



**VIXTEL TECHNOLOGIES HOLDINGS LIMITED**

**飛思達科技控股有限公司**

Stock code : 1782



**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**  
**2020**



5G

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## ABOUT THIS REPORT

In a year full of hardship amid the global pandemic, Vixtel Technologies Holdings Limited (the “Company”) and its subsidiaries (hereafter “We”, “Vixtel” or the “Group”) have gone an extra mile in making sure that our business practices are environmentally sustainable and socially responsible. Corporate social responsibility remains to be the focal point of our business strategies, with an aim to add values to and take care of our customers and employees, as well as maintaining environmentally-responsible business activities. To demonstrate our full commitment in providing transparent information, this report will provide a qualitative and quantitative analysis of our environmental, social and governance (“ESG”) performance.

### Reporting standard

This is our fifth ESG report (“Report”), which has been prepared in accordance with the ESG 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 headquarter 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 summarises the ESG performance of the Group during the period from 1 January 2020 to 31 December 2020 (the “Reporting Period” or “2020”).

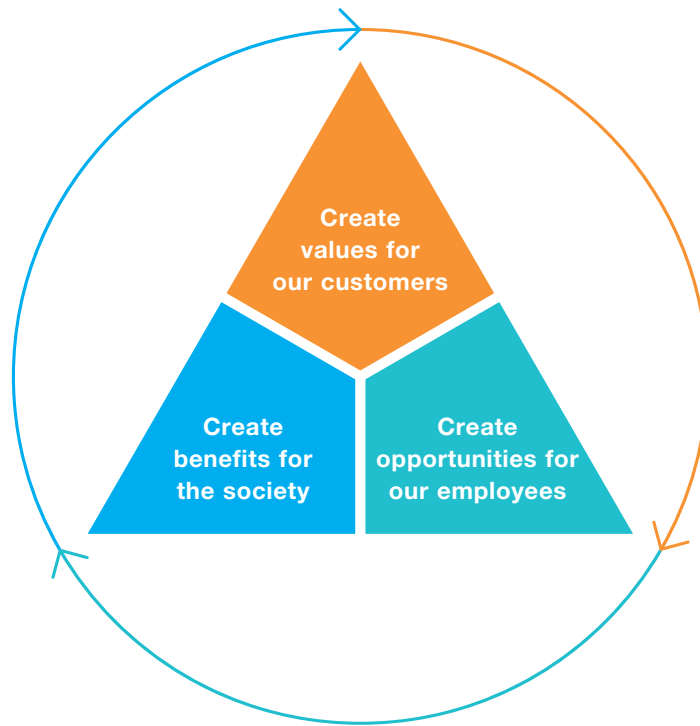
### Contact and feedback

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

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.

### Corporate Vision, Mission and Values

While adhering to the corporate vision – becoming the world's leading APM performance expert, the Group holds firmly to our values of providing high-end 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 influences on our employees; thus, exerting our influence to bring mutual growth.



Good ESG governance is the vital piece and foundation of the overall ESG picture as it associates with decent strategic-planning, leadership and decision-making. That is why Vixtel has a hierarchical ESG structure in place this year that enables highly-effective chain of command and distribution of duties. From the board to ESG task force, tackling of environmental and social issues is always high on the agenda. ESG is not just ticking the boxes or a matter of compliance to us, but a business model that adds values to the Group.

### The Chief Executive Officer

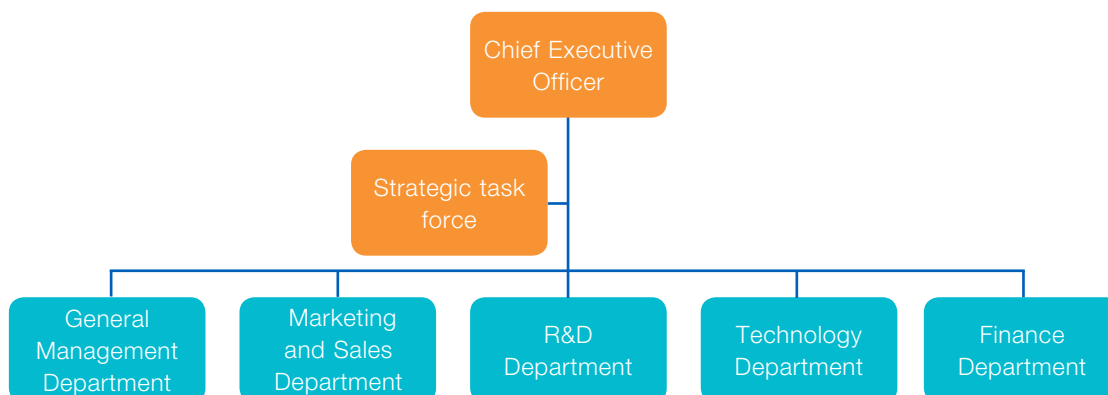
The Chief Executive Officer (“CEO”) offers full support to the overall implementation of ESG matters in our business activities. The CEO leads the ESG governance structure, plans the overall ESG direction and facilitates the discussion on ESG-related issues. The CEO, who possesses a wide range of professional knowledge and experience, leads to excellent leadership and decision-making. The CEO is also highly familiar with the relevant laws and regulations, which adhere to the Group’s core value of respecting business integrity.

