



INTRON TECHNOLOGY
HOLDINGS LIMITED

英恒科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1760

2018

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

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1. ABOUT THIS REPORT

Intron Technology Holdings Limited (the “Company”) and its subsidiaries (“Intron Technology”, the “Group”, “we” or “us”) is a fast-growing automotive electronics solutions provider in China and focuses on providing solutions targeting critical automotive electronic components applied in new energy, body control, safety and powertrain systems. We are pleased to publish our first environmental, social and governance report (the “Report” or the “ESG Report”), which summarizes the Group’s principles and philosophy in performing sustainability and corporate social responsibilities in environmental and social senses. Further, by such means, the Group intends to engage in sound communication connection with stakeholders and share the visions and commitments.

Basis of Preparation

This Report has been prepared in accordance with the Appendix 27 – the Environmental, Social and Governance Reporting Guide (the “Guide”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the covered scopes and contents are in compliance with the disclosure obligations under the “Comply or Explain” provision in the Guide. For a quick reference, readers may refer to the last section of this Report – “Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index”. For detailed information on corporate governance of the Group, please refer to the Corporate Governance Report in the annual report published for this year and the official website of the Group (www.intron-tech.com).

Reporting Period and Scope

The contents of this Report focus on the core businesses of Intron Technology during the period from 1 January 2018 to 31 December 2018 (the “Reporting Period” or the “Year”). Environmental key performance indicators (“KPIs”) of Shanghai, Guangzhou, Beijing and Hong Kong offices have been collected to demonstrate the Group’s overall performance with quantitative data.

Language Used

This Report has been published in both English and Traditional Chinese. In case of discrepancies, the Traditional Chinese version shall prevail.

Contact

We care a lot about your views of this Report. For any enquiries or suggestions, please send your email to ir.intron-tech.com.

2. ABOUT THE GROUP

Since its establishment, Intron Technology has always been devoted to providing solutions for automotive body control, safety and powertrain as well as technology development businesses, serving customers under the notion of “Elite Perpetual” 「匯聚精英 · 共創永恒」.

The operating environment was full of challenges. The automotive sales volume in the PRC recorded decline starting from the second half of 2018, reversing its earlier uptrend, and the annual automotive sales volume retrogressed for the first time since 1990. In spite of this, the Group’s own competitive advantage brought its total revenue up by 37% year-on-year to RMB2 billion, mainly driven by the new energy vehicle segment which grew substantially in sales revenue by 102%. Highly regarded among industry peers, the Group became one of the major automotive electronics industry service platforms, consolidating its leading position in the automotive electronics industry in the PRC.

Going forward, Intron Technology will continue to adhere to a spirit of ongoing innovation, striving to provide the best engineering technology services in the industry, cover the all-industry-chain demand, drive the rapid and robust development of the automotive electronics industry of the PRC, and contribute to a better future.

Goals and Directions

Looking ahead, the Group’s priority will continue to focus on its research and development (“R&D”). We will closely monitor the latest market trends and continue to develop our core technologies, to maintain our competitive advantages and better embrace future market opportunities. Furthermore, the Group will actively look for acquisition and strategic alliances opportunities to further strengthen its business foundation and extend its business presence. With the aim of gaining dominant market share and driving the Group’s long-term business growth, the Group ultimately, is devoted to provide satisfactory returns to the shareholders of the Company (the “Shareholders”).

In addition, we make full use of the platform provided in this Report to disclose our non-financial performance so as to increase transparency. Via industry analysis, we probe the risks facing us in environmental and social aspects, and the measures and policies for mitigating our operational risks.

3. SUSTAINABLE DEVELOPMENT STRATEGY

Beyond striving to enhance its financial performance and expanding its business, Intron Technology also operates its business based on the principle of minimizing environmental impact and contributing to society, in discharge of the responsibility of corporate citizen and the sustainable development of its business operations. The Group is actively developing business in new energy, energy saving and emissions reduction, to contribute to the environment. In social aspect, we forge close collaboration and good strategic cooperation relationship with our employees, suppliers and customers, to lead our development and uplift our competitiveness in the industry with an ongoing innovative service models. The Group's successful listing on the Main Board of the Hong Kong Stock Exchange in 2018 to access the international capital market opened up a new chapter for our business development.

Stakeholder Engagement

Acknowledging that the participation of stakeholders will influence the business development of the Group in a positive way, Intron Technology also builds up long-term connection and mutual trusts with different stakeholders. In the course of communication, the Group will be able to improve its efforts in performing corporate social responsibilities in a timely manner, and in turn gain the further recognition and acknowledgement from different parties.

