

— 2019 —

# Environmental, Social and Governance Report



VIXTEL TECHNOLOGIES HOLDINGS LIMITED

飛思達科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1782

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## ABOUT ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Vixel Technologies Holdings Limited (the “Company”) and its subsidiaries (hereafter “We”, “Vixel” and the “Group”) recognise that the environmental and social sustainability and responsible business practices underpin a long-term business development and success. We endeavour to integrate corporate social responsibility (“CSR”) into our business activities, aiming to maximise values and experience of our customers, nurture our employees’ potentials, protect our environment and create positive influences for the community in adherence to our corporate values.

### Reporting standard

This is our fourth environmental, social and governance (“ESG”) report (“Report”), which has been prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx ESG Reporting Guide”).

### Scope of report

Unless otherwise specified, the scope of this ESG Report includes our entire operation in our headquarters in Beijing, our branches in Guangzhou, Shanghai, Hefei, Chongqing, Zhengzhou and Tianjin of the People’s Republic of China (“PRC” or “China”). This ESG Report summarised the environmental and social performance of the Group during the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”, “2019”) and the Report has been reviewed and approved by the board of directors of the Company (the “Board”).

### Contact and feedback

We value your feedback and suggestion to help us improve our ESG performance. Please feel free to contact us via email at [ir@vixel.com](mailto:ir@vixel.com).

## Corporate Vision, Mission and Values

The Group is the market leader in China's application performance management ("APM") industry which primarily provides APM products and service solutions for telecommunication operators and large enterprises. The Group is principally engaged in the following businesses: (1) integrated APM system solutions; (2) software development services; (3) technical services; and (4) sales of embedded hardware and standard APM software.

Adhered to the corporate vision – becoming the world's leading APM performance expert, the Group strives to pursue excellence in our products, solutions and services to meet the customer demands, as well as fully optimising the working environment and staff career development in an effort to create positive values to our employees; thus, exert our influence to bring mutual growth together.

### Corporate Vision

- To become the world's leading APM performance management expert

### Corporate Mission

- Care for the staff growth with offering good working environment and incentive mechanism
- Strengthen the staff training, personal and career development
- Provide competitive products, solutions and services and continue to create maximum value for customers

### Corporate Values

- Create value for the customers
- Create opportunities for the employees
- Create benefits for the society

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

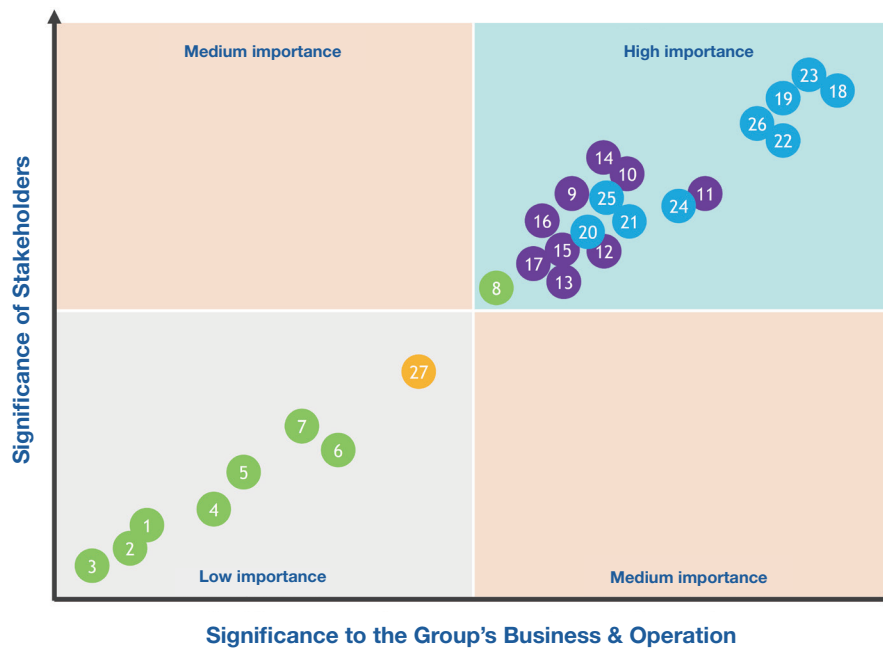
Vixtel maintains regular communication with our key stakeholders, including investors and shareholders, customers, employees, suppliers and business partners, government authorities and regulators, communities and media, to better understand their needs, expectations and concerns in relevance to our business operation, as well as to formulate suitable strategic goals, measures and programmes for CSR execution.