### Strategic task force

Led by the CEO and comprised of senior management and department heads, the strategic task force is responsible for initiating the discussion of ESG-related issues such as the Group’s health and safety, human rights and environmental policies. The task force’s duties also include identifying ESG risks and formulating ESG strategies for the departments to design appropriate planning. Regular review of ESG performance is also conducted to ensure the strategies and approaches taken are on the right track.

### Department level

The practical implementation of ESG strategies is conducted on the department level which is fairly distributed to five departments: General Management Department, Marketing and Sales Department, Research & Development (“R&D”) Department, Technology Department and Finance Department. Led by the department heads, each department has assigned specialised personnel to carry out specific ESG tasks. For example, the Marketing and Sales Department is responsible for identifying customer needs and ensuring customer satisfaction, while the R&D Department and Technology Department focus on software development and quality assurance of our products and services. The General Management Department also carries the important mission of evaluating our ESG performance and reporting to the strategic task force.



Given the scale of Vixtel's operations and our ambitions to explore new business ventures, the Group is susceptible to a multitude of risks that need to be effectively managed. Our "Risks and Opportunities Management Procedure" is in place to establish a standardised risk control system that strengthens our risk prevention capabilities and discovers new business opportunities. Every year, our strategic task force gathers information on the internal and external risks that can potentially impact our business activities, including strategic risks, financial risks, legal risks and operation risks. By evaluating the probability and severity of identified risks using our risk evaluation system, we formulate appropriate risk control measures through avoidance, acceptance, mitigation and dispersion according to our risk appetite.

The Group prioritises the management and control of risks according to severity, urgency and impacts of risks. We continuously update our risk information through tight collaboration between our risk management task force and top management. We also regularly monitor and review the effectiveness of our risk management strategies with an ultimate goal of keeping our risks to a minimum.



## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Vixel maintains effective communication with our key stakeholders, including investors and shareholders, customers, suppliers, employees, certification authorities, industrial associations, government authorities and communities, to better understand their needs, expectations and concerns in relevance to our business operation, as well as formulating suitable strategic goals and measures for corporate social responsibility (“CSR”) execution. Upon receiving our important stakeholders’ opinions, we conducted result analysis and planned out counteractive measures, which were closely monitored and reviewed at the end of the year to identify areas for improvement.

The table below demonstrates a summary of how we fulfilled some of our stakeholders’ needs and expectations.

Stakeholder	Stakeholders’ needs and expectations	Counteractive measures	Performance evaluation
<b>Customers</b>	<p>Customers expect:</p> <ol style="list-style-type: none"> <li>1. Products and services that meet the agreed requirements;</li> <li>2. High-quality and affordable products; and</li> <li>3. Timely and highly satisfactory after-sales services.</li> </ol>	<p>The Group will:</p> <ol style="list-style-type: none"> <li>1. Establish, implement and maintain a quality management system to secure the quality of products and services;</li> <li>2. Fully identify the requirements of customers/end consumers;</li> <li>3. Monitor customer experience, enhance after-sales service, and solve customer feedback timely;</li> <li>4. Improve efficiency, reduce costs, and provide customers with high-quality, low-price and safe products; and</li> <li>5. Improve corporate quality risk awareness, and enhance corporate product and service anti-risk capabilities.</li> </ol>	<p>The Group has established a comprehensive management system, conducted risk awareness training within the Group, identified customer/end consumer requirements, carried out delivery in strict accordance with contract orders, provided timely after-sales service, and conducted surveys on customer satisfaction.</p>