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During the Reporting Period, we have identified eight major stakeholders, including customers, employees, shareholders and investors, suppliers, business partners/industry peers, the mass media, regulatory authorities and communities/non-governmental agencies. We remain open and proactive to listening to their expectations and requests:

Major Stakeholders	Expectations and concerns	Channels of communication
Customers	<ul style="list-style-type: none"> To provide high-quality automotive solutions and services To uplift customer satisfaction 	Customer service centres, activities for uplifting customer loyalty, visits by customer relationship managers, daily operation/exchanges, phone calls and email communications
Employees	<ul style="list-style-type: none"> Compensation to and interests of employees Career development Healthy and safe working environment 	Survey on employees' views, channels for employees to express their views (forms, suggestion boxes etc.), work performance appraisal, group discussions, conference meeting, interviews on work performance, presentation on business operations, seminars/workshops/talks, publications (e.g. staff newsletters) and staff meeting for communication
Shareholders/ Investors	<ul style="list-style-type: none"> Compliance operations Returns on investments 	Annual general meeting and other general meetings, interim reports and annual reports, corporate communications, such as letters to shareholders/circulars and notice of meetings, results announcements, meetings of senior management and interviews
Suppliers	<ul style="list-style-type: none"> To build a stable and long-term working relation Selection criteria 	Supplier management procedures, meetings, suppliers/contractors appraisal system and on-site inspection
Business partners/Industry peers	<ul style="list-style-type: none"> Collaborative projects Development of the Group 	Meetings, visits, talks and group notices
Mass media	<ul style="list-style-type: none"> Highlights of the Group 	Press conferences, press releases, interviews of senior management, results announcement and gathering with mass media
Regulatory authorities	<ul style="list-style-type: none"> To maintain financial stability To monitor the conditions and operations of the industry 	Written responses to public consultation and compliance reports

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Through a multitude of channels for communication, the Group has identified the key environmental and social issues of its businesses and determined on the four scopes to be covered under this ESG Report, including “Responsibilities to its Brand”, “Responsibilities to the Employees”, “Responsibilities to the Environment” and “Responsibilities to Society”. The Group’s performance in sustainable development during the Year has also been analyzed in response to their opinions and expectations.



4. RESPONSIBILITIES TO ITS BRAND

The Group spares no efforts in protecting major assets and in compliance governance. With the vision of “To foster the development of automotive industry in China with cutting-edge technology capability and exceptional service offering” 「以先進技術與卓越服務，助力中國汽車產業發展」, the Group has built a positive brand image while leading the development of the industry. Intron Technology operates in compliance with product responsibility, including the health and safety of products and services, advertising, labeling and privacy.

4.1 Protecting Intellectual Property Rights

The Group's business competitiveness depends on the adequacy of protection of intellectual property rights. In defending for intellectual property rights, it is also possible for the Group to initiate lawsuits. We try to avoid infringing intellectual property rights of others. At the same time, we also strive to protect the research results of ours to avoid material adverse impacts on our business, financial positions and operating results. Strictly complying with and refraining from violating the Copyrights Law of the People's Republic of China, the Group regularly reviews the websites of competitors and discusses with customers and suppliers. In addition, the Group strives to build working relations with third parties and make good use of our and their respective strengths to further optimize the products and services offered by the Group. Meanwhile, the Group enters into confidentiality agreements with collaboration partners in order to safeguard our strengths in the industry.

Patents

R&D has always been a key component of the Group's business model. During the Year, R&D centres in Beijing, Changchun, Wuhan and Hangzhou were established, while expansion project was underway for the R&D centre in Nanjing, signifying important step towards multi-location R&D facilities. In strict compliance with the Patent Law of the People's Republic of China and the Rules of Implementation of the Patent Law of the People's Republic of China, the Group reaped fruitful results by investing sufficient resources and under the guidance of a professional technology R&D team. Despite the long timespan and costs required before securing patent protection, we seek to apply for patents for our products so that we can protect the Group's interests and the authenticity of our products, and also endorse their efforts in research and development. During the Reporting Period, the Group secured 49 patents and 89 software copyrights, which was very encouraging.

4.2 Protecting Customers' Privacy

Customers' design plans, personal data and financial information are our precious assets. A well-secured and effective information safety system can minimize the operational risks of the Group. In compliance with the Regulations on Protecting Computer Information System Security of the People's Republic of China, the Rules for Administration of Licences for Conducting Inspection and Sales of Products Dedicated to Computer Information System Security, and the Opinions of the Informatization Leadership Group of the PRC on Enhancing Information Security, the Group has formulated its own "Rules for Administration of IT Information Security" (《IT信息安全管理規範》) and "Rules for Administration of IT System Operation and Maintenance" (《IT系統運維管理規範》), and adopted a series of measures to enhance system security, prevent internet virus attack and intrusion and the resulting losses, including the following:

