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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

2019
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

CONTENTS

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 environmental, social and governance report (the "**Report**" or the "**ESG Report**") for the year, which summarizes the Group's principles and philosophy in performing sustainability and corporate social responsibilities in environmental and social aspects. Further, by such means, the Group intends to engage in sound communication connection with stakeholders and share its visions and commitments.

Basis of Preparation

This Report has been prepared in accordance with 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" provisions 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 2019 to 31 December 2019 (the "**Reporting Period**" or the "**Year**"). Environmental key performance indicators ("**KPIs**") of Shanghai, Guangzhou, Beijing and Hong Kong offices and the social KPIs of the Group have been collected to demonstrate the Group's overall performance with quantitative data.

Our Environmental, Social and Governance Commitments and Methodology

The board of directors of the Company (the "**Board**") acknowledges that caring for the environmental, social and governance ("**ESG**") aspects does not only cater to the changing expectations of stakeholders but also enhances the value and performance of the Group, and so forms a crucial part of our efforts. In this connection, the Board works closely with the management by taking the overall responsibility of assessing and identifying risks of ESG matters of the Group, with a view to promoting the environmental and socially sustainable culture among our employees and thereby maintaining the sustainable growth of the Group.

The Board has the overall responsibility for the oversight of the Group's policies, initiatives and performance on sustainability matters (principally in respect of environmental protection, employment, operational responsibility and community investment).

The Board continues to explore ways to further strengthen the ESG governance of the Group. It is planning to establish an ESG working group in 2020. Comprising members of senior management and other members of employees, the working group will be delegated with the authority from the Board to review and monitor the Group's ESG policies and practices, respond to emerging ESG issues and provide recommendations to the Board where appropriate to improve the Group's ESG performance.

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」).

Although the overall People's Republic of China (the "**PRC**") automotive market experienced a year-on-year decrease in 2019, as a fast-growing automotive electronics solutions provider in the PRC, leveraging its leading technology level and market position, the Group reported continuous growth of revenue. For the year ended 31 December 2019, the revenue reported a year-on-year increase by 15% to RMB2,309.3 million while gross profit increased by 4% to RMB466.1 million.

Technology is the foundation for the Group's future strategic development and business expansion. The Group is confident on its long-term development and delivery of future business results. It remains optimistic on the long-term development of automotive and industrial segments it operates in, in particular, the Group strongly believes the trend of electrification and intelligent development of automotive vehicles will continue in the long run.

Goals and Directions

Looking ahead, the Group believes that with the electrification and intelligent development of automotive vehicles, increasing popularity of Advanced Driver-assistance Systems and the investment in data centres and cloud servers driven by technological development, there will be considerable development opportunities in every business area of the Group. With years of industry and operation experience, leading position in the industry and substantial investment in research and development ("**R&D**") to strengthen its technological advantages, the Group is confident to achieve long-term sustainable growth and generate satisfactory returns for 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. We probe the risks facing us in environmental and social aspects, and the measures and policies for mitigating our operational risks through industry analysis.

3.   SUSTAINABLE DEVELOPMENT STRATEGY

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

Stakeholder Engagement

The Group attaches great importance to its stakeholders and is committed to understanding their views and interests related to ESG by having constructive communication and building solid relationship. In devising operational strategies, the Group considers the stakeholders' expectations on ESG matters through mutual cooperation and active participation. In doing this, the Group does not only create better value for itself but it also creates better value for our environment, employees and the community, which in turn achieving sustainable development in general.

During the Reporting Period, we have identified seven categories of major stakeholders, including customers, employees, Shareholders and investors, suppliers, business partners/industry peers, mass media and regulatory authorities. We remain an open and proactive attitude to listen to their expectations and requests:

MAJOR STAKEHOLDERS	EXPECTATIONS AND CONCERNS	CHANNELS OF COMMUNICATION
Customers	• Provide high-quality automotive solutions and services • Fair and trustworthy deals • Uplift customer satisfaction	Corporate website, site visits, customer service centres, activities for uplifting customer loyalty, visits by customer relationship managers, daily operation/exchanges, phone calls and email communications
Employees	• Salary and benefit • Training and 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 meetings, interviews on work performance, presentation on business operations, seminars/workshops/talks, publications (e.g. staff newsletters) and staff meeting for communication
Shareholders/Investors	• Compliance operations • Returns on investments • Safeguard Shareholders' rights and interests	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	• Build a stable and long-term working relations • Selection criteria	Supplier management procedures, meetings, suppliers/contractors appraisal system and on-site inspection
Business partners/Industry peers	• Collaborative projects • Development of the Group	Meetings, visits, talks and Group notices
Mass media	• Highlights of the Group • Transparency of information	Press conferences, press releases, interviews of senior management, results announcement and gathering with mass media
Regulatory authorities	• Maintain financial stability • Monitor the conditions and operations of the industry	Written responses to public consultation and compliance reports

Through multiple communication channels, the Group has identified the key environmental and social issues of its businesses and determined on the four scopes to be covered in 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.