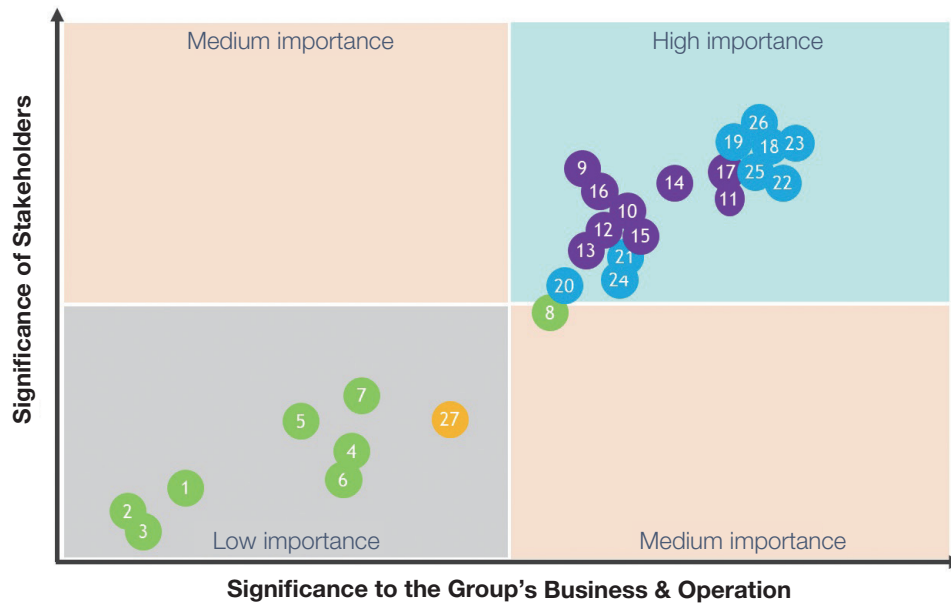
Stakeholder	Stakeholders' needs and expectations	Counteractive measures	Performance evaluation
<b>Suppliers</b>	<p>Suppliers expect:</p> <ol style="list-style-type: none"> <li>1. A stable and continuous win-win cooperation; and</li> <li>2. A reduced cost for both parties to improve the competitiveness of the supply chain.</li> </ol>	<p>The Group will:</p> <ol style="list-style-type: none"> <li>1. Establish a long-term, stable and mutually beneficial relationship with external suppliers; and</li> <li>2. Share resources with suppliers, and encourage them to make improvements on their performance.</li> </ol>	<p>The Group investigated external suppliers, collected their legal qualifications, established a list of qualified suppliers, established a long-term, stable and mutually beneficial relationship, and encouraged them to improve as a group and enhance performance through the establishment of management systems.</p>
<b>Employees</b>	<p>Employees expect:</p> <ol style="list-style-type: none"> <li>1. Improved individual capabilities;</li> <li>2. Steady growth in income and welfare; and</li> <li>3. A safe working environment.</li> </ol>	<p>The Group will:</p> <ol style="list-style-type: none"> <li>1. Establish a culture that favours learning, nurtures knowledge workers, and improves the talent development system;</li> <li>2. Strengthen employee skill-training, and establish a good incentive and promotion mechanism; and</li> <li>3. Create a healthy corporate culture and atmosphere, pay attention to safety management, enhance employees' sense of belonging, and protect their legitimate rights and interests.</li> </ol>	<p>The Group has created a positive corporate culture, provided appropriate skill-training, refined promotion mechanisms, and safeguarded the legal rights and interests of employees.</p>
<b>Certification authorities</b>	<p>Certification authorities expect effectiveness, comprehensiveness and compliance in the Group's operations.</p>	<p>The Group will implement professional internal audit, external audit, and management evaluation.</p>	<p>The Group conducted internal audit, external audit, and management evaluation at planned intervals.</p>



Stakeholder	Stakeholders' needs and expectations	Counteractive measures	Performance evaluation
<b>Industrial associations</b>	Industrial associations expect the Group to:  1. Become the industry leader in technology and management; and  2. Participate in associations' activities and offer suggestions to the associations.	The Group will maintain the leading edge in technology, work with the association to compile industry standards, and initiate regular discussions and exchanges.	The Group has increased the investment in technology research and development, kept up with industry-leading technologies, and held industry discussions and exchange meetings on a regular basis.
<b>Government authorities</b>	Government authorities expect:  1. Increase in job opportunities and contribution to the economy; and  2. Law compliance and social responsibilities fulfilment.	The Group will:  1. Speed up the exploration of local new market, and increase sales and taxation; and  2. Identify and strictly implement the applicable laws and regulations, including industry norms, standards and other requirements.	The Group has identified the quality law, measurement law, contract law and industry standards of the Group's products, and strictly complied with these standards within the Group.
<b>The community</b>	The community expects active investment in public welfare, community construction, environmental protection, and social welfare.	The Group will actively fulfil social responsibilities and obligations.	The Group has actively engaged in social welfare activities and protects the environment.