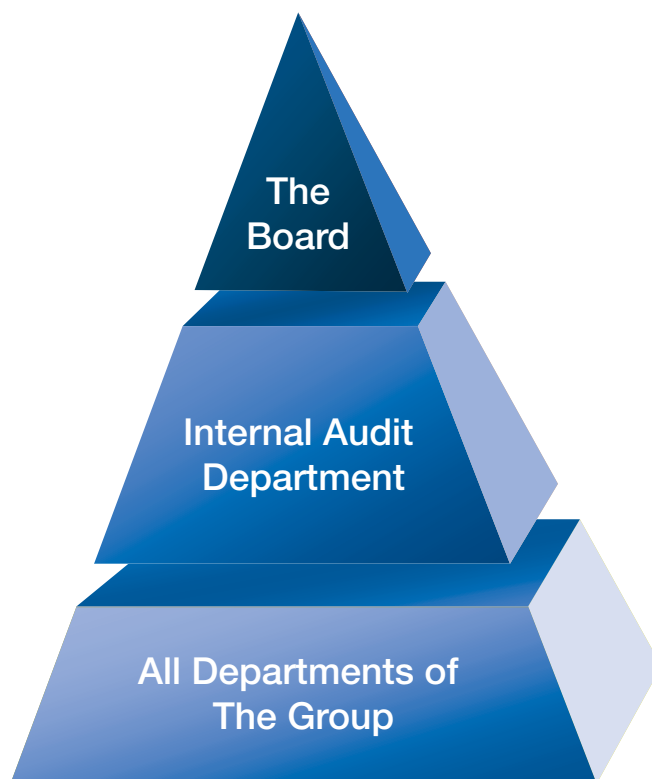
- Visitors are required to pass code-scanning certification before accessing the Group's network, and such access is limited to specified time periods;
- Encrypted and protected contents of documents can only be used or copied on specified computer devices. If opened in different computer devices, the contents will be encrypted for protection;
- System checks and backups are conducted on a quarterly basis;
- Full backups and accreted backups are conducted on a weekly basis. Information involving the Finance Department is handled separately by system administrators at month end; and
- Customer information is collected and used in a lawful manner. The access modes and rights in respect of customer information are set out in contracts.

4.3 Compliance Responsibilities and Governance

The Group engages an independent department to monitor the effectiveness of the risk management and internal control system. The Board also formulates its action plan in due course to further enhance its ability to manage its major risks.

Risk management

To ensure the effective planning and implementation of the internal control system, the Group has put in place the “Measures on Risk Management and Internal Control System” (《風險管理內部控制辦法》). The Group’s different departments take up their respective roles and responsibilities to mitigate operating risks. The Group also regularly updates its management system based on the factors such as the operating environment, laws and regulations, and feedbacks from those departments.



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DEPARTMENTS	RESPONSIBILITIES
The Board	<ul style="list-style-type: none">• Consider and approve the major approach, policies and overall arrangement for risk management• Determine the overall goals and principles for risk and internal control• Supervise and nurture the idea and culture of internal control management• Make decision on whether to investigate and pursue the responsibility issue regarding significant risk events• Consider and approve matters regarding risk and internal control
Internal audit department	<ul style="list-style-type: none">• Design and implement the risk management system• Work out risk assessment methods• Organize and conduct risk assessment, and formulate, regularly maintain and update the risk database• Give instructions to prepare and review the risk management documents
All departments of the Group	<ul style="list-style-type: none">• Complete, audit and confirm the risk management assessment relating to the operation processes• Monitor, collect, analyze and give feedbacks on the issues existed in the risk management on a timely basis• Cooperate with the audit department in the inspection of the effectiveness of the regular risk management test• Cooperate with the audit department in the internal investigation on non-compliance

Anti-corruption management

The Group adopts a zero tolerance attitude towards bribery, fraud, corruption, fraud and money laundering and implements the “Anti-corruption Policy” (《反舞弊政策》) pursuant to the Law of the People’s Republic of China on Anti-money Laundering and the Criminal Law of the People’s Republic of China. The management is responsible for the investigation of misconduct committed by employees, such as corruption, misappropriation of funds and leakage or use of inside information to obtain personal benefits. Employees are prohibited from having unusual economic interests with our service targets or using his/her position and powers in our company to seek personal gain. In case of any misconduct, the relevant department will obtain authorization to conduct detailed investigation and strict punishment.

Means of whistle-blowing

The Group's management and audit committee are responsible for receiving complaints in relation to accounting and audit and handling such complaints in accordance with the "Whistleblowing Procedures via Whistleblowing Hotline" (《熱線舉報舉報程序》). Whistleblowers may make public, secret or anonymous reporting through confidential channels including letters, emails or phone calls, and we will keep whistleblowers' personal information confidential. The management or the audit committee will conduct an independent investigation on each case, and will engage an external auditor, legal adviser or other experts to assist in the investigation and result analysis. During the Reporting Period, the Group was not involved in any cases relating to corruption litigation, fully reflecting the effectiveness of our anti-corruption efforts.

4.4 Tender and Procurement Management

The Group highly regards its long-term stable relationship with our suppliers. During the Year, the Group cooperated with 263 major suppliers for procuring products and services such as parts and components, EMS services, structural components and tools.