The table below demonstrated the communication channels adopted by Vixtel for stakeholder engagement:

Types of key stakeholder group	Communication channels
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company's announcements</li> <li>• Annual general meeting</li> <li>• Annual and interim reports</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Customer feedback and complaints</li> <li>• Customer satisfaction surveys</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Training and orientation</li> <li>• Employee satisfaction survey</li> <li>• Emails and suggestion box</li> <li>• Regular meetings</li> <li>• Employee performance evaluation</li> <li>• Employee activities</li> </ul>
<b>Suppliers and business partners</b>	<ul style="list-style-type: none"> <li>• Supplier selection and performance assessment</li> <li>• Procurement management process</li> <li>• Regular communication, inspections or on-site visit</li> </ul>
<b>Government authorities and regulators</b>	<ul style="list-style-type: none"> <li>• Document submission</li> <li>• Compliance inspections and assessment</li> <li>• Forums, conferences and seminars</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Community activities</li> <li>• Emails</li> <li>• Phones</li> <li>• Charitable donations and voluntary services</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company's announcements</li> </ul>

To identify the material ESG issues to the Group for formulating appropriate strategies on ESG management and guiding the direction of reporting disclosure, we have employed an independent consultant to carry out a materiality assessment through an online questionnaire this year. Our internal and external stakeholders, including those from the Board, employees, customers, suppliers, investors and shareholders were invited to score the identified twenty seven ESG topics in accordance with their importance to the Group's business operation and the stakeholders respectively.

Based on the results regarding the materiality of each of ESG issues expressed by the stakeholders, we prioritised the ESG topics in which they are shown in the materiality matrix below. The issues fell into the top right corner are the ESG issues mattered most to the Group and should focus on.



Environment	Social	
	Employment	Operation
1. Air emission 2. Greenhouse gas emission 3. Climate change 4. Energy efficiency 5. Water and effluents 6. Use of materials 7. Waste management 8. Environmental compliance	9. Labour rights 10. Labour-management relations 11. Employee retention 12. Diversity and equal opportunity 13. Non-discrimination 14. Occupational health and safety 15. Employee training 16. Employee development 17. Prevention of child labour and forced labour	18. Customer satisfaction 19. Customer service quality and complaints handling 20. Customer health and safety 21. Marketing and product and service labelling compliance 22. Intellectual property 23. Customer privacy and data protection 24. Responsible supply chain management 25. Business ethics 26. Socio-economic compliance
		Community
		27. Community investment

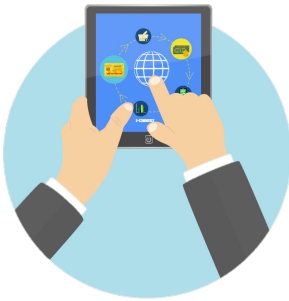
With these results in mind, we have disclosed our management approaches and performance on the aforementioned significant topics in this ESG Report. We will continue to review our existing management policies and initiatives in order to improve our work towards sustainability.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

Vixtel understands that embedding CSR into our business model is the crux of maintaining our business competitiveness and sustainability. To better manage our environmental and social performance, the Group has formulated a CSR policy in guiding the corporate decision-making process and devised corresponding development strategies, management mechanisms and measures to monitor the ESG issues in our day-to-day operation.

Our CSR policy focuses on the following five areas: environmental, health and safety management, employee caring, product responsibility, business integrity and supply chain management, which are illustrated below:

EHS management	Employee caring	Product responsibility	Business integrity	Supply chain management
<ul style="list-style-type: none"> <li>Resources conservation</li> <li>Pollution reduction</li> <li>Maintaining a safe and harmonious workplace</li> </ul>	<ul style="list-style-type: none"> <li>Human rights and freedom</li> <li>Staff remuneration and benefits</li> <li>Staff training and development</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining high quality of products and services</li> <li>Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption and anti-bribery</li> <li>Confidential Information protection</li> </ul>	<ul style="list-style-type: none"> <li>Supplier selection and performance assessment</li> <li>Legal compliance</li> </ul>



Adhered to our goal of business, excellence service quality and outstanding solution are of the utmost importance. Vixtel strives to enhance the quality and increase our competitiveness in this fast-paced industry by continuous improvement of our products and services and investment on the research and development (“R&D”).

## Quality products and services

A broad spectrum of IT technology and solution is provided to our customers in fulfilling their need and expectation. To uphold the high quality standard of our products and services, we continue to maintain the quality management system which is accredited with the ISO 9001:2015 international certification to systematically carry out our tasks.