To identify the material ESG issues to the Group for formulating appropriate strategies on ESG management and guiding the direction of reporting disclosure, we employed an independent consultant to carry out a materiality assessment exercise through an online questionnaire in 2020. Our internal and external stakeholders, including 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 which fell into the top right corner are the ESG issues mattered most to the Group and we should focus on.



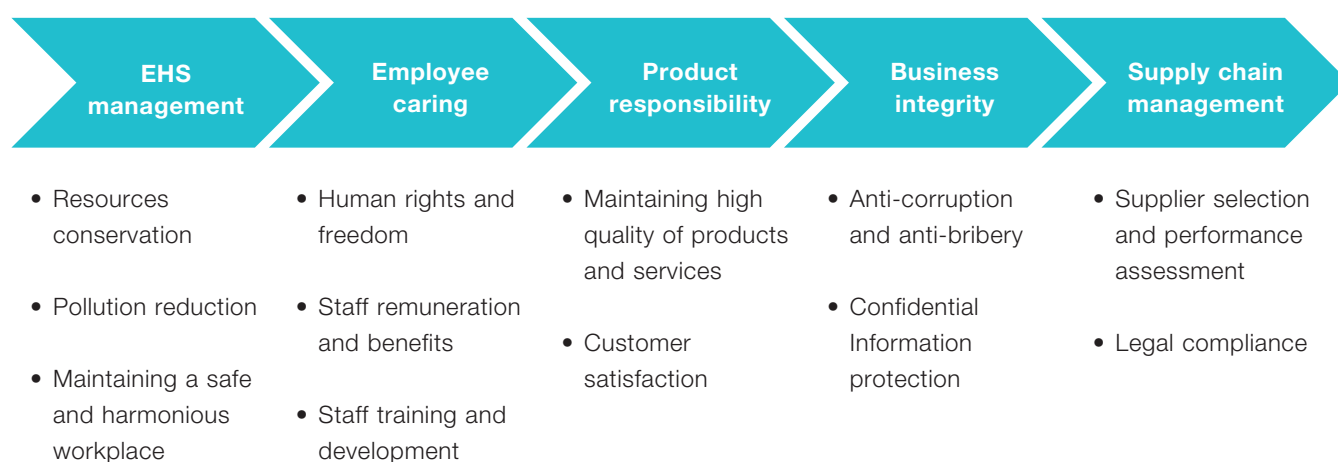
Environment	Social	
	Employment	Operation
1. Air emission 2. Greenhouse gas emission 3. Climate change 4. Energy efficiency 5. Water and effluents 6. Use of materials 7. Waste management 8. Environmental compliance	9. Labour rights 10. Labour-management relations 11. Employee retention 12. Diversity 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 27. Community investment

The above materiality assessment has helped us analyse our business risks and opportunities in an attempt to improve our business strategies. It has also helped us meet the sustainability reporting standards and lead us to better resource allocation focusing on the important ESG issues. Most importantly, it provides the pathways to satisfying our stakeholders' demands.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

To better manage our environmental and social performance, Vixtel has embedded CSR into our business model. The Group has formulated a CSR policy in guiding the corporate decision-making process and devised corresponding development strategies to monitor the ESG issues in our day-to-day operation. Our ultimate goal is to be socially accountable to our stakeholders and the community.

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:





Vixtel's corporate vision of creating values for our customers manifested itself in our continuous endeavour to provide quality products, reliable services and innovative technological solutions. The protection of data privacy and intellectual property is also our top priority so as to guarantee a safe experience for our customers.

## Ensuring quality products and services

As a major player in the APM market, Vixtel offers all-round IT technology and solutions to our customers, for instance the APM Vista SaaS Platform and Net Vista Platform which are tailor-made to answer our customers' needs and provide high-quality application performance analysis. Amid the development of the 5G era, we are actively promoting products and services applicable to the 5G network, while our investment in R&D helps us constantly adapt to upcoming changes in the industry.