Sustainable Development Strategy of Intron Technology

| Responsibilities to its Brand | Responsibilities to the Employees | Responsibilities to the Environment | Responsibilities to Society |
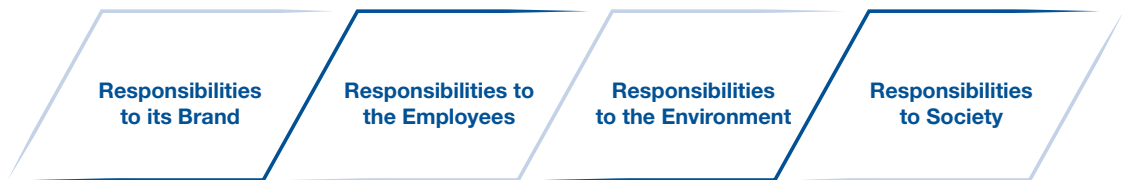
4. RESPONSIBILITIES TO ITS BRAND

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 builds 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, the Group will initiate lawsuits if needed. 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. We strictly comply with and refrain from violating the Copyrights Law of the PRC, with regular reviews of the competitors' websites and discussions with customers and suppliers. In addition, the Group strives to build working relationship with third parties and make good use of respective strengths of both sides to further optimize our products and services. 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, the Group has completed R&D expansion projects in Shanghai, Nanjing, Guangzhou, Chengdu, Wuhan and Chongqing successively adhering to its service principle of "Staying Close to Customers with Multi-location R&D facilities" (「貼近客戶，多點開發」). In addition, the Group expects to complete the first phase construction of a brand new R&D Testing and Validation Centre in Shanghai in the second half of 2020. In strict compliance with the Patent Law of the PRC and the Rules of Implementation of the Patent Law of the PRC, the Group reaped fruitful results by investing sufficient resources and under the guidance of a professional technical R&D team. Despite the long timespan and costs required before securing patent protection, we seek to apply for patents of products to protect the Group's interests and the authenticity of products, and also endorse their efforts in research and development. During the Reporting Period, the Group secured 66 patents and 102 software copyrights, adding 17 patents and 13 software copyrights respectively compared to last year.

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 PRC, 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 action plans 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.

The Board

Internal Audit Department

All Departments of the Group
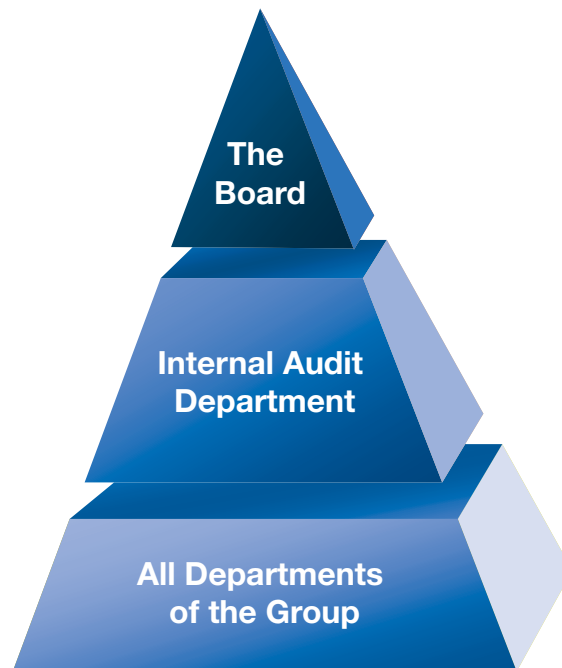
DEPARTMENTS	RESPONSIBILITIES
The Board	• Consider and approve the major approach, policies and overall arrangement of risk management • Determine the overall goals and principles of risk and internal control • Supervise and nurture the idea and culture of internal control management • Make decision on significant risk events as well as conduct investigation and hold accountable • Consider and approve matters regarding risk and internal control
Internal Audit Department	• Design and implement the risk management system • Work out risk assessment methods • Organize and conduct risk assessment, and formulate the risk database, with regular maintenance and updates • Give instructions to prepare and review the risk management documents
All departments of the Group	• 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 to regularly test the effectiveness of risk management • 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 PRC on Anti-money Laundering and the Criminal Law of the PRC. 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 the 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" (《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 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 275 (Domestic: 228; Foreign: 47) major suppliers for providing 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 Establishing 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 PRC on the Inspection of Import and Export Commodities. Sales personnel visit customers regularly to identify improvements on products and services. Technical and procurement personnel arrange 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. In the future, 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 pays 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 PRC and the Consumer Protection Law of the PRC. 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 the PRC 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 PRC. Our operations in Hong Kong 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 had no violation of 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 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. Hired candidates 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 of laws and regulations in relation to discrimination or employment of child or forced labor.

