas suppliers identified as having significant (both actual and potential) negative 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.

Procurement Distribution In China region

- From Overseas Suppliers
- From Local Suppliers
- Outsourced

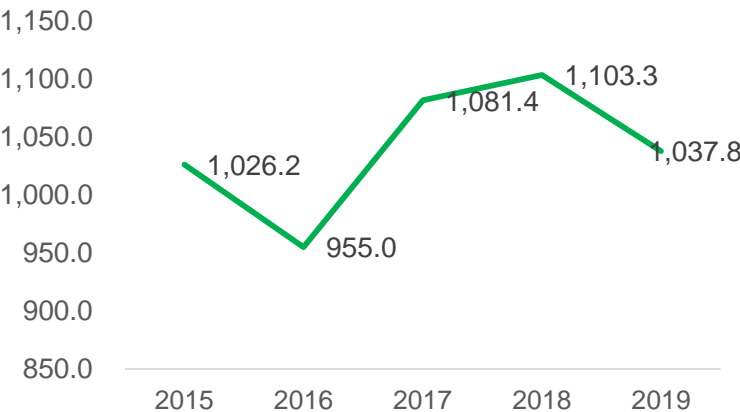


The percentage of international sourcing this year decreased to 41%. This achieved a cost savings of RMB3.4 million for the Group in 2019.

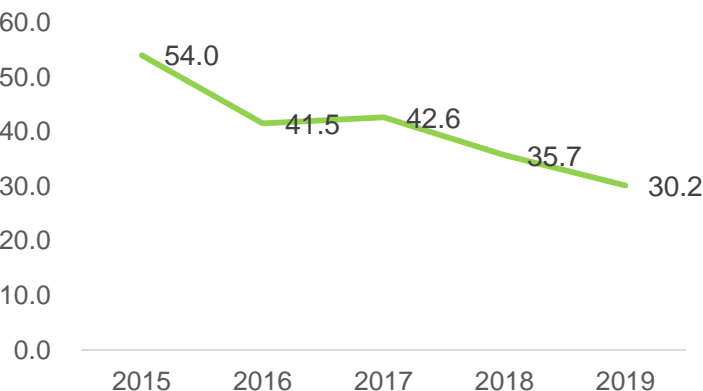
MATERIAL ESG FACTORS - ENVIRONMENTAL



**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 optimise the horizontal transport in factories. In 2019, we procured a batch of electric flat trolleys for inter-plant transportation. This scheme saved 10-20% of labour cost, 30% diesel fuel consumption and 30% maintenance and inspection fee.

Electricity Consumption in KG standard coal per 10,000 RMB Output dropped from 54.0KG in 2015 to 30.2KG in 2019, largely due to the replacement of air compressors, which resulted in greater efficiency. It continued to reduce energy consumption by 15.5% in 2019.

Water Consumption <303-5>

Water Consumption in KG per 10,000 RMB Output decreased to 1,037.8KG in 2019, with a decrease of 5.9% versus that in 2018. The decrease is due to the water efficiency design of a new production line.

Materials Management <301-1>

At Dutech, we aim to maximise 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 utilisation ratio of more than 90% from 2017 to 2019, achieving our set target.



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 in its first year of operations. 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 set by the local authority.

Between 2018 and 2019, the quantity of sewage that met the effluent standard has risen to 23,668 tons, with an increase of 12.4% compared to the quantity discharged in 2018.

Waste Management

<306-2&4>

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

Recyclable waste	Recyclable waste: 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	Disposed by Company: <ul style="list-style-type: none">• Classification in Stacking Area• Sell by the specially-assigned person
	Kitchen Waste: 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	Disposed by Sanitation Department: <ul style="list-style-type: none">• Classification in garbage chamber• Field cleaning staff clean every day
Non-recyclable waste	Hazardous Waste: 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	Disposed by external expertise: <ul style="list-style-type: none">• Classification in Hazardous waste warehouse
	Other Waste: 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,)	Disposed by Sanitation Department: <ul style="list-style-type: none">• Classification in garbage chamber• Field cleaning staff clean every day