To adhere to the excellent 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. Our strategic task force incorporates proper leadership and assure effective execution of the quality management system. The task force plays a crucial role in maximising quality standard of our products and services as they are responsible for outlining quality management goals, identifying potential risks, formulating preventive and counteractive measures, and monitoring the quality management process.

The quality of our products is maintained under our product quality management system. The distribution of work for product quality assurance is very meticulous as our Technology Department and R&D Department are engaged in the quality assurance process, which are responsible for software development, process control, facilities maintenance, product performance testing and monitoring. Our products are accredited by the "China Compulsory Certification" which is a testament of our dedication in keeping outstanding quality standard.

During the Reporting Period, the Group complied with the relevant laws and regulations related to the products of the Group, such as the Product Quality Law of the PRC. The Group also met all the targets of quality management such as keeping a less than 5% unit testing failure rate and a 100% project testing passing rate.

In managing the advertisement or promotion of the Group, we have formulated the External Promotion Management Procedures. Our General Management Department is responsible for managing the brand image and increasing reputation of the Group through systematic coordination and transparent disclosure of corporate information. During the Reporting Period, we strictly complied with the relevant laws and regulations relating to advertising and labelling in connection with the products and services provided, such as the "Advertising Law of the PRC" and the "Trademark Law of the PRC". We ensure that our information is fair and true when communicating with our customers and we avoid using unverified news and unregulated pictures and videos.



## Knowing our customers' needs

Maintaining constant communication with customers is our key to enhancing our service standard and maximising customer satisfaction. We remain helpful and communicative to our customers throughout the pre-sale, contract-signing and after-sale stages of our products and services by arranging frequent promotional events, face-to-face meetings and electronic communication.

It is of equal importance to fully understand our customers' changing needs, expectations and concerns. As such, we have developed a "Products and Services Demand Control Procedure" to standardise the procedures for identifying, analysing and fulfilling our customers' needs. Our Marketing and Sales Department is responsible for executing the procedure and handling our customers' explicit needs such as user training, on-site installation and bug fixing, as well as potential needs such as compliance with legal requirements and industry standards. On a regular basis, we carry out customer satisfaction survey that invites our customers to rate our product performance, customer service, price and delivery timelines. Based on the results, we prepare a customer satisfaction analysis report that helps us determine the strong and weak links of our products and services, and work out solutions for addressing future customer concerns.

Furthermore, we have developed a "Customer Complaint Handling Procedure" to handle complaints raised by our customers. Upon receiving a complaint, investigation of the complaint case will be promptly initiated and the compliant issuer will be informed immediately that their complaint is under review. Remedial actions are proposed swiftly and constant communication with the compliant issuer will be maintained to facilitate correction of the issue. Post-complaint analysis is conducted to prevent recurrence of similar issues. During the Reporting Period, the Group has achieved a customer satisfaction level of over 97%.

## Safeguarding data privacy and security

Protecting the data privacy and information security of our customers is of paramount importance. Our "Customer Privacy Policy" pledges our full commitment in securing data privacy, and states the purpose of data collection, usage, disclosure and/or transfer of customer data and the measures taken for data privacy protection. Accompanied with that is the implementation of the "Information Security and Information Technology Service Management System" certified with the international standard of ISO/IEC 27001:2013, which helps us adopt standardised data privacy procedures such as data encryption, access permission and password settings. With the aid of the system, we are able to effectively manage the data assets, personnel security and the potential information security incidents. We are also able to prevent the loss, misuse and unintended disclosure of the customer data and confidential information. Besides, we have formed an information security management team to set up yearly management targets, review the potential risks on information security, cope with sudden network security incidents and arrange information security training to raise employees' awareness of data privacy and information security.

During the Reporting Period, we have successfully reached the goal of zero major information security accidents and data leakage. The Group also abided by the regulations on network operation security and network information security stated in the Cybersecurity Law in China.

## Securing intellectual property

Vixtel puts a lot of stress on intellectual property protection as it encourages pioneering and forward-thinking creations which are valuable assets of the Group. We have no hesitation when it comes to safeguard the intellectual property rights of the Group in accordance with the relevant 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). In addition, we have the “Intellectual Property Management Guideline” that outlines the policies covering different intellectual property issues including but not limited to patents, copyrights, trademarks, undisclosed technical and trade information. Our Administration Department is designated to formulate various regulations for intellectual property, divide the scope and responsibilities of intellectual property management, as well as guiding, supervising, and inspecting the intellectual property work.