The KPIs for employment of the Group are set out as below:

NO. OF EMPLOYEES	UNIT	2018	2019
Total no. of employees	No. of people	640	844
By gender			
Male employees	No. of people	451	585
Female employees	No. of people	189	259
By employment type			
Contracted employees*	No. of people	38	42
Junior employees	No. of people	501	687
Intermediate management employees	No. of people	79	91
Senior management employees	No. of people	22	24
By age group and gender			
Under 30	No. of people	206	274
30-50	No. of people	400	535
Above 50	No. of people	34	35
By geographical region			
Total no. of employees in Mainland China	No. of people	613	815
Total no. of employees from other locations (including Hong Kong, Macau and Taiwan)	No. of people	27	29

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

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 of Turnover Employees" (《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 IN 2018	TURNOVER RATE IN 2019
All employees	13.1%	8.4%
Turnover rate by gender		
Male employees	11.8%	8.9%
Female employees	15.9%	7.3%
Turnover rate by age group		
Under 30	18.5%	10.2%
30-50	11.0%	8.0%
Above 50	5.9%	0.0%
Turnover rate by geographical region		
Employees in Mainland China	12.9%	8.2%
Employees from other locations (including Hong Kong, Macau and Taiwan)	18.5%	13.8%

* Calculation method: the number of employees lost divided by the number of employees at the end of the year x 100% (part-time employees/trainees and employees who left during probation period are not included)

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, we 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 (i.e. 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.

During the Year, the Group had a total of 29,282,600 share options granted to eligible employees under the share option scheme adopted on 22 June 2018, to enhance attractiveness in compensation as well as motivation for employee performance.

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 "2019 Training Plans" (《2019年培訓計劃》), which is in line with our operational goals and development strategies. The Group has invested RMB0.48 million on trainings during the Year, and actively provided well-organized, effective and targeted trainings to our employees. During the Year, all employees of the Group have received trainings, and their average training hours are as follows:

NUMBER OF TRAINING HOURS COMPLETED BY EMPLOYEES	UNIT	2018	2019
Average training hours per employee by gender			
Average training hours per female employee	hour	54.8	58.0
Average training hours per male employee	hour	84.4	86.0
Average training hours per employee by employee category			
Average training hours per contracted employee	hour	23.1	25.0
Average training hours per junior employee	hour	75.9	87.0
Average training hours per intermediate management employee	hour	39.5	38.0
Average training hours per senior management employee	hour	29.8	25.0

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
New Employee Orientation	To enable new employees to gain an understanding of the Company's development and corporate culture, principal business activities and rules and systems, and increase the sense of belonging and meet the ability requirements of their positions
Leadership Improvements	To strengthen the management personnel's awareness and capability to coach their subordinates, and enhance communication skills
Trainings on R&D and Products	To improve employees' knowledge about and understanding of the R&D system and products of the Company
Trainings on Functional Safety	To raise employees' awareness of functional safety and enhance their knowledge about and skills in functional safety
Targeted Technology Trainings for Professionals	To improve professional officers' professional technology levels and keep them abreast of industry dynamics
Trainings on Quality Control	To raise employees' awareness of quality control, and help them master the tools and methods of quality control
Trainings on Corporate Internal Controls and Risk Management	To ensure effective implementation of corporate system and operational strategies, and boost the operational efficiency of businesses
General Skills Trainings for Entry-level Employees	To help employees enhance their professional images and learn scientific methods for efficient use of time and master fundamental work skills
Trainings for Qualification Certification	To improve the professional competence of employees in special positions, and ensure that employees in special positions possess appropriate qualifications for performing duties and meet the ability requirements of their positions

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 revision 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 as well as hiking activities 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 emission.