We aim to provide customised and user-friendly solutions and are committed to maintaining our quality by frequent and strict monitoring, product or service testing and check-ups. Added to quality enhancement, we offer comprehensive customer service including the tailor-made training and remote technical support. In addition, we identify potential hazards that may endanger our system continuity such as the natural disaster, power short-circuit, server failure and virus attack etc, and define the responsibility and procedures in our IT recovery plan, in an effort to recover the system promptly from the disasters and hence minimizing the impact to our business and customers.

Innovation, a key to maintain the competitive edge of the company, is important in developing our products and service. We invest in R&D to increase our capability and explore better solutions in our products, services and process, so as to create new values for our customers. We also successfully obtained the “High-tech Enterprise Certification” in 2019 in recognizing our effort in the technical advancement in the industry.

To better communicate the factual information with our customers without exaggeration, all the promotion materials and information disclosure regarding to the Group, products or services are required to be handled by our integrated management department. Hence, a consistent communication channel can be maintained, ensuring that our stakeholders receive the correct information from proper channels. With the internal guidelines of the communication of the Group’s information in place, we believe we can maintain a high level of transparency of the information and gain higher confidence from our customers.

During the Reporting Period, the Group has complied with relevant laws and regulations related to the products of the Group, such as the Product Quality Law of the PRC.





## Satisfying our customers

To further improve our services standard and maximise the customer satisfaction, Vixtel maintains constant communication with our customers to obtain their valued opinion on our products and services. As such, we can timely manage their changing needs, expectations and concerns. The Group carries out the customer satisfaction survey on a regular basis and review the feedback from our customers to understand their views and recommendations, in terms of the quality, technical support, after-sales service, price and the time of delivery, of our product and service provision. Based on the result analysis, the Group can determine the strengths and weaknesses of our products and services, identify the areas of improvements and formulate relevant programmes and plans for addressing the customer concerns and gaining their trust and confidence.

Furthermore, we have a customer complaint handling system in place to handle the complaints raised by our customers. In the event of any complaints received regarding the product quality and/or deficiencies, we promptly review and validate the complaint case based on the reported information by the complainant, followed by proposing relevant solutions for instant correction and remedial actions, analysing the root causes of the complaints and determining corresponding corrective plans to prevent similar cases from happening in future.

## Data privacy and security

Our success is built on the reliable technical support and the information security in safeguarding the data privacy of our customers. Our “Customer Privacy Policy” articulates the purpose of data collection, usage, disclosure and/or transfer of customer data and the measures taken for data privacy protection. In addition, we have implemented an Information Security and Information Technology Service Management System certified with the international standard of ISO/IEC 27001:2013 and adopted standardised procedures and measures (e.g. data encryption, set access permission and passwords). The implementation of the system can systematically manage the data assets, personnel security as well as the potential information security incidents etc. to prevent the loss, misuse and unintended disclosure of the customer data and confidential information. Besides, we have established an information security management team to regularly review the potential risks on information and network security, deal with sudden network security incidents and arrange information security training to raise employees’ awareness of data privacy and information security. To further ensure the data and information privacy, our employees and suppliers are required to sign a confidentiality agreement and make declaration of their due care on the prevention of confidential information leakage and protection for the corporate and customer interests. The Group also abides by the regulations on network operation security and network information security stated in the Cybersecurity Law in China.

## Protection of intellectual properties

Vixtel attaches great importance to intellectual property (“IP”) protection as the IP assets reflect the entire achievements of creation and advanced technological application by the individual employees or our R&D team which can advance the company competitiveness. We make every effort to secure the IP rights of the Group in accordance with the applicable laws and regulations (e.g. the Patent Law of the PRC and the Implementation Rules of Patent Law of the PRC, Implementing Rules of the Trademark Law of the PRC, the Copyright Law of the PRC and the Trademark Law of the PRC). Followed by the “Intellectual Property Management Guideline”, our administrative department is responsible for handling the IP products including but not limited to patents, copyrights, trademarks, undisclosed technical and trade information and make proper IP registration where appropriate to prevent any IP rights infringement and unauthorised application without the Group’s prior consent. We also included the relevant terms and conditions about the IP ownership and protection in our service contracts, and requested our business partners to exert their due care in respecting and protecting the IP rights. The employees and suppliers who breach the relevant laws and regulations and our internal rules are subject to disciplinary actions and the termination of the business relationship.

During the Reporting Period, the Group was not aware of any non-compliance with applicable laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.