MATERIAL ESG FACTORS - PEOPLE



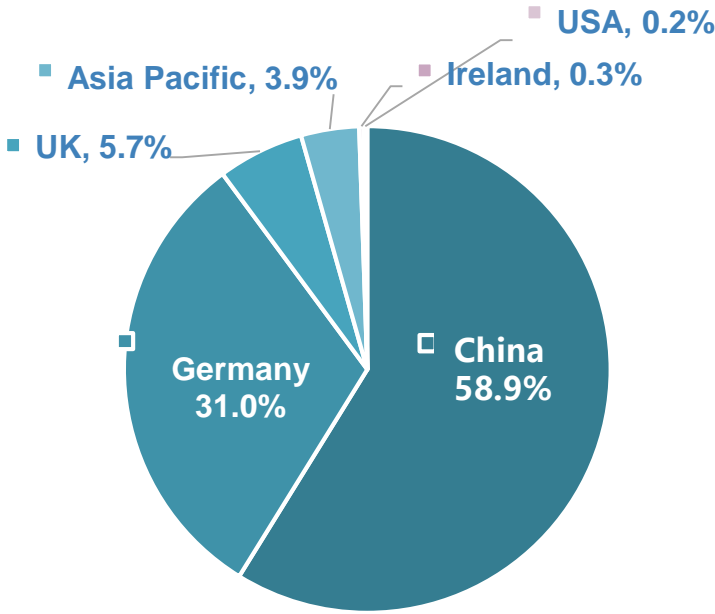
Diversity & Inclusion

<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 at 31 December 2019, the Group employs more than 2400 employees across China, Germany, the United Kingdom, Asia Pacific, Ireland and the United States. More than 98% of the staff 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 Electric Engineers, Mechanical Engineers, Software Engineers, Quality Assurance and Project Management Engineers to strengthen our R&D capabilities.

In 2019, Dutech has a group of 141 research staff headquartered in China, and others distributed in 5 of our overseas subsidiaries.

Employee Benefits

<401-2>

Dutech cares about our people and is invested in the well-being and morale of our employees. For full-time employees, we offer an extensive suite of employment benefits. Our benefits package may include healthcare insurance, medical care benefits, disability coverage, parental leave and retirement provisions.

Beyond these baseline benefits mandated by respective local labour regulations, we also provide rewarding remuneration that commensurate with the efforts and performance of the employees.

MATERIAL ESG FACTORS - PEOPLE



Diversity & Equal Opportunity

<405-1>

China Workforce

As at 31 December 2019, we have approximately 1,400 staff employed at our Nantong plant and Shanghai headquarters (a decrease of 8.5% from 2018). New hires during 2019 approximate 3.6% and employee turnover approximates 12.3% in 2019.