Other than that, we request our employees, customers and suppliers to exert their due care in respecting and protecting IP rights by signing the “Intellectual Property and Confidentiality Agreement” which includes the relevant terms and conditions about the intellectual property ownership and protection. To provide incentives for intellectual property protection, personnel who demonstrate remarkable contribution in the protection of intellectual property rights can potentially be rewarded with salary adjustment, discretionary bonus announcement and promotions. On the other hand, employees and suppliers who breach the relevant laws and regulation regarding intellectual property rights are subject to disciplinary actions and 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 privacy matters and intellectual property regarding our products and services.

## SUPPLY CHAIN MANAGEMENT



Vixel is aware that the excellence of our products and services stems from strengthening the partnership with our suppliers and making sure that our suppliers are on par with our corporate standards.

The Group has implemented a standardised supplier management system to evaluate the business competency of new and existing suppliers. The selection of new potential suppliers is predicated on a comprehensive evaluation process. Apart from assessing the general information provided by new potential suppliers such as prices and specifications, our teams examine their product samples and carry out on-site inspection where necessary to get a full grasp of the suppliers' business capabilities in terms of quality management, technological standards, supply capacity and corporate vision. Existing suppliers also have to undergo a performance assessment at least once a year to review their product quality, credibility, prices, delivery-time, and after-sale services. Failure to meet our regular standards may result in discontinuance of the business relationship with us. Besides, we have a procurement management system in place to ensure the quality of supplied products and services provision. In view of fair competition and guaranteeing high-quality products or services, three or more quotations are obtained for price comparison and quality standard review is conducted during the procurement bidding process.

Implementation of CSR is another aspect that is not overlooked in our supply chain management. To give our suppliers a helping hand in achieving our CSR expectations, our "Supplier's Code of Conduct" provides guidance and requirements of labour practices, human rights, environmental, health and safety management and legal compliance for suppliers to observe in their operations. With this code, we aim to raise our suppliers' awareness in pursuing sustainable development and augment the overall ESG performance along our supply chain.





### Confronting corruption and bribery

Vixel has established a business philosophy centred on law-abidance and integrity. The Group strictly prohibits all forms of corruption, extortion, bribery, fraud and money laundering in our business dealings. The anti-corruption laws and regulations of the PRC such as the “Anti-Money Laundering Law of the PRC”, the “Anti-unfair Competition Law of the PRC”, accompanied with our CSR policy and the “Anti-corruption and Anti-bribery Management System”, have set solid requirements of conducts and behaviours for all employees to follow in their business activities. We have incorporated a number of measures to eliminate corruption and bribery from our workplace. For example,

all employees are strictly forbidden to offer or accept any benefits from our business partners or customers. Upper management level employees must sign an integrity declaration to pledge their commitment in the eradication of corrupted behaviours. To extend further to our business partners, we require our service providers, contractors and suppliers to sign the “Anti-corruption and Anti-bribery Agreement” to keep in line with our ethical standards.

The Group has a whistle-blowing system in place which enables our employees and business partners to report suspected impropriety 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 maintain the identity of the whistle-blowers and 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 will be subject to disciplinary actions. Similarly, suppliers who violate the probity agreements may result in termination of business relationship. The case will be reported to appropriate law enforcement agencies to handle if severe crime is committed.

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.



The employees of Vixtel are our most valuable assets and the crux of our success. The Group makes every effort to aid our employees in their professional development and improvement in quality of living. We strive to create a caring, rewarding and supportive working environment to our employees such that they can thrive with the Group.

### Employment and labour standard

In adherence to our “People-oriented” management principle, 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 induction training. Our employees’ rights are further protected under our complaint system in which they can report any unfair treatment such as unreasonable disallowance of leave applications. We have an “Human Resource Management Procedure” in place to implement the proper staff education and training for the execution of the above policies. Our employment practices are in compliance with the “Labour Law of the PRC” and the “Labour Contract Law of the PRC”.