Vixtel recognises that strengthening the cooperation with our suppliers is the integral part of upholding the excellent quality of our products and services and thriving the long-term business development.

The Group has implemented a standardised supplier management system and procurement management procedure to evaluate the business competency of the new and existing suppliers as well as to ensure the quality of supplied product and service provision. All the potential new suppliers are required to undergo a qualification assessment before they can register as our on-list approved suppliers. Where necessary, our procurement team will carry out on-site inspection to verify the business capability and operating practices of the new potential suppliers and request to provide sample product(s) and relevant technical specifications to prove the quality of supplies is in line with the required standards. Only the approved suppliers are allowed to supply necessary products and services for our operations. In adherence to the principle of fair competition, we obtain three or more quotations for price comparison and quality standard review during the procurement bidding process to guarantee their products or services are of high standard. In addition, we conduct performance assessment on the existing suppliers and service providers at least once a year, in terms of product quality, delivery-time, price and after-sale services, to ensure the quality of their products or services are properly maintained. If the suppliers fail to meet our regular standards, we will discontinue the business relationship with those suppliers.

In order to encourage our suppliers to take proactive actions in pursuing sustainable development in their own business and to understand the expectations of the Group in CSR, our Supplier's Code of Conduct has outlined the principles and requirements of the labour practices, human rights, environmental, health and safety management and legal compliance for suppliers to observe in their operations. This code is functioned as a measure to raise the awareness of our suppliers in sustainability and enhance the overall ESG performance along our supply chain.



## Anti-corruption and anti-bribery

Vixtel is committed to upholding the highest level of fairness and integrity in our business dealings and strictly prohibits all form of corruption, extortion, bribery, fraud and money laundering. Our CSR policy and the anti-corruption and anti-bribery management procedure have set the standard of conducts and behaviours that all employees are required to follow in the business activities, as well as to comply with the requirements of the applicable local and national legislations such as the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC, the Anti-unfair Competition Law of the PRC and other local laws and regulations relating to anti-corruption in the PRC. For instance, all employees are strictly forbidden to offer or accept any benefits from our business partners or customers. For the employees positioned in managerial level, they are required to sign the integrity declaration to ensure their behaviours are in line with the corporate standard. Apart from our employees, we also require our business partners, including the service providers, contractors and suppliers, to sign a probity agreement and follow our ethical standards at all time to maintain our business relationships in safeguarding our corporate interest and brand.

The Group has a whistle-blowing system in place which enables our employees and business partners to report suspected impropriety, malpractices or acts involving an unethical conflict of interest. In case of any reported case(s) received, the designated team will undertake a thorough internal investigation based on the reported information and take necessary remedial actions according to the findings. We will keep the identity of the whistle-blowers together with the reported information in strict confidentiality to ensure the whistle-blowers are protected against any unfair treatment. The employees who breach our CSR policy and/or their integrity declarations or suppliers who violate the probity agreements will be subject to disciplinary actions or termination of business relationship, and the case will be reported to appropriate law enforcement agencies for further handling depending on the severity of the case.

During the Reporting Period, the Group was not aware of any material non-compliance with applicable laws and regulations relating to bribery, extortion, fraud and money laundering.



Vixtel treats our employees as the most precious assets and their professional knowledge and creativity are the key to the growth of our business. With the people-oriented human resources management strategy, the Group is committed to offering an inclusive, rewarding and supportive working environment to our employees to attract and retain our talents. We also strive to provide various learning and career development opportunities so that our employees can develop their skillsets and grow with us.

### Employment and labour standard

We offer competitive remuneration and benefits package to our full-time employees, including competitive salary, statutory holidays, annual leave, sick leave, maternity leave, paternity leave, marriage leave, compassionate leave, lactation leave, overtime work compensation and social insurance coverage (i.e. pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing funds) etc., which are stipulated in our employee handbook and properly communicated with all the employees during the induction training. In addition, our Group implements fixed working hours and five working days to promote the work-life balance. For certain job positions where fixed working hours are not feasible, the corresponding arrangement should be agreed by the head of the department, human resources department and administrative department. Our employment practices are in compliance with relevant national labour laws and regulations (i.e. the Labour Law of the PRC and the Labour Contract Law of the PRC).