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	2019
GHG emissions			
Direct GHG emissions (Scope 1)	tonnes of CO_2 equivalent (CO_2e)	19.4	25.9
Indirect GHG emissions (Scope 2)	tonnes of CO_2e	374.5	585.8*
Other indirect GHG emissions (Scope 3)	tonnes of CO_2e	186.0	396.2[#]
Total GHG emissions (Scopes 1, 2 & 3)	tonnes of CO_2e	579.9	1,007.9
GHG emissions intensity			
Per square meter of floor area (Scopes 1, 2 & 3)	tonnes of CO_2e/m^2	0.1	0.1
Per employee (Scopes 1, 2 & 3)	tonnes of CO_2e/employee	1.3	1.6

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.

* During the Year, we calculated carbon emissions correspondingly with the emission coefficient updated by electricity supplier. In addition, due to the increase in number of offices and area, energy usage increased correspondingly and thus scope 2 emissions increased.

[#] Other indirect GHG emissions (Scope 3) increased mainly because the number of business trips increased during the Year while emission arisen from waste water discharge was added in this year's calculation.

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, waste water disposal as newly added during the Year, 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 (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulfur Hexafluoride (SF_6). To cope with emissions sources within each scope, we implemented the following measures:

SCOPES OF GHG EMISSIONS	MEASURES	PURPOSES
• Scope 1: Vehicles owned by the Group	Give preference to new energy vehicles	To reduce GHG emissions
	Performed regular maintenance on vehicles and discovered problems in time	To avoid over-consumption of fuels or higher emissions by carrying out maintenance on aging vehicles
	Inflated tires	To keep tires properly inflated
	Ensured no idling engines	To eliminate air pollution, heat and noise nuisance, as well as fuel wastage and air emissions
• Scope 2: Electricity consumed during our operations	Procured split-type air-conditioners with Grade 1 energy label	To reduce electricity consumption
	Avoided installation of air conditioners at the places exposed to direct sunshine	To reduce the workload of air conditioners arising from higher indoor temperatures due to direct sunshine
• Scope 3: Emissions from air travel of employees for business trips	Chose direct flights for inevitable business trips	To reduce most of the GHG emissions generated from our business
	Hosted video conferences instead of arranging unnecessary business trips	

During the Year, gasoline consumed by vehicles owned by Intron Technology amounted to 7.1 tonnes. Due to business expansion and increase in use of vehicles (e.g. increase in frequency of customers visits), the consumption increased by 9.2% as compared to last year.

During the Year, the total GHG emissions amounted to 1,007.9 tonnes of CO_2e and 0.1 tonnes of CO_2e per square meter was emitted. Despite that the total amount significantly increased as compared to last year, as the area of offices increased correspondingly, therefore the intensity calculated was the same as last year; 1.6 tonnes of CO_2e per employee was emitted, an increase by 0.3 tonnes as compared to last year. However, the ESG working group will closely monitor the respective indices including the emissions, energy use, efficiency of water use and waste. Where permitted, corresponding policies would be formulated to control consumption in preparation for future work goals.

6.2 Green Enterprise

The environment is the basis for human survival and development. The Group is committed to promoting the coordinated development of its business activities and the environment through continuous innovation. We focus on environmental management with priority given to the environment. We strive for caring about the environment, protecting as well as improving the environment. We have embodied the concept of green management in our R&D and operational efforts. We take up our corporate responsibilities through continuous innovation and improvement.

Energy management

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

ENVIRONMENTAL INDICATORS	UNIT	2018	2019
Electricity consumption			
Total electricity consumption	kWh	550,608.0	741,532.0
Electricity consumption intensity (per square meter of floor area)	kWh/m^2	63.9	69.3
Electricity consumption intensity (per employee)	kWh/employee	1,212.8	1,203.8
Water consumption			
Total water consumption	tonnes	2,221.0	2,828.0
Water consumption intensity (per square meter of floor area)	tonnes/m^2	0.3	0.3
Water consumption intensity (per employee)	tonnes/m^2	4.9	4.6

In terms of electricity consumption, due to the increase in the number of offices in the mainland, and the Delta House office in Hong Kong was also fully included in the calculation during the Year, total electricity consumption had changed significantly. At the same time, we also notice that the electricity consumption intensity per square meter increased by 8.5% over last year. Although the increase was not huge, we still aim at reducing the electricity consumption intensity, which in turn saving operational cost and protecting the environment.

We have not encountered difficulties in obtaining suitable water sources, and we also understand the preciousness of water. During the Year, 2,828.0 tonnes of water resources was consumed by the Group. 0.3 tonnes per square meter was consumed, which was the same intensity as last year.

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.

Lighting systems	• cultivate good 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 and pantry • timely repair dripping faucets • 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 a total of 9.6 tonnes of non-hazardous waste. Although the amount increased by 8.2 tonnes as compared to last year, the amount per employee remained at 0.02 tonnes, which was the same intensity as last year, due to the increase in the number of employees during the Year.

The Group attaches great attention 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 847 reams of papers, which is equivalent to 1.4 reams per employee, representing a decrease of 17.6% from last year in terms of intensity. 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 fully recognizes the importance of the communities where it operates for the sustainable development of our business and success. The Group pursues sustainable development of the communities by assessing and managing the social impact of our operations and by supporting initiatives that create effective and lasting benefits to communities in our operating boundaries. We strive to be a trusted member of the communities where it operates; and to exert positive impacts on our society amidst business operation. By aligning our businesses with partner charities, we encourage our teams to engage in their communities through donations, volunteering activities (including blood donation and visiting elderly homes) and fundraising work. We hope that our contributions can inspire and influence our employees, cooperative partners as well as customers to participate in community work.

During the Reporting Period, the Group acted as the host of a public technical lecture tour in relation to automated driving in smart vehicles for university students in Jiangsu University and China University of Mining and Technology respectively, with objectives of exploring their interest in automotive electronics industry and helping students to understand the development of the industry as well as providing them with industrial resources and comprehensive support for talent development. The platform of the Group possesses abundant resources in the automotive electronics industry, which can benefit and assist those who joined.

APPENDIX I: SUSTAINABILITY DATA STATEMENTS

INDICATORS	UNIT	2018	2019
ENVIRONMENTAL PERFORMANCE[1]			
Emissions[2]			
Nitrogen oxides (NO_x)	kg	NA	52.8
Sulfur oxides (SO_x)	kg	NA	0.1
Particulate matter (PM)	kg	NA	5.1
GHG Emissions			
Direct GHG emissions (Scope 1)	Tonnes of CO_2e	19.4	25.9
Indirect GHG emissions (Scope 2)	Tonnes of CO_2e	374.5	585.8
Other indirect GHG emissions (Scope 3)	Tonnes of CO_2e	186.0	396.2
Total GHG emissions (Scopes 1, 2 & 3)	Tonnes of CO_2e	579.9	1,007.9
Intensity of GHG emissions			
Intensity of GHG emissions			
(per square meter of floor area)	Tonnes of CO_2e/m^2	0.1	0.1
Intensity of GHG emissions (per employee)	Tonnes of CO_2e/employee	1.3	1.6
Fuel consumption			
Fuel consumption of vehicles (gasoline)	Tonnes	6.5	7.1

[1] The scope of data on the environmental KPIs covers the offices located in Shanghai, Guangzhou, Beijing and Hong Kong

[2] The types of emissions and respective emissions data are calculated from vehicles

INDICATORS	UNIT	2018	2019
Electricity consumption			
Total electricity consumption	kWh	550,608.0	741,532.0
Electricity consumption intensity			
(per square meter of floor area)	kWh/m^2	63.9	69.3
Electricity consumption intensity (per employee)	kWh/employee	1,212.8	1,203.8
Water consumption			
Total water consumption	Tonnes	2,221.0	2,828.0
Water consumption intensity			
(per square meter of floor area)	Tonnes/m^2	0.3	0.3
Water consumption intensity (per employee)	Tonnes/employee	4.9	4.6
Non-hazardous waste			
Total non-hazardous wastes	Tonnes	8.2	9.6
Non-hazardous wastes intensity (per employee)	Tonnes/employee	0.02	0.02
Paper consumption	Reams	770.0	847.0
Paper consumption intensity (per employee)	Reams/employee	1.7	1.4

INDICATORS	UNIT	2018	2019
SOCIAL PERFORMANCE[3]			
Total no. of employees			
By gender			
Total no. of employees	No. of people	640	844
Male employees	No. of people	451	585
Female employees	No. of people	189	259
By employment type			
Short-term contracted/part-time employees[4]	No. of people	38	42
Junior employees	No. of people	501	687
Intermediate management employees	No. of people	79	91
Senior management employees	No. of people	22	24
By age group and gender			
Under 30	No. of people	206	274
30-50	No. of people	400	535
Above 50	No. of people	34	35