As the goods provided by our suppliers directly affect our products and services, we have put in place a strict system to select suppliers, which can effectively strengthen our supplier management and ensure that products and services provided by them meet the Group's requirements. We strictly follow the "Control Procedures of Supplier Management" (《供應商管理控制程序》), which contains flow charts clearly setting out the procedures for assessing and selecting suppliers. Criteria for selecting suppliers include compliance, meeting the Group's expectation and provision of the most environmentally-friendly products and services. Suppliers are also required to submit supporting documents in accordance with the "Supplier Information Submission Matrix" (《供應商資料提交矩陣表》) as stated in the procedures. The procurement department regularly conducts investigation on quality, services, technologies and costs, and rates suppliers based on the monthly/annual overall scores. Such ratings will be an important basis for the Group in selecting our cooperation partners. If the products are below standard or the services, pricing or lead time offered by suppliers are not satisfactory, we will further follow up and monitor, and request suppliers to make rectification plan in a timely manner.

4.5 Established Relationship With Customers

The Group focuses on selected businesses and highly regards reputation and customer recognition. We provide customers with professional and high-quality products and services pursuant to the Law of the People's Republic of China on the Inspection of Import and Export Commodities. Sales personnel pay regular visits to our clients to identify improvements on products and services. Technical and procurement personnel pay regular visits to our major clients to understand and provide tailor-made services to meet their needs. In case of complaints from customers, the Group will promptly handle and conduct independent investigation. Going forward, the Group plans to set up a mailbox for receiving complaints on the Company's website, which will effectively consolidate customers' opinions and analyze the reasons behind. The mailbox will serve as a bridge between us and our customers, which allows us to respond and solve such issues in a prompt and timely manner, with a view to increasing the flexibility and efficiency of our working mode and method. During the Year, the Group did not receive any complaints in relation to our products and services. Looking ahead to the next year, we will work towards zero complaints to increase customers' confidence in our operations.

Furthermore, the Group will pay close attention to the compliance of our service plans and market information disclosed with the relevant laws and regulations, such as the Advertising Law of the People's Republic of China and the Consumer Protection Law. Deceiving customers with false and misleading information is strictly prohibited.

5. RESPONSIBILITIES TO THE EMPLOYEES

Intron Technology fully recognizes the people-oriented spirit and highly regards talents as the Group's most important assets. We provide a platform for our employees to unleash their potentials, while establish a professional team through recruitment, labor standards, benefits package, health and safety, and training and development, in order to create values for the Company, customers, cooperation partners and society.

The Group's operations in mainland China strictly comply with the Labor Law, the Labor Contract Law, the Law on the Protection of Minors, and the Provisions on the Prohibition of Using Child Labor of the People's Republic of China. Our operations in the Hong Kong Special Administrative Region comply with the Employment Ordinance and the Employment of Children Regulations. We compiled the "Staff Handbook" (《員工手冊》), setting out our human resources policies such as employment regulations, code of conduct, and remuneration package, with a view to strengthening protection for our employees with the most streamlined internal management system and processes and allowing them to grow with the Group. We have no violation to laws and regulations on employment and labor standards during the Year.

5.1 Employment Practices

At the beginning of each year, the Group convenes a meeting with the human resources department and the employing departments to consolidate the number of existing employees of all departments and determine the headcount for the coming year in a systematic manner, which will serve as the basis for drafting and approving the “Annual Workforce Planning” (《年度人員需求計劃表》). We uphold the principle of fairness and impartiality in recruitment and hire employees on their merit pursuant to the “Administrative Regulations on Employee Recruitment” (《員工招聘錄用管理規定》). Candidates must go through interview, screening and selection processes before they are hired. Candidates are selected on merit based on their work experience, matching with the position and skills. This is to ensure equal opportunities for employment of different genders, ages, nationalities and races, and display mutual respect and tolerance.. The Group also conducts personal background investigation on the professional qualifications, working status and performance, as appropriate, of the prospective employees, and verifies their identity and educational background to ensure that no child labor is used.

The Group does not allow forced labor. Candidates to be hired and the Company will sign a labor contract which clearly defines both parties' rights and interests. We implement a standard working system of 8 hours a day, 40 hours a week for five working days. Employees have the rights to refuse to work on a rest day. If the employee agrees to work on a rest day, the Group will substitute another rest day. During the Reporting Period, the Group had no violation to laws and regulations in relation to discrimination or employment of child or forced labor.

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The key performance indicators for employment of Intron Technology are set out as below:

NO. OF EMPLOYEES	UNIT	AMOUNT
Total no. of employees	No. of people	640
By gender		
Male employees	No. of people	451
Female employees	No. of people	189
By employment type		
Contracted employees*	No. of people	38
Junior employees	No. of people	501
Intermediate management employees	No. of people	79
Senior management employees	No. of people	22
By age group		
Under 30	No. of people	206
30-50	No. of people	400
Above 50	No. of people	34
By geographical region		
Total no. of employees in China	No. of people	613
Total no. of employees from other locations (including Hong Kong, Macau and Taiwan)	No. of people	27

* Contracted employees: Employees who sign a part-time employment contract or trainee contract with the Group.