The Group is committed to providing equal opportunities and the fair treatment to all employees. In all the employment matters, including the process of recruitment, transfer, promotion, dismissal and training, we merely make decisions based on the objective factors and criteria such as individual working performance, qualifications, technical capability, experience and merits, and strictly prohibits any discrimination against the employees or job candidates on the ground of gender, age, ethnicity, disability, pregnancy and sexual orientation or other unrelated matters in respect of job duties. With the non-discriminated criteria in selecting the talents to join our Company, we can ensure a diverse workforce with a wide variety of skill sets, experience and perspectives to bring along unique ideas and solutions to the Company that increases our competitive edge. Any form of unlawful harassment is also strictly forbidden. Employees who found repeatedly violating the company rules and regulations as stated in the employee handbook are subject to disciplinary actions including dismissal. On the other hand, to fairly incentivise and reward our employees, we have established a comprehensive performance appraisal system and assessed each of the employee working performance according to pre-determined scoring standards. Employees with outstanding performance are rewarded through salary adjustment, discretionary bonus announcement and promotions in recognition of their contribution to the Group.

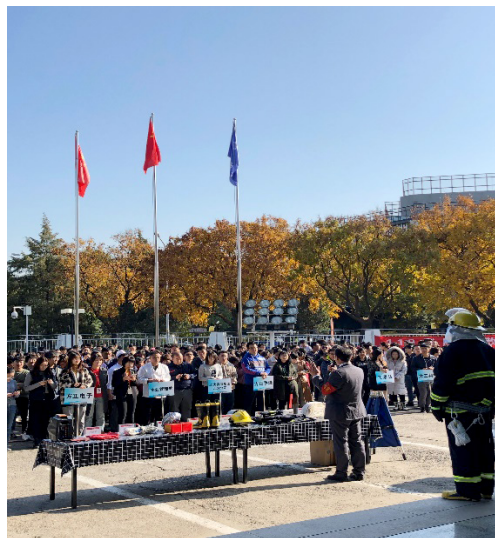
We highly respect and protect the human rights. The Group followed the laws and regulations on prohibiting child labour and forced labour, including but not limited to, Labour Law of the PRC, Labour Contract Law of the PRC, Law of the PRC on Protection of Minors and Regulations on Prohibiting Use of Child Labour (State Council Order No. 364). We do not allow any employment of child, forced and bonded labour in our workplace. We validate the identity, academic qualifications and job reference proof of the new hirers to make sure their work eligibility for the related job positions. All the employees voluntarily sign the labour contract with the Group prior to the employment, and are able to leave their current positions with written notice under required notice period.

During the Reporting Period, the Group was not aware of any non-compliance with applicable laws and regulations relating to employment and the use of child and forced labour.

## Healthy and safe workplace

Vixtel strives to offer a safe working environment for our employees. We have a series of occupational health and safety policy and management procedures in place and implemented an occupational health and safety (“OHS”) management system following the international standard of ISO 45001 in our headquarters in Beijing to protect employees from work-related hazards.

As stipulated in the OHS policy and manual, we conduct relevant OHS risk analysis assessment regularly in order to identify potentials OHS hazards associated with the business activities and reduce the risk exposure to the staff by excelling the appropriate safety control and mitigation measures such as personal protective equipment and first-aid kit provision, regular safety inspections to prevent accidents, regular maintenance of fire safety equipment and electric equipment, and maintaining a good housekeeping and office security in workplace. To better prepare for the emergencies that might occur in our workplace, our emergency preparedness and response control procedure includes the guidelines for our employees to follow in handling the emergency situations. We also organised OHS training to our employees and participated in the fire drills arranged by the building management company to raise their OHS awareness and alertness and strengthen their abilities in emergency evacuation. We have set up a designated team to monitor the overall implementation of OHS management in



our facilities, review and update the relevant safety management procedures and guidelines regular so as to ensure our safety practices are met the government requirements and in line with the international standard. During the Reporting Period, the Group follows the laws and regulations on ensuring workplace health and safety, which mainly include Work Safety Law of PRC, Law of the PRC on the Prevention and Control of Occupational Diseases, Special Equipment Safety Law of the PRC and Emergency Response Law of the PRC and did not identify any non-compliance cases relating to occupational health and safety.

The Group advocates to promote work-life balance to our employees as the physical fitness and mental well-being of the employees is directly linked to their working productivity. We organised various staff activities and events to enjoy their leisure time from work and strengthen team cohesion and bonding. We also provided medical check-ups for our employees to enhance their awareness of health care.