By Gender

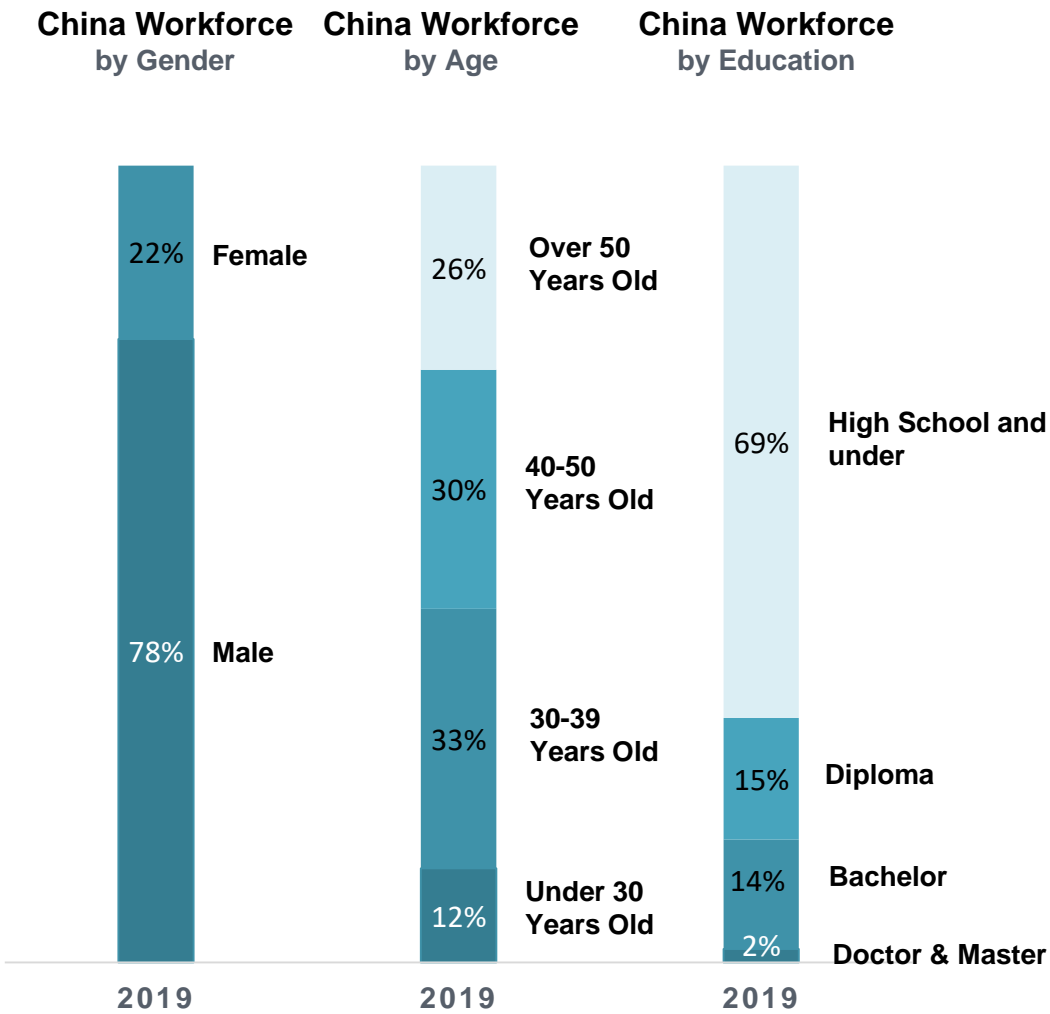
The Male to Female Ratio is 3.6:1 in 2019.

By Age

We are also a multi-generational company with employees from 20 to 67 years old. The majority are in their thirties and forties, with a proportion of 63%. Most of them joined our Group after graduation and grew into their current positions. The third major group are those aged over 50, making up 26% of the total. Most of them work in senior positions in the company with years of experience. Employees under 30 occupies 12% of the total, which is 5% less than the percentage in 2018.

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 twenty nine percent of total. Most of them are our product engineers and other professionals in different fields of Finance, Accounting, Sales and Marketing. 69 percent of our workforce is very skilled at the technical aspects, including Electric Welding, Bending, Painting etc.





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.

To meet the daily operations, we recruited 51 new staff in 2019. 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 are around 3-4 percent, whereas rate of turnover for male is 13%, which is 6 percentage points higher than female employees.

In 2019, 22% of our employees at our Shanghai HQ 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.



Male



Female

Board members	71%	29%
Senior Management	75%	25%
China Workforce	78%	22%

**Number (and Rate) of
New Hires and Turnover,
by Gender**

New Hires	3%	4%
Turnover	13%	7%

MATERIAL ESG FACTORS - PEOPLE



Occupational Health and Safety

<403-1&5 , 8-10>

Dutech cares for our people and their health and safety are of paramount importance. 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 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 conducts inspections from time to time.

	FY2019
Environmental Legal Non-Compliance	0
Work-related Injury Incidents	1
Work-related Fatal Incidents	0
Occupational Disease	0

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 organisation are of sterling standards.

In 2019, there were zero case of work-related fatal incidents within the Group and only one work-related injury was reported in the China region.

There were no reported case of occupational disease during 2019. The Group provides regular medical check and personal protective equipment when deemed necessary when undertaking specific jobs or tasks.

MATERIAL ESG FACTORS - PEOPLE



Training and Education

< 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 employees' performance semiannually. On top of these performance reviews, they draw up separate training plans for our workers, administrative staff and young professionals every year.

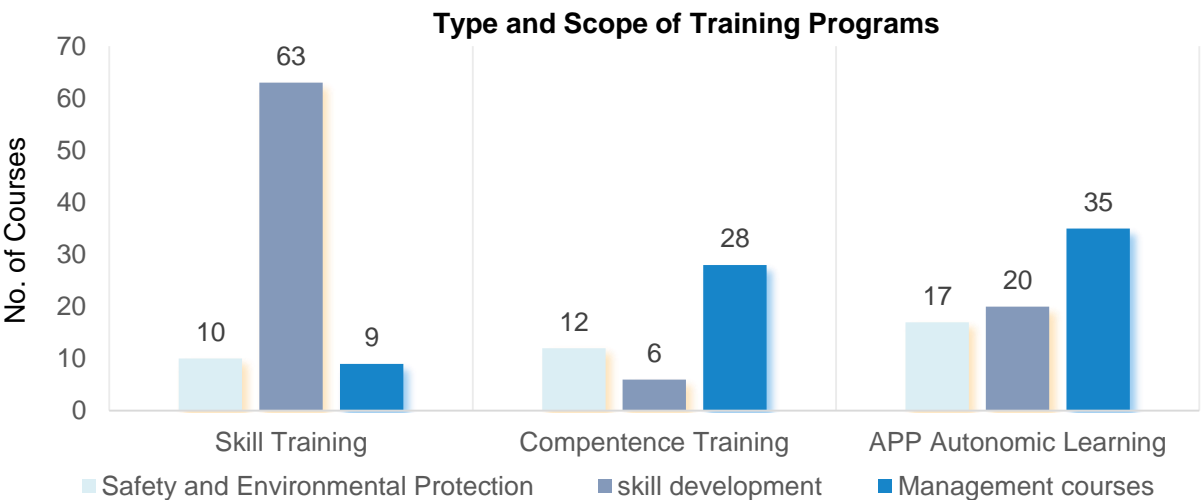
Additionally, we focused on mobilising our talent pool through multiple interactions with subsidiaries all over the world. We are planning regular study and business visits for our people, sending them to our different subsidiaries to deepen the understanding of our group and exchange professional ideas and experience.

Training Focus for 2019:

- I. **Online training courses:** 56 courses, 1,286 lessons.
- II. **Improve the effectiveness of training:** Organise sharing and evaluation of training reviews, and focus on the output of training results.
- III. **Strengthen skill training:** Arrange production time, organise the skill training for front-line workers, and create Skills Promotion Training Subsidies.

We also encourage our people to make use of their spare time to upgrade the skills and knowledge in professionals and offer financial incentives for them to obtain recognised qualifications. The company also provides sabbatical periods with guaranteed return to employment. At Nantong plants, we founded 'Tristar Library' with more than 600 books, journals and periodicals available for employees to use, and offered some internal training courses.

We invested in various workplace and competency training, mainly focusing on skill development and health, safety and environment. All trainings in 2019 cost RMB1.3 million. 90% of our staff received training during the year.



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 have five plants in Nantong, Jiangsu Province, China. In 2019, we employed approximately 1,317 workers and 87 administrative staff and middle management. All of them were hired locally.

For senior management, 98% of them are hired from the local community.

Procurement Practice

<204-1>

To regulate the procurement behaviour and implement the procurement process, we updated the procurement control procedures by classifying materials, increasing local procurement and raising new suppliers' access threshold.

Localisation of procurement was the focus for 2019. Dutech has changed its china regional procurement strategy, shifting from global sourcing to local sourcing. We spent RMB 265million (accounting for approximately 57% of annual purchases) procuring from the Yangtze River Delta region where most of our manufacturing bases are located.

Localisation helped Dutech saved RMB 3.4 million in material purchase in 2019. By supporting local suppliers, Dutech can also indirectly attract additional investment to the local economy. 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, we are cognizant of the need to maintain good relations with the local community. We are well connected with the local tax authorities, local universities, research institutes and non-profit organisations, such as Red Cross and Disabled Association.

	2016	2017	2018	2019
Financial Contributions (in RMB'000)	285	445	605	620
Blood Donation (in Person)	72	78	96	107
Fellowship (in Person)	10	10	10	10

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