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The Group strictly monitors the promotion, resignation, retention and transfer, and turnover rates of employees. Through conducting an exit interview with the departing employees, the human resources department will understand the main reason for the departure and their comments and suggestions on the Group. In addition, we formulated the “Administrative Regulations on Staff Exit” (《員工離職管理規定》), setting out exit procedures and handover arrangements to avoid any losses to the Group or disputes due to failure in transition of the departing staff. The employee turnover rates during the Year are set out as below:

EMPLOYEE TURNOVER RATE	TURNOVER RATE
All employees	13.1%
Turnover rate by gender	
Male employees	11.8%
Female employees	15.9%
Turnover rate by age	
Under 30	18.5%
30-50	11.0%
Above 50	5.9%
Turnover rate by geographical region	
Employees in China	12.9%
Employees from other locations (including Hong Kong, Macau and Taiwan)	18.5%

Furthermore, we emphasize the provision of fair and equal opportunities for career promotion, and select competent supervisors, and standardize the selection, appointment and dismissal of supervisors based on the “Administrative Regulations on Selection and Promotion of Supervisors” (《主管選拔、晉升管理規定》). If there is any vacancy for a supervisor or higher-level position, the general manager, employing departments or the human resources department will recommend 1-2 suitable existing employees, and will give priority to internal recruitment and promotion over external recruitment based on the selection criteria, employees’ performance and contributions.

5.2 Benefit Package

The Group recognizes that competitive benefit package is crucial to attract, encourage, develop and retain talents. We not only conduct annual review on remuneration structure, but also implement the mechanism of "Management Regulations on Employee Appraisals" (《員工考核管理規定》). The employing department will conduct assessments on the work efficiency, performance and capability of employees in an objective, fair and standardized manner, during the formal employment, re-designation of new employees and quarterly assessments on them, so as to provide remuneration adjustments, reward and punishment, which include offering stock options, share-based incentive plan and discretionary bonus. Employees are also entitled to statutory public holidays, paid annual leave, maternity leave, sick leave, casual leave, marriage leave and compassionate leave under the labour legislation. Other leave entitlements, and benefit of the Five Social Insurances and One Housing Fund (including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund) are also included. In addition, we have also set up long service awards for five, ten and fifteen years of service, in return for our employees' continuous contribution towards the Group.

5.3 Comprehensive Trainings and Development Opportunities

We have placed a great emphasis on the career development and planning platform for our employees, and developed the "2018 Training Plans" (《2018年培訓計劃》), which is in line with our operational goals and development strategies. The Group has invested RMB0.2 million on trainings during the Year, and actively provided well-organized, effective and targeted trainings to our employees. During the Year, all of our employees of the Group have received trainings, and their average training hours are as follows:

NUMBER OF TRAINING HOURS COMPLETED BY EMPLOYEES	UNIT	AMOUNT
Average training hours per employee by gender		
Average training hours per female employee	hour	54.8
Average training hours per male employee	hour	84.4
Average training hours per employee by employee category		
Average training hours per contracted employee	hour	23.1
Average training hours per junior employee	hour	75.9
Average training hours per intermediate management employee	hour	39.5
Average training hours per senior management employee	hour	29.8

Mentoring Program for New Employees

The Group strives to help new employees to gain understandings on the Group and adapt to their roles as soon as possible by implementing the “Mentoring Program for New Employees” (《新員工指導人計劃》). Inductions will be provided to our new employees, which include introduction of group history, development objectives, corporate culture, organizational structure, office system, administration, human resources affairs and financial regulatory requirements. In addition, we will explain their roles, duties and responsibilities which are stipulated on our despatched brochures about their positions, and discuss their duties during the probation period. It will not only develop an effective channel for communication, but also facilitate new employees to understand the working process under the instruction of more senior employees. Besides, we will conduct interviews with the head of each department in two or three months after new employees have joined the Group, so as to carry out assessments on various aspects including their attendance, working attitude and performance, and complete approvals for their formal employment.

On-The-Job Training

The Group encourages life-long learning for our employees, so as to improve their competitiveness. Employees can take external courses beneficial to our business and claim for reimbursement of the relevant fees upon approval. Meanwhile, the Group will organize internal training programs in accordance with training plans for the respective year. The training topics and objectives for the Year were as follows:

TRAINING TOPICS	TRAINING OBJECTIVES
Leadership Improvements Human Resources Management for Non-Human Resources Staff	To strengthen the existing employees' awareness and capability of management
Financial Management for Non-financial Management Staff Professional Technology Training (such as software development)	To improve professional officers' professional technology levels and update them with developments in the industry
Product Training	To promote their understandings on products
Win-Win Negotiation Skills	To develop their sales and negotiation abilities
Business Etiquette	To enhance corporate image
Corporate Internal Controls and Risk Management	To ensure effective implementation of corporate system and operational strategies, and to boost the operational efficiency of businesses
Time Management	To enable employees to understand how to make the best use of time and how to solve conflicts due to time management during their work

5.4 Healthy and Safe Working Environment



Intron Technology places significant importance on the safety of working environment of the R&D centres and offices, and takes the following measures to protect the employees, which include:

- Regular review on the safety of working environment, system, machines and equipment by the management;
- Identification of potential dangers and initiation of timely improvements to various departments for implementation;
- Provision of sufficient protection equipment for our employees;
- Establishment of sound system for safety alert and accident reporting;
- Provision of safety education and targeted trainings on safety regulations and emergency measures for our employees to enhance their self-protection awareness;
- Strict prohibition of smoking in the workplace;
- Place green plants in offices; and
- Hold team-building activities such as football, basketball, badminton and table tennis competitions to cultivate good living habits.

During the Reporting Period, no work-related fatality or injury occurred.

6. RESPONSIBILITIES TO THE ENVIRONMENT

While the Group is principally engaged in the provision of automotive solutions and R&D and its business does not have material impacts on our environment, we adhere to comply with regulations on environmental protection in the aspects of emissions, waste treatment and use of resources in each region we operate to establish a green corporate image.

6.1 Low-Carbon Operation

Climate change is currently one of the most concerned social topics in the world. Every country raises the concerns on environmental protection and makes joint efforts in mitigating climate risks, by participating in international conferences and entering into legally binding agreements, including “Paris Agreement”, which is jointly signed by 195 countries with the aim of keeping the increase in global average temperature to a maximum of 2°C. In addition, the “United Nations Framework Convention on Climate Change” also advocates the concept of carbon trading, setting emissions limits for enterprises, in which they can sell the remaining carbon quotas or greenhouse gas (GHG) emissions through trading, highlighting the global emphasis on GHG emissions.

The Group’s business is concentrated in the PRC, and we actively comply with important policies, such as “National Plan for Tackling Climate Change (2014-2020)” and “National Climate Change Adaptation Strategy”. When compiling the Report, we have conducted a more comprehensive review on GHG emissions generated by our operations and advocate the corporate social responsibility as well as green competitiveness. In accordance with “Greenhouse Gas Protocol” (《溫室氣體盤查議定書》) jointly issued by the World Resources Institute and World Business Council for Sustainable Development, and ISO14064-1 established by the International Organization for Standardization, we conducted carbon audit for the offices located in Shanghai, Guangzhou, Beijing and Hong Kong, and the summary of emissions is as follows:

PERFORMANCE OF GHG EMISSIONS	UNIT	2018
GHG emissions		
Direct GHG emissions (Scope 1)	tonnes of CO ₂ equivalent (CO ₂ e)	19.4
Indirect GHG emissions (Scope 2)	tonnes of CO ₂ e	374.5
Other indirect GHG emissions (Scope 3)	tonnes of CO ₂ e	186.0
Total GHG emissions (Scopes 1, 2 & 3)	tonnes of CO ₂ e	579.9
GHG emissions intensity		
Per square meter of floor area (Scopes 1, 2 & 3)	tonnes of CO ₂ e/m ²	0.1
Per employee (Scopes 1, 2 & 3)	tonnes of CO ₂ e/employee	1.3

Scope 1: Direct GHG emissions from sources that are owned and controlled by the Group.

Scope 2: GHG emissions indirectly resulting from the electricity, heating and cooling or steam acquired by the Group.

Scope 3: Emissions including the indirect GHG emissions from sources that are not owned or directly controlled by the Group, but related to the operations of the Group.

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After our review, our GHG emissions within these scopes were from fuel consumed by vehicles owned by the Group (Scope 1), electricity consumption during our operations (Scope 2), water consumption, emissions from air travel of employees for overseas business trips, waste disposal and paper consumption (Scope 3) respectively, which generated GHG such as Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulfur Hexafluoride (SF₆). As we started to calculate and analyze the GHG emissions for the Year, we gained deep understandings on emissions sources within each scope and implemented the following measures:

SCOPES OF GHG EMISSIONS	MEASURES	PURPOSES
<ul style="list-style-type: none"> Scope 1: Vehicles owned by the Group 	Performed regular maintenance on vehicles and discovered problems in time Inflated tires Ensured no idling engines	To avoid over-consumption of fuels or higher emissions by carrying out maintenance on aging vehicles To keep tires properly inflated To eliminate air pollution, heat and noise nuisance, as well as fuel wastage and air emissions
<ul style="list-style-type: none"> Scope 2: Electricity consumed during our operations 	Procured split-type air-conditioners with Grade 1 energy label Avoided installation of air conditioners at the places exposed to direct sunshine	To reduce electricity consumption To reduce the workload of air conditioners arising from higher indoor temperatures due to direct sunshine
<ul style="list-style-type: none"> Scope 3: Emissions from air travel of employees for overseas business trips 	Chose direct flights for inevitable business trips Hosted video conferences instead of arranging unnecessary business trips	To reduce most of the GHG emissions generated from our business

During the Year, gasoline consumed by vehicles owned by Intron Technology amounted to 6.5 tonnes, and the GHG emissions amounted to 579.9 tonnes of CO₂e. The GHG emissions intensity was 0.1 tonnes of CO₂e per square meter of floor area, and 1.3 tonnes of CO₂e per employee. We will closely monitor the emissions during our operations and launch more emissions reduction measures during the Year, so as to be well-prepared for review on our achievements of emissions reduction in the next year.

6.2 Green Enterprise

The Group intends to devote more resources to business development in the area of environmentally friendly application in relation to energy saving and reduction of emissions in future. More environmentally friendly measures will be implemented in our office and R&D centres, to make even greater contributions to the environment.

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Green culture

The Group proactively shows our much attention on environment to the public. During the Year, Intron Technology held the following exhibition, introducing the direction for environmentally friendly development of automobiles in future.

“2018 Society of Automotive Engineers of China (SAE)-CHINA CONGRESS & EXHIBITION”: “Creating the Automobiles and Mobility for the Future”

In November 2018, Intron Technology was invited to participate in the 2018 SAE-China Congress & Exhibition themed as “Creating the Automobiles and Mobility for the Future”, in which the Group’s manager of R&D department showcased our innovative solutions in new energy vehicles and smart driving. The exhibition also rallied participating government, industry, academic and research experts as well as end-users to discuss the latest environmentally friendly technologies, their research results and development trends of environmental protection in future. This exhibition shows that the Group emphasized a direction of new energy vehicles, future battery system and alleviation of negative impacts on the environment when it comes to business development, making contributions to the environment and society.

Energy management

Intron Technology monitored the use of energy and water resources of the Group effectively through our statistics of annual consumption of electricity and water:

ENVIRONMENTAL INDICATORS	UNIT	2018
Electricity consumption		
Total electricity consumption	kWh	550,608.0
Total electricity consumption intensity (per square meter of floor area)	kWh/m ²	63.9
Total electricity consumption intensity (per employee)	kWh/employee	1,212.8
Water consumption		
Total water consumption	m ³	2,221.0
Total water consumption intensity (per square meter of floor area)	m ³ /m ²	0.3
Total water consumption intensity (per employee)	m ³ /employee	4.9

The Group formulated the following measures for energy conservation in relation to lighting, air conditioners and water consumption, also it commenced to formulate measures regarding personal environmentally friendly awareness and habits among our staff in an effort to reduce the consumption required in the course of operation of the Group.

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Lighting systems

- cultivate good living habits and turn off unnecessary lighting systems
- use daylight for illumination
- clean lighting devices regularly to raise energy efficiency
- install separately-controlled lighting switches
- use high-energy efficiency lamps

Air conditioning systems

- set minimum temperature of air conditioning system to 25.5°C
- allow staff not to wear ties or full suit under hot weather in order to reduce use of air conditioners
- clean filters regularly to increase system operation efficiency
- seal the doors and windows to avoid leakage of cool air

Water consumption

- post water-saving reminder labels in washrooms or pantry
- timely repair dripping faucets if found
- regularly check water meter readings and whether there is any concealed water leakage
- use faucets and urinals containing water-saving labels
- use double flush toilets

Personal environmentally friendly awareness and habits among our staff

- set computers to enter automatic standby/sleep mode when they are idle
- completely turn off electrical devices during non-office hours
- purchase electrical devices containing energy labels

Waste Management

The Group deeply understands the pressure on landfills placed by the waste. As such, the philosophy under which we manage waste is to reduce waste, encourage reuse and recycling. As for non-hazardous waste in offices, we reuse pen barrels, envelopes, binders, file cards and other stationeries; ceramic cups and reusable tableware are added in office pantry. Furthermore, we set up a recycling area to collect waste in paper form such as waste paper, posters, letters and envelopes etc. During the Reporting Period, we generated 8.2 tonnes of non-hazardous waste, which is equivalent to 0.02 tonnes per employee.

The Group faces up to the generation of hazardous waste and its treatment methods, and strives to reduce its amount generated. Cartridges in office printers are refilled by providers and reused. Hence, during the Reporting Period, the Group did not generate any hazardous waste.

Resources management

During the course of our business operation, we unavoidably consume papers for printing design proposal reports, reference documents and other documents required by files saving on a daily basis. As such, we advocated the concept of paper saving through monitoring amount of paper usage and various paper reducing measures. For the Year, we consumed a total of 5 reams of A3 papers and 765 reams of A4 papers, an aggregate of 770 reams of papers, which is equivalent to 1.7 reams per employee. We posted notices to remind employees to use smaller font size and spacing as well as recycled papers when printing internal documents. Moreover, we set double-sided printing and ink-saving mode as default in computers and printers while encouraged our staff to send messages via electronic communications.

7. RESPONSIBILITIES TO SOCIETY

Intron Technology has insights that organizing or participating in community investment or campaigns may produce a positive impact on corporate brand image. By leveraging our expertise and strengths in the industry, we will consider cooperation with charities and actively encourage staff to take part in community events in future. Staff can gain a deep understanding of needs and views of the community by joining charity programmes with an aim to build a good habit for making contributions to society. Furthermore, the Group is also considering ways to support community development by donation of money, commodities, services and direct aid.

APPENDIX I: SUSTAINABILITY DATA STATEMENTS

ENVIRONMENTAL PERFORMANCE	UNIT	2018
GHG Emissions		
Direct GHG emissions (Scope 1)	Tonnes of CO ₂ e	19.4
Indirect GHG emissions (Scope 2)	Tonnes of CO ₂ e	374.5
Other indirect GHG emissions (Scope 3)	Tonnes of CO ₂ e	186.0
Total GHG emissions (Scopes 1, 2 and 3)	Tonnes of CO ₂ e	579.9
Intensity of GHG emissions		
Per square meter of floor area (Scopes 1, 2 and 3)	Tonnes of CO ₂ e/m ²	0.1
Per employee (Scopes 1, 2 and 3)	Tonnes of CO ₂ e/employee	1.3
Fuel consumption		
Fuel consumption of vehicles (gasoline)	Tonnes	6.5
Electricity consumption		
Total electricity consumption	kWh	550,608.0
Total electricity consumption intensity (per square meter of floor area)	kWh/m ²	63.9
Total electricity consumption intensity (per employee)	kWh/employee	1,212.8
Water consumption		
Total water consumption	m ³	2,221.0
Total water consumption intensity (per square meter of floor area)	m ³ /m ²	0.3
Total water consumption intensity (per employee)	m ³ /employee	4.9
Non-hazardous waste		
Total non-hazardous wastes	Tonnes	8.2
Total non-hazardous wastes intensity (per employee)	Tonnes/employee	0.02
Total paper consumption	Reams	770.0
Total paper consumption intensity (per employee)	Reams/employee	1.7

APPENDIX II: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE INDEX

Indicators			Relevant Chapters
A. Environmental aspect			
A1: Emissions	General Disclosure	Information on:	6.1 Low-carbon Operation
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
		A1.1 The types of emissions and respective emissions data.	6.1 Low-carbon Operation
		A1.2 Greenhouse gas emissions in total and intensity .	6.1 Low-carbon Operation Appendix I: Sustainability Data Statements
		A1.3 Total hazardous waste produced and intensity .	6.2 Green Enterprise Appendix I: Sustainability Data Statements
		A1.4 Total non-hazardous waste produced and intensity .	6.2 Green Enterprise Appendix I: Sustainability Data Statements
		A1.5 Description of measures to mitigate emissions and results achieved.	6.1 Low-carbon Operation
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.2 Green Enterprise
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.2 Green Enterprise
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity .	6.2 Green Enterprise Appendix I: Sustainability Data Statements
		A2.2 Water consumption in total and intensity .	6.2 Green Enterprise Appendix I: Sustainability Data Statements
		A2.3 Description of energy use efficiency initiatives and results achieved.	6.2 Green Enterprise
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.2 Green Enterprise
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Inapplicable as the Group is not engaged in packaging material

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Indicators

Relevant Chapters

A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	6.2 Green Enterprise
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.2 Green Enterprise
B. Social aspect			
B1: Employment	General Disclosure	Information on:	5.1 Employment Practices
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
	B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 Employment Practices
	B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Employment Practices
B2: Health and Safety	General Disclosure	Information on:	5.4 Healthy and Safe Working Environment
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
	B2.1	Number and rate of work-related fatalities.	5.4 Healthy and Safe Working Environment
	B2.2	Lost days due to work injury.	5.4 Healthy and Safe Working Environment
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.4 Healthy and Safe Working Environment

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Indicators			Relevant Chapters
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.3 Comprehensive Trainings and Development Opportunities
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Comprehensive Trainings and Development Opportunities
	B3.2	The average training hours completed per employee by gender and employee category.	5.3 Comprehensive Trainings and Development Opportunities
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Employment Practices
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employment Practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employment Practices
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.4 Tender and Procurement Management
	B5.1	Number of suppliers by geographical region.	4.4 The number of suppliers is disclosed this Year, the indicators by geographical region will be considered to be disclosed in the future
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.4 Tender and Procurement Management

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Indicators

Relevant Chapters

B6: Product Responsibility	General Disclosure	Information on:	4. Responsibilities to its brand
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Inapplicable as the Group is not engaged in sales of products
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.5 Established Relationship with Customers
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.1 Protecting Intellectual Property Rights
B7: Anti-corruption	General Disclosure	B6.4 Description of quality assurance process and recall procedures.	Inapplicable as the Group is not engaged in sales of products
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.2 Protecting Customers' Privacy
		Information on:	4.3 Compliance Responsibilities and Governance
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.3 Compliance Responsibilities and Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4.3 Compliance Responsibilities and Governance

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Indicators

Relevant Chapters

B8: Community
Investment

General
Disclosure

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.

B8.1

Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).

B8.2

Resources contributed to the focus area.

7. Responsibilities to society

We will consider disclosing the relevant information in the future.

We will consider disclosing the relevant information in the future.