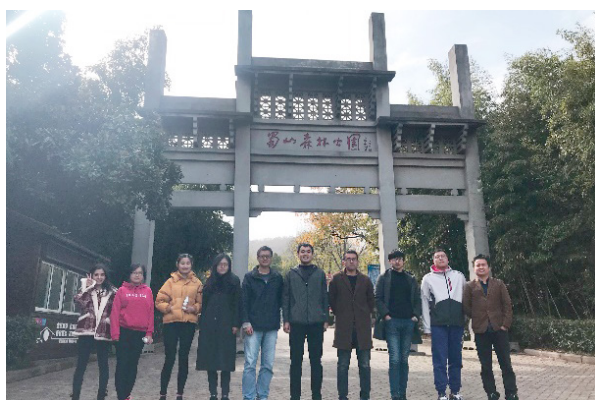
### Team building activity



### Birthday celebration



### Hiking activities



## Staff training and development

In order to keep pace with the fast-changing business environment and sophisticated technical development, Vixtel attaches great importance to staff training and career development to strengthen the professional capabilities and growth of our employees and retain the high-calibre talents, so as to maintain our sustainable growth of business and competitive edge in the industry.

We have established a comprehensive training management system to devise the staff training programmes based on their training needs and feedback. We organised different on-the-job trainings, covering the product/service and business knowledge, project management skills, latest regulatory and compliance requirements and quality, safety, environmental and information security management, for the employees at different career levels to strengthen their professional expertise, managerial competence and interpersonal skills. Subsidies are also granted to the employees who received the external training opportunities in order to support and facilitate their professional development.



During the year, we also encourage our employees to obtain self-learning in their leisure time. Necessary resources (e.g. offering computers, study areas) are provided to assist employees in achieving both personal goals and career aspirations.



## SHOULDERING OUR ENVIRONMENTAL RESPONSIBILITY



With the greater concern of the global environmental issues such as climate change, water scarcity and resources depletion nowadays, the Group is dedicated to protecting our environment and continues to launch green office initiatives in our daily operation to reduce the emissions and utilise resources in an efficient and responsible manner.

Though the small impact of our operations on the environment, we have implemented an environmental management system (“EMS”) in our Beijing headquarters accredited with the international standard of ISO14001:2015, aiming to appropriately identify and manage the environmental risks and significant environmental aspects with associated impacts in our operation, apart from complying with the applicable national environmental laws and regulations such as The Environmental Protection Law of the PRC. To continuously improve our environmental performance, we have devised relevant environmental policies, management procedures and working guidelines to control the emission, waste disposal and resources consumption in our workplace. In addition, we arrange routine environmental training to increase our employees’ awareness of environmental protection and let them understand the existing measures in management of the environmental issues in our operational facilities.

During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations relating to the air and greenhouse gas emission, discharges into water and land, and generation of hazardous waste and non-hazardous waste.

## Managing our emissions and waste generation

Regarding to our business nature and our activities mainly operated within offices, the emissions to the environment due to our day-to-day operation are limited. Emissions are mainly from greenhouse gases of electricity use and vehicle fuel consumption, as well as hazardous and non-hazardous waste generation. Despite this, the Group advocates to further reduce the direct emissions in terms of company vehicles management and waste management.

To regulate the use of company vehicles in the daily operation, we have set up a policy with working guideline in order to have appropriate planning for transportation and avoid unnecessary trips, which help us reduce the level of air pollutants emitted to the atmosphere. Besides, we select the superior vehicle fuels with lower sulphur content and arrange regular maintenance on our company vehicles to ensure their engine efficiency and optimal function. Our drivers are required to switch off idling engines when the vehicles are stationary to prevent excessive exhaust gas emission.

In our offices operations, we generate a certain amount of hazardous waste such as fluorescent light tubes, toners and batteries, and non-hazardous waste such as paper and general domestic waste. We have a waste management procedure in place to properly handle and dispose of the produced waste and ensure the compliance with the applicable environmental laws and regulations. The waste generated in our operations can be categorised into three major types: recyclable waste, non-recyclable waste and hazardous waste which are stored in designated areas for temporary storage. All the collected recyclable waste and general waste are handled by the property management company regularly for recycling and treatment. The hazardous waste is sorted and stored in the enclosed container with proper safety labels for hazards identification before they are recollected by service providers, or consigned to qualified waste collectors for further treatment. We also maintain regular inspection on waste management, and track the amount of solid waste generation to ensure the effectiveness of waste management.

## Responsible resources consumption

The Group endeavours to minimise the resources consumption and lower the carbon footprint during the operational processes. Our “Environmental Management Procedure” and “Energy and Water Management Procedure” outlined the management control measures and initiatives in guiding our employees on the responsible use of resources in order to enhance the resource efficiency and meanwhile reduce the carbon emission. The major types of resources consumed by the Group are the vehicle fuel (unleaded petrol) used by the company vehicles, purchased electricity, water and paper for daily office operation. Some key measures to control the resources use in our operations are highlighted below:

### Energy

- Control and maintain the room temperature of our offices at an energy-efficient level (24-26 degrees Celsius)
- Adopt the electronic appliances with higher energy efficiency and set electronic appliances in energy saving mode by default
- Adopt natural lighting whenever possible and attach signage to remind our employees to switch off lights and office equipment when they are not in use
- Replace the old and low energy-efficient machines with new high energy efficient models in equipment room to reduce the electricity consumption
- Adopt video conference calls to reduce business-related travels
- Encourage our employees to use public transportation instead of the use of private vehicles

### Water

- Opt for water saving devices and faucets in our workplace
- Conduct regular water pipe maintenance to prevent water leakage
- Attach signage to remind our employees to switch off the faucet tightly after finished washing and avoid rinsing the containers under the running water to reduce the water wastage

### Other materials

- Advocate the electronic application for internal communication and documents circulation to promote paperless offices
- Adopt double-sided printing and re-use the single-sided paper
- Utilise the reusable products (e.g. rechargeable battery, refillable stationeries) instead of one-off products

During the Reporting Period, the Group was not aware of any issue in water sourcing.

## The environment and the natural resources

As a corporation in provision of APM products and service solutions, the Group does not exert significant impacts on the environment and natural resources during our operations. Nevertheless, we strive to cultivate a green office culture, increase the staff awareness of environmental conservation as well as promoting the electronic application such as cloud computing through our innovation and technology to help the enterprise and the society reduce the carbon emissions and resource use.

## Our environmental performance

The environmental key performance indicators (“KPIs”) data during the Reporting Period is shown in the table below.

Vixel Technologies Holdings Limited				
	Unit (Note 1)	2017	2018	2019
<b>Types of Resources Used</b> (Note 2)				
<b>Direct Energy</b> (Note 3)				
– Unleaded petrol for mobile combustion	Litre (“L”)	1,938.00	1,045.00	<b>825.00</b>
<b>Total Energy</b>	Giga Joule (“GJ”)	63.53	34.26	<b>27.05</b>
<b>Intensity</b>	GJ per full-time employee	0.26	0.17	<b>0.14</b>
<b>Indirect Energy</b>				
– Electricity	Megawatt hour (“MWh”)	137.01	156.89	<b>172.02</b>
<b>Intensity</b>	MWh per full-time employee	0.57	0.80	<b>0.90</b>
<b>Water</b>	m <sup>3</sup>	276.16	539.50	<b>402.40</b>
<b>Intensity</b>	m <sup>3</sup> per full-time employee	1.14	2.75	<b>2.11</b>
<b>Paper</b>	Tonne	–	0.18	<b>0.18</b>
<b>Type of Waste</b> (Note 4)				
<b>Hazardous Waste</b> (Note 5)				
– Light tubes	Pieces (“pc”)	–	17	<b>23</b>
– Waste batteries, electronic parts and accessories	pc	–	13	<b>195</b>
– Waste cartridges	pc	–	13	<b>19</b>
<b>Intensity</b>	pc per full-time employee	–	0.22	<b>1.24</b>
<b>GHG Emissions</b>				
<b>Total Emission</b> (Note 6)				
	Tonne of carbon dioxide equivalent (“tCO <sub>2</sub> e”)	144.06	195.91	<b>194.88</b>
<b>Direct Emission (Scope 1)</b> (Note 7)	tCO <sub>2</sub> e	5.15	2.50	<b>1.97</b>
<b>Indirect Emission (Scope 2)</b> (Note 8)	tCO <sub>2</sub> e	138.91	158.80	<b>162.63</b>
<b>Other Indirect Emission (Scope 3)</b> (Note 9)	tCO <sub>2</sub> e	–	34.61	<b>30.28</b>
<b>Intensity</b> (Note 10)	tCO <sub>2</sub> e per full-time employee	0.60	0.82	<b>0.86</b>

Note 1: The intensity unit is based on the average full time employees of the Group within the reporting scope.

Note 2: The Group provides APM system related products and software development services with online solutions to our customers and thus the use of packaging material is not applicable.

Note 3: The conversion factors from volumetric units of unleaded petrol consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

Note 4: The non-hazardous wastes are consigned to the building management company for recycling and handling. The actual weight data of non-hazardous waste is not available.