The Group is committed to providing equal opportunities and fair treatment to all employees. All recruitment process must go through strict interview screening and background check, as well as seeking the approval of the Human Resources Department, the department interview panel and the directors. In all employment matters, including the process of recruitment, transfer, promotion, dismissal and training, only job-related criteria such as individual work performance, experience and qualifications will be taken into account. We have zero tolerance towards any discrimination against 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. Only under a discrimination-free working environment can our employees reach their full potential and bring competitive edge to our Group. The Group firmly believes that the implementation of non-discriminatory requirements in our hiring process enables us to recruit candidates with different skills, experiences, knowledge and perspectives, bringing tangible benefits to the Group such as diversifying the employees’ base. Employees who repeatedly violate 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 performance appraisal system to assess each of the employee’s working performance. Employees with outstanding performance are rewarded through salary adjustment, discretionary bonus announcement and promotions in recognition of their contribution to the Group.

The Group pays full respect to the protection of human rights. We follow 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)”. Our CSR policy maps out various measures in the defence of human rights such as forbidding any employment of child, forced and bonded labour in our workplace. No employee will be forced to sign the labour contract with the Group prior to the employment, and all employees have the right to leave their current positions with written notice under required notice period. We also implement five working days and reasonable working hours to promote work-life balance.

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 puts much emphasis on offering a safe working environment for our employees. We have implemented an occupational health and safety (“OHS”) management system following ISO 45001:2018 and a series of occupational health and safety policies, which maps out the preventive and control measures for the elimination of work-related diseases and accidents for all employees, especially those who are exposed to high-risk factors such as work activities relating to toxic and hazardous chemicals handling. Our strategic task force monitors the overall implementation of OHS management in our operations, reviews and updates the relevant safety management procedures and guidelines regularly so as to ensure our safety practices are met the government requirements and in line with international standards. Using our “Hazard Source Identification and Risk Assessment Control Procedure” and “Environmental and OHS Operation Control Procedure”, our General Management Department conducts OHS risk assessment regularly in order to identify potentials OHS hazards associated with our business activities and the General Management Department proposes appropriate safety control and mitigation measures, such as personal protective equipment and first-aid kit provision, regular maintenance of fire safety equipment and electric equipment, proper housekeeping and office security in workplace, safety training and education health, and protection for female employees.

To better prepare for different kinds of emergency situations that might occur in our workplace, the Group has a number of emergency protocols such as the occupational injury response plan and the fire response plan. To raise our employees’ OHS awareness and alertness and strengthen their abilities in emergency evacuation, we have also organised OHS training tailor-made for targeted staff groups, for example ISO standards training for top management, occupational safety training for staff responsible for OHS duties and emergency response training for all staff.

### Combating COVID-19

To enable fast and sound response to the pandemic, the Group has established a work resumption plan articulating the detailed measures of COVID-19 pandemic (“Pandemic”) control. We have formed a special pandemic control task force led by top management, who is responsible for facilitating the formulation, communication, education and documentation of pandemic control measures. Under the supervision of the task force, a series of Pandemic prevention measures have been effectively carried out using the principle of pre-emptive detection, reporting, isolation and curing. The preventive measures include, but not limited to, frequent sanitation of office facilities, measuring of body temperature, social distancing and posting reminders for following the preventive measures. We also provide our staff with sufficient supply of anti-virus items such as face masks and hand sanitisers. With great attention to detail and a safety-first approach, we are able to maintain smooth business operations while offering full health protection to our staff.

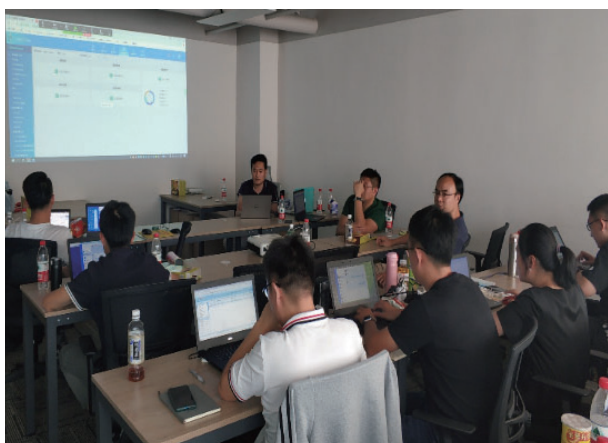
The Group advocates work-life balance in the workplace as we believe the physical fitness and mental well-being of our employees are crucial to driving productivity of the Group and are also beneficial to the personal development of the employees. In view of this, we organise regular group activities for our employees to relax from work and strengthen team bonding. We also provide medical check-ups for our employees to protect their health and enhance their awareness on health care.