[3] The scope of data on the social KPIs covers the Group

[4] Contracted employees: Employees who sign a part-time employment contract or trainee contract with the Group

INDICATORS	UNIT	2018	2019
By geographical region			
Total no. of employees in North China	No. of people	35	33
Total no. of employees in Northeast China	No. of people	11	16
Total no. of employees in East China	No. of people	479	641
Total no. of employees in Central China	No. of people	9	19
Total no. of employees in Northwest China	No. of people	26	47
Total no. of employees in Southwest China	No. of people	8	0
Total no. of employees in South China	No. of people	45	59
Total no. of employees from other locations (including Hong Kong, Macau and Taiwan)	No. of people	27	29
EMPLOYEE TURNOVER RATE*			
By employee category			
All employees	%	13.1	8.4
Turnover rate by gender			
Male employees	%	11.8	8.9
Female employees	%	15.9	7.3
Turnover rate by age group			
Under 30	%	18.5	10.2
30-50	%	11.0	8.0
Above 50	%	5.9	0.0

*   Calculation method: the number of employees lost divided by the number of employees at the end of the year x 100% (part-time employees/trainees and employees who left during probation period are not included)

INDICATORS	UNIT	2018	2019
Turnover rate by geographical region			
Employees in Mainland China	%	12.9	8.2
Employees from other locations			
(including Hong Kong, Macau and Taiwan)	%	18.5	13.8
Health and Safety			
Work-related fatality	No. of people	0	0
Lost days due to work injury	No. of days	0	0
Development and Training			
The percentage of employees			
trained by gender			
Male employees	%	100.0	100.0
Female employees	%	100.0	100.0
The percentage of employees			
trained by employee category			
Short-term contracted/part-time employees	%	100.0	100.0
Junior employees	%	100.0	100.0
Intermediate management employees	%	100.0	100.0
Senior management employees	%	100.0	100.0

INDICATORS	UNIT	2018	2019
Average training hours per employee by gender			
Average training hours per female employee	hour	54.8	58.0
Average training hours per male employee	hour	84.4	86.0
Average training hours per employee by employee category			
Average training hours per short-term contracted/part-time employee	hour	23.1	25.0
Average training hours per junior employee	hour	75.9	87.0
Average training hours per intermediate management employee	hour	39.5	38.0
Average training hours per senior management employee	hour	29.8	25.0
No. of suppliers			
No. of suppliers	supplier	263[5]	275[6]
Product Responsibility			
Products subject to recalls for safety reasons	product	0	0
Complaints received in relation to our products and services	case	0	0
Anti-corruption			
Concluded legal cases regarding corrupt practices	case	0	0
Community Investment			
Total investment	RMB	NA	8,800.0
Employees of the Group participating in community events	No. of people	NA	38
Members of community participating in community events	No. of people	NA	115
Total amount of time of community events held	hour	NA	9.0

[5]   55 foreign and 208 domestic suppliers provided products and services such as parts and components, EMS services, structural components and tools

[6]   47 foreign and 228 domestic suppliers provided products and services such as parts and components, EMS services, structural components and tools

APPENDIX II: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE INDEX

INDICATORS			RELEVANT CHAPTERS
A. Environmental aspect			
A1: Emissions	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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6.1 Low-carbon Operation
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Statements
	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.	Not applicable as the Group is not engaged in packaging material

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 Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Employment Practices Appendix I: Sustainability Data Statements
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 Appendix I: Sustainability Data Statements
	B2.2	Lost days due to work injury.	5.4 Healthy and Safe Working Environment Appendix I: Sustainability Data Statements
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.4 Healthy and Safe Working Environment

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 Appendix I: Sustainability Data Statements
	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 Appendix I: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee category.	5.3 Comprehensive Trainings and Development Opportunities Appendix I: Sustainability Data Statements
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 Tender and Procurement Management Appendix I: Sustainability Data Statements The regions are only divided into areas outside and within the PRC, disclosure of details will be considered 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

INDICATORS			RELEVANT CHAPTERS
B6: Product Responsibility	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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4. Responsibilities to its brand
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable 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 Establishing Relationship with Customers
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.1 Protecting Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	Not applicable 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
B7: Anti-corruption	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 bribery, extortion, fraud and money laundering.	4.3 Compliance Responsibilities and Governance
	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 whistleblowing procedures, how they are implemented and monitored.	4.3 Compliance Responsibilities and Governance

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.	7. Responsibilities to society
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7. Responsibilities to society
	B8.2	Resources contributed to the focus area.	7. Responsibilities to society