Note 5: The hazardous wastes are consigned to the service providers and building management company for recycling and handling. The figures of 2018 only cover the waste generation from our headquarter in Beijing. We expanded the scope of 2019 figure to our branches and covered the waste generation from Guangzhou, Hefei and Chongqing. We will continue to enhance the waste-related data collection and disclosure.

Note 6: Our operation mainly takes place in our offices, and our carbon emission is the majority type of emission generated. All wastewater discharge is managed by the building management company. The air emission of the Group's vehicle is limited; thus, is non-material to our operation.

Note 7: The direct emission (Scope 1) covers the emission from the mobile sources combustion. The calculation is based on the published emission factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the guidance worksheets of World Resources Institute's GHG Protocol Tool for Mobile Combustion.

Note 8: The indirect emission (Scope 2) covers the emission from the purchased electricity from Power Company. The calculation is based on the emission factors from 2017 Emission Factors for purchased electricity within Mainland China, published by Climate Change Info-Net.

Note 9: The other indirect emission (Scope 3) covers the emission from the business travel of employees only.

Note 10: The GHG intensity is the sum of Scope 1 emissions and Scope 2 emissions, divided by the total number of full-time employees in the Reporting Period.

Guided by “Corporate Community Involvement Policy”, Vixtel is dedicated to fostering the infrastructure construction and social development in the community, and continuously improving the local social conditions and welfare of the underprivileged through supporting the community projects and donations.

In November 2019, we organised a green hiking activity for our employees in our headquarters in Beijing, with an objective to raise their awareness of waste handling and reducing environmental pollutions, as well as encouraging to practise green and low carbon lifestyle for protecting our environment. While enjoying the green walk in nature, our employees also helped clean up rubbish along the trail. About 80 employees joined the green hiking and the Group donated a total amount of RMB30,000 in the name of the company to the Red Cross Society of China, in order to share our warm care and support to “Little Angel foundation” – a humanitarian aid programme in assisting the underprivileged children with leukemia.





## HKEx ESG Reporting Guide General Disclosures & KPIs

## Explanation/Reference Section

### Aspect A: Environment

<b>A1 Emissions</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul> <p>Note:</p> <p>Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	Shouldering our Environmental Responsibility
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Shouldering our Environmental Responsibility – Our environmental performance
<b>KPI A1.2</b>	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Shouldering our Environmental Responsibility – Our environmental performance
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Shouldering our Environmental Responsibility – Our environmental performance
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Shouldering our Environmental Responsibility – Our environmental performance
<b>KPI A1.5</b>	Description of measures to mitigate emissions and results achieved.	Shouldering our Environmental Responsibility – Managing our emissions and waste generation

**HKEx ESG Reporting Guide General Disclosures & KPIs****Explanation/Reference Section**

<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Shouldering our Environmental Responsibility – Managing our emissions and waste generation
<b>A2 Use of Resources</b>	<p>Policies on efficient use of resources including energy, water and other raw materials.</p> <p>Note:</p> <p>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	Shouldering our Environmental Responsibility – Responsible resources consumption
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Shouldering our Environmental Responsibility – Our environmental performance
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Shouldering our Environmental Responsibility – Our environmental performance
<b>KPI A2.3</b>	Description of energy use efficiency initiatives and results achieved.	Shouldering our Environmental Responsibility – Responsible resources consumption
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Shouldering our Environmental Responsibility – Responsible resources consumption
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Shouldering our Environmental Responsibility – Our environmental performance
<b>A3 The Environment and Natural Resources</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	Shouldering our Environmental Responsibility – The environment and the natural resources
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Shouldering our Environmental Responsibility – The environment and the natural resources



**HKEx ESG Reporting Guide General Disclosures & KPIs****Explanation/Reference Section****Aspect B: Social**

<b>B1 Employment</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	Care For the Employee – Employment and labour standard
<b>B2 Health and Safety</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	Care For the Employee – Healthy and safe workplace
<b>B3 Development and Training</b>	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note:</p> <p>Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Care For the Employee – Staff training and development

**HKEx ESG Reporting Guide General Disclosures & KPIs****Explanation/Reference Section**

<b>B4 Labour Standards</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.</li> </ul>	<p>Care For the Employee – Employment and labour standard</p>
<b>B5 Supply Chain Management</b>	<p>Policies on managing environmental and social risks of the supply chain.</p>	<p>Supply Chain Management</p>
<b>B6 Product Responsibility</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	<p>Product Responsibility</p>
<b>B7 Anti-corruption</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</li> </ul>	<p>Business Integrity</p>
<b>B8 Community Investment</b>	<p>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.</p>	<p>Investing in the Community</p>