During the Reporting Period, the Group complied with the laws and regulations on ensuring workplace health and safety, which mainly include “Work Safety Law of the PRC”, the “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”. The Group has not identified any non-compliance cases relating to occupational health and safety, and we also have met the goal of 100% OHS training rate for essential position.

## Staff training and development

Vixtel allocates plenty of resources on staff training and career development, with the aim of retaining our top-notch talents in the ever-changing business environment, as well as maintaining our sustainable growth of business and competitive edge in the industry.



We have adopted a training management system to design staff training programmes based on their training needs and feedback. Training plan is devised and evaluation form is completed to determine effectiveness of the training. We organise a broad spectrum of on-the-job training for employees at different career levels, which covers essential areas such as product/service and business knowledge, project management skills, latest regulatory and compliance requirements and quality, safety, environmental and information security management, in order to strengthen their professional expertise, managerial competence and interpersonal skills. The training will only be delivered by professional and experienced personnel to ensure the high quality of training. Subsidies are also granted to the employees who received external training

opportunities in order to support and facilitate their professional development. During the Reporting Period, we also encouraged our employees to incorporate self-learning outside of work. We provided necessary resources like computers and study areas to motivate employees in achieving both personal goals and career aspirations.



## INVESTING IN THE COMMUNITY

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 the early stages of the Pandemic, epidemic prevention materials and resources were in serious shortage. Since the Group has had adequate resources for epidemic control, we tried our best to help organisations and people in need during the hard times with our efforts and resource. For example, we donated 100,000 face masks to the Haidian District Bureau of Commerce of Beijing Municipality with an aim to safeguard the health and safety of the community and uptake our social responsibility.



## SHOULDERING OUR ENVIRONMENTAL RESPONSIBILITIES



Worldwide environmental issues in the likes of climate change, natural resources depletion and species loss are becoming more and more prominent. Despite the fact that Vixtel's operations are mainly in office which poses a small impact on the environment, we still make the most effort to minimise our harm on the environment. We continue to launch green office initiatives in our daily operation to reduce the emissions and utilise resources in an efficient and responsible manner.

In order to appropriately identify and manage the environmental risks and avoid significant environmental impacts and catastrophic events, we have adopted an environmental management system ("EMS") in our Beijing headquarters accredited with the international standard of ISO 14001:2015. We have an "Environmental Factors Identification and Evaluation Control Procedure" in place to manage the risks of various environmental factors within our business operation. Each year, our General Management Department is responsible for completing an "Environmental Factors Identification and Evaluation Form". This form weighs the risks of different environmental factors within our offices and construction sites by giving scores on five aspects, including affected area, frequency of occurrence, recovery time, predictability and social awareness. Environmental factors that are regarded as key environmental factors will be pinpointed in the formulation of environmental mitigation measures. In addition, we arrange routine environmental training to familiarise our employees with the existing environmental measures in our operational facilities and increase their awareness of environmental protection.

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 on its part. We comply with the applicable national environmental laws and regulations such as The Environmental Protection Law of the PRC.

### Managing our emissions and waste generation

Regarding to our business nature and our activities mainly operated within offices, the emissions in our day-to-day operation are limited. After conducting environmental factors identification and evaluation, we have recognised that our emissions are mainly from the direct and indirect greenhouse gases emissions regarding our vehicle fuel combustion and electricity use respectively, as well as hazardous and non-hazardous waste generation. Despite the low intensity, the Group advocates to reduce our emissions as much as possible through company vehicles management and waste management.

To regulate the use of company vehicles in the daily operation, we have set up a company vehicle management policy with working guideline to educate our employees on the environmentally responsible usage of vehicles. For example, our employees are told to plan appropriately on transportation to avoid unnecessary trips. Our drivers are required to switch off idling engines when the vehicles are stationary to prevent excessive exhaust gas emission. The vehicles are upgraded to the latest environmentally-friendly models so as to raise engine efficiency and lower air pollutant emission. We also select the superior vehicle fuels with low sulphur content and arrange regular maintenance on our company vehicles.



In our office operations, we generate a limited amount of hazardous waste such as fluorescent light tubes, toners and batteries, and non-hazardous waste such as paper and general domestic waste. Our solid waste management policy regulates handling and disposing of waste and ensures the compliance with the applicