



英達公路再生科技(集團)有限公司

Freetech Road Recycling Technology (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 6888

Environmental, Social and Governance Report

環境、社會及管治報告

2017



公路醫生®

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ABOUT THIS REPORT

PURPOSE OF THE REPORT

The purpose of the 2017 environmental, social and governance report (the "Report") of Freetech Road Recycling Technology (Holdings) Limited (the "Company") and its subsidiaries (the "Group", or "Freetech Group") reflects our commitment in transparency and accountability in elaborating on the Company's sustainable development plan and performance.

REPORTING SCOPE

The Report sets out the Group's environmental and social performance for the year 2017 ("the year"). The scope covers the core business of the Group (including the Company and its major subsidiaries, Freetech Road Recycling Corporation and Nanjing Freetech Road Maintenance Vehicle Manufacturing Corporation), namely asphalt pavement maintenance equipment manufacturing and asphalt pavement maintenance service.

The Report outlines the Group's environmental and social protection performance, while other areas include corporate governance, regulatory matters, directors' information and other information of the Group are set out in the Group's 2017 annual report.

REPORTING DATA DESCRIPTION

The contents of the Report are based on a set of systematic procedures. The procedures include assessing the importance and relevance of identified environmental and social areas, compiling and verifying the reported information, reviewing and responding the views of the stakeholders on the Report. Unless otherwise stated, the financial figures in this report are in Hong Kong dollars.

REPORT PREPARATION PRINCIPLES AND IMPLEMENTATION

The Report was prepared in accordance with the "comply or explain" provisions of Environmental, Social and Governance Reporting Guide, under Appendix 27 of the Rules Governing the Listing of Securities ("Listing Rules") on the Main Board of The Stock Exchange of Hong Kong Limited. The Group has complied with requirement for corporate governance in accordance with Appendix 14 of the Listing Rules. For details, please refer to the Group's 2017 annual report.

The Company has formed the Environmental, Social and Governance report team to optimize and implement the relevant measures, as well as collect and analyse the environmental and social impact of the Company's operations. The report team is coordinated by the finance department of Hong Kong headquarters and its members include the human resources department, sales department, equipment business department, production department, project management department and administration department of Hong Kong and subsidiaries in the People's Republic of China.

STAKEHOLDERS ENGAGEMENT

We value the participation of the stakeholders and understand that the stakeholders have different expectations on our sustainable development. Therefore, we use different communication channels to maintain effective communication and establish long-term relationships with the stakeholders. The stakeholders engagement provides insights on the materiality of the environmental, social and governance issues. When developing business strategies, we will consider these factors to improve the transparency of the Group and the confidence of the stakeholders on the sustainable development of the Group.

Stakeholders	Communication Channels	Concerns
Shareholders/Investors	Annual General Meetings and Extraordinary General Meetings	Financial performance
	Annual reports, interim reports and announcements	Company's business development
	Direct communication	Company's significant matters
	Company website	Sustainable development matters
Government	Direct communication (including teleconference calls and face-to-face meetings)	Implement government policies accordingly Participate in local development and construction Business integrity Social responsibilities to be borne by the enterprise
Community	Participate in community environmental protection activities and charity activities	Environmental protection and public welfare matters, such as Green Office Awards Labelling Scheme and scholarship schemes
Suppliers	Direct communication and feedbacks	Product quality management
Employees and technical team	President open days	Working requirements of the employees and the Company's development
	Training Courses	Safety and health
	Work-life balance activities	Recreational activities
	Periodic performance assessment	Employee welfare and benefits, and sustainable development strategies
Customers	Direct communication: letters, telephone calls, emails and interviews etc.	Customer experience and feedback

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MAIN CATEGORY:

A. Environmental

The Group has always focused on environmental protection and sustainable development strategies, and reduce waste disposal and waste gas emissions in all types of Hot-in-Place recycling asphalt pavement maintenance projects, as other measures to fight against global warming. We ensure that the maintenance process in compliance with the relevant environmental laws and regulations through continuously keep up-to-date on the relevant laws and regulations. Using the Hot-in-Place recycling technology not only has the advantages of saving the energy, reducing the waste, minimizing various types of pollution, such as noise pollution, but also promotes the recycling of materials and save the city construction funds for the local governments.

Compared with the traditional method which will produce a lot of dust and cause noise pollution, the Group's Hot-in-Place recycling technology is able to substantially reduce dust and noise pollution during the road construction.

The followings are the comparative advantages of the Hot-in-Place recycling technology over the traditional technology in terms of impacts on the environment:

Hot-in-Place recycling technology	
Energy consumption saving	40%
Waste disposal reduced	100%
Dust emission reduced	96%
Carbon dioxide emission reduced	44%
Sulphur dioxide emission reduced	83%
Nitrogen oxides emission reduced	51%

Source: CCID, PRC industry standard for Technical Specifications for Maintenance of Highways Asphalt Pavement, sinoasphalt.com, 2013



Aspect A1: Emissions: relating to exhaust emissions and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

- (a) The Company has developed various internal policies to effectively manage the emissions, including: "Identification and Evaluation Procedures for Environmental Factors", "Environmental Operation Control Procedures" and "List of Important Environmental Factors". Various internal policies enable the Company to identify, evaluate, and manage environmental factors that affect the environment in production and business activities. From the beginning of environmental assessment, each department has explicitly identified the relevant regulations, identifies and performs rating evaluation on the different types of polluted waste. Finally, the Company proposes a comprehensive management program. During the business operation process, in order to reduce the environmental pollution of solid waste and control the solid waste, the Company also has developed "Solid Waste Management System". The Company obtained the "Environmental Management System Certificate ISO14001" in 2014 and 2017 (valid until November 2020).



- (b) The Group has complied with the relevant national laws and regulations during the year.

Aspect A2: Use of Resources — Efficient use of resources (including energy, water and other raw materials)

The Company has developed "Office Supplies and Other Non-production Materials Management System" to effectively use of office supplies.

The Company adopts the following measures to make effective use of production resources:

1. Stick a water-saving label to each water tap to remind our employees to save water;
2. Turn off the office equipment, such as computers, lighting systems, photocopiers, air-conditioners, etc., at the end of a working day;
3. Save the use of paper (such as double-sided printing) and packaging materials, to avoid unnecessary wastage;
4. Submit meal order applications and car booking applications through WeChat in order to reduce paper consumption;
5. Conduct water pipe inspection, and if leakage is found, immediately perform maintenance to avoid waste of water resources;

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6. Avoid unnecessary use of liquefied petroleum gas and diesel by requiring the construction department to start up the modular series equipment 15 minutes before the commencement of maintenance work;
7. Avoid unnecessary use of asphalt aggregate material by arranging our construction department to check and examine the appropriate amount of asphalt aggregate material to be used to meet the road conditions and customer requirements, and avoid to add too thick asphalt aggregate material;
8. Recycle the scrap metal through the Group's steel plate site which has a scrap storage area, those steel plate with less than 0.04 square meters identified as waste materials will be recycled by the waste recycling factory.
9. Recycle production materials, such as gasoline, paint accessories (solvent oil), disc sandpaper, etc.

Aspect A3: The Environment and Natural Resources

The Company has taken the following measures to reduce the significant impact on the environment and natural resources:

1. Collect the waste batteries and return to the manufacturers by way of trade-in;
2. Protect greenery along road side before commencement of work to avoid damage to green plants;
3. Enter into contracts with recycling units to recycle waste metals and plastics on a regular basis;
4. Enter into contracts with qualified units to centrally manage and dispose of industrial dangerous waste such as waste oil and waste oil cotton yarn;
5. Regularly inspect the environment of the production plant in accordance with the requirements of the environmental management system of the Group and rectify any problem found in a timely manner;
6. Install durable and impervious flooring on the workshop ground, and install epoxy impervious flooring in hazardous waste storage room to prevent certain pollutants from contaminate soil and groundwater sources;
7. Renovate the grinding workshops in the plant, install filtration devices to reduce dust emission.

B. Social

Aspect B1: Employment

The success of the business depends on a professional, energetic, responsible and enthusiastic team. We advocate people-oriented, attract, train and retain talents to drive the continuous growth of the business, where the employees can unleash their own advantages, and facilitate their working enthusiasm. The Company has formulated various internal employment policies according to the relevant laws and regulations, including: "Salary Management System", "Recruitment Management System", "Employee Promotion Management System", "Attendance Management System", "Performance Management System", "Employee Welfare System", "Lunch Subsidy Standard Adjustment Notice", "Employee Care Fund Management System" and "Employee Behavior Requirement and Assessment Methods". These policies enable us to be more standardized when recruiting new candidates.

During the year, the Group did not violate the relevant laws and regulations.



Aspect B2: Health and Safety

The Company is concerned about the safety and health of the employees. According to the relevant laws and regulations, it clearly states that it is the Company's responsibilities on labour protection such as occupational health and safety of the employees. Therefore, the Company has formulated various internal health and safety policies for the employees, including "Hazard Identification, Risk Assessment and Renewal Control Procedures" and "Occupational Health and Safety Operation Control Procedures". In order to protect the safety and health of the employees during the process of production, operation and services, and properly equip and use the labour protection supplies, the Company has formulated and implemented the "Labour Protection and Labour Protection Supplies Management Procedures". Our Equipment Maintenance and Application Training Center is responsible for the identification of safety factors during the production process and use the safety factors to develop control management program and related systems. The Human Resources Department is responsible for labour hygiene

and the centralized management of the employee's occupational health. The Administration Department is responsible for the implementation of occupational health examination work. The Raw Material Supply Department is responsible for the procurement, custody, the release of labour protection supplies. Each department is responsible for their employees' safety during production activities and the implementation of relevant systems and management measures. The Company also obtained the "Occupational Health and Safety Management System Certificate OHSAS18001" in 2014 and 2017 (valid until November 2020).

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During the year, in order to enable employees to get a balance between work and life, the following activities were held:

- 2017 Fun Sports Day;
- 2017 Lunar New Year Dinner;
- Tug of War event.



Aspect B3: Development and Training

For the employee personnel development on different type of positions, the Company has developed a set of complete training and development program. The Company also has a relevant training program to upgrade all levels of talents. Different types of training activities are arranged every year. The following is a brief introduction of the training activities for the year:

1. *Equipment manufacturing*
 - Every year in June, the Company holds "Safety Production Month" activity (including conduct fire drill and position responsibility system safety training);
 - Perform regular check on the fire fighting equipment in the production plant;
 - Invite the manufacturer to organize safety operation training for the workers before the use of special production equipment;
 - Workshop workers are required to obtain Level 3 safety education as prescribed by the State Administration of Work Safety before the new employees' enrollment;
 - Hold "Safety Production Method" interpretation training; and
 - Arrange safety management manager and safety management staff to attend external trainings on a regular basis and to obtain relevant qualifications.
2. *Construction*
 - Organize a large-scale safety production training every year;
 - Conduct a safety emergency drill at the plant;
 - Conduct a safety training for all construction personnel before commencement of construction project;
 - Send a designated personnel to the site for safety checks during construction process;
 - Every quarter, each construction project team are required to watch safety education video; and
 - In March 2017, experts were invited to provide quality, environmental and occupational health and safety training for the Group's internal auditors.

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3. Management training

- 2017 Management Seminar was held on 3rd to 6th March 2017. Through different activities and interactive method, these enable the employees at or above the manager level to train and develop their soft skills, such as leadership and problem-solving skills. These also enable the employees to understand the latest developments of the Company and increase cohesion and tacit understanding among teams and departments.



Aspect B4: Labour Standards

The Company respects and has complied with international human rights principles, such as the United Nations' "Universal Declaration of Human Rights" and the convention of International Labour Organization (ILO); adheres to the policy of not to hire child labour or forced labour. The Company has also strictly complied with the "Prohibition of Using Child Labour Provision", and will not hire minority which is under 16 years old. The Company strictly complies with the "Labour Contract Law of the People's Republic of China" when hiring employees. The Company will negotiate with the employees in relation to the terms of the labour contract, including working environment, working hours and wages.

The Company strictly abides with the relevant laws and regulations, and has never hired child labour or forced labour.

Aspect B5: Supply Chain Management

The Company has formulated various internal supply chain management policies including "Procurement Control Procedures". According to ISO9001: 2008 "Quality Management System Requirements", the Company established and implemented the quality management system, developed a "Supplier Selection and Control Procedures" and request control requirements on the environmental and safety impact of the products or services provided by the suppliers and inform the suppliers in the form of "Notification to the Relevant Party".

Aspect B6: Product Liability

The Company has formulated a variety of internal related product liability policies including "Non-qualified Product Control Procedures", "Customer Service Control Procedures", "Standardized Construction Control Procedures", "Inspection, Test and Acceptance Control Procedures", "Quality, Environmental Safety Inspection Supervision and Management Procedures" and "Process and Finished Product Inspection Control Procedures". Regarding product safety policies, the Company has developed the "Design and Development Control Procedures" according to the quality management system standards. The environmental factors, occupational health and safety risks caused during the consumption or production of products are the important factors to consider in the product development, and require to be assessed in order to ensure product safety performance and environmental protection performance are complied with the requirement of the laws and regulations. In regarding to the customers protection, the information of the users should not be disclosed to any person or entity, unless being required to report to the defective vehicle product recall management information platform of the State Quality Supervision Bureau. The Company has obtained the "Quality Management System Certificate ISO9001" in 2014 and 2017 (valid until November 2020).



Aspect B7: Anti-corruption

The Company's policies has strictly complied with all applicable laws and regulations, including anti-corruption laws. The Company does not have a stand alone anti-corruption policy but has a supervision system on violation of laws, regulations and cultural values. The Company has formulated relevant anti-corruption policies in the "Employee Code of Conduct and Assessment Measures" to formulate codes of conduct and provides relevant training for the employee; defines the scope of corruption activities, formulates the prevention and control measures and establishes reporting procedures for reporting on corruption and bribery activities.

During the year, the Company has been complying with anti-corruption laws and regulations. The Company has not found any investigation or conviction by a regulatory body against the directors, employees or distributors of the Company in violation of the relevant provisions or improper payments.

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Aspect B8: Community Investment

The Company does not have a stand alone community investment policy but has the courage to take social responsibility and actively participate in various social welfare activities. Over the years, we have actively supported training of students from various universities and technical colleges. The following table is the scholarship provided by the Group:

Summary of scholarship made for the year ended 31 December 2017

Name of university/school	Scholarship	Amount (HK\$)
Chang'an University	Scholarship	173,595
Tongji University	Scholarship	34,719
Nanjing Vocational Institute of Transport Technology	Freotech Class Scholarship	23,146

Summary of donation made for the year ended 31 December 2017

Name of university	Purpose of the Donation	Amount (HK\$)
The City University of Hong Kong	UNPPP Forum Sponsorship	160,000
The Hong Kong Polytechnic University	University Racing Formula SAE Team	100,000
The Hong Kong Polytechnic University	Bursary Scheme	80,000

In addition, the Company also supported Hong Kong's non-governmental organization "World Green Organization" and participated in the Green Office Award Labelling Scheme and Eco-healthy Workplace Awards Labelling Scheme, passed the relevant review and was awarded the "Green Office and Eco-Healthy Workplace" labels, and made contribution to environmental protection and establishment of healthy workplace.



PERFORMANCE TABLE

Indicator	Unit	2017	2016
Gaseous Emissions			
— Nitrogen oxides (NOx)	kg	295.87	208.28
— Sulphur oxides (SOx)	kg	1.47	1.04
Greenhouse Gas Emissions			
Total	CO ₂ e (tonnes)	6,645.79	4,877.48
— Scope 1:direct emissions	CO ₂ e (tonnes)	6,178.07	4,445.92
— Scope 2:indirect emissions	CO ₂ e (tonnes)	467.72	431.56
GHG emissions intensity			
— by revenue	CO ₂ e (tonnes)/ HK\$'M revenue	13.98	9.84
Hazardous Waste			
Total	tonnes	2.85	6.18
Hazardous Waste Intensity			
— by revenue	tonnes/ HK\$'M revenue	0.006	0.01
Non-hazardous Waste			
— Metal	tonnes	8.09	12.39
Energy Usage			
— Electricity	kWh	707,019.16	631,073.17
Energy Intensity			
— by revenue	kWh ('000)/ HK\$'M revenue	1.49	1.27
Water Consumed			
Total	m ³	18,131.51	19,276.83
Water Consumed Intensity			
— by number of employees	m ³ /number of employees	49.95	49.55

PERFORMANCE

Indicator	Unit	2017		2016	
Total Workforce and Turnover Rate		Workforce	Turnover Rate	Workforce	Turnover Rate
Total	no. of people/%	363	20.52	389	16.08
By gender					
— male	no. of people/%	303	21.50	111 (restated: 325)	14.23 (restated: –)
— female	no. of people/%	60	15.38	278 (restated: 64)	16.80 (restated: 1.57)
By employment position					
— Senior management	no. of people/%	14	–	14	6.90
— Managers	no. of people/%	31	9.23	32	6.06
— Frontline and general staff	no. of people/%	318	22.35	343	17.31
By age group					
— 20 – 30	no. of people/%	67	43.27	74	22.75
— 30 – 40	no. of people/%	136	24.52	152	20.65
— 40 – 50	no. of people/%	109	4.48	109	8.77
— 50 – 60	no. of people/%	42	6.90	45	8.51
— 60 – 70	no. of people/%	7	–	7	–
— 71 or above	no. of people/%	2	–	2	–
By location					
— Hong Kong	no. of people/%	22	–	22	8.70
— Nanjing	no. of people/%	341	21.70	367	16.50
Employees trained					
By gender					
— male	Hours/no. of people	7.14		14.95	
— female	Hours/no. of people	11.40		1.71	
By employment position					
— Senior management	Hours/no. of people	1.71		1.71	
— Managers	Hours/no. of people	14.19		9.88	
— Frontline and general staff	Hours/no. of people	7.49		5.24	
Total Training Hours					
By gender					
— male	Hours	2,162		1,660	
— female	Hours	684		476	
By employment position					
— Senior management	Hours	24		24	
— Managers	Hours	440		316	
— Frontline and general staff	Hours	2,382		1,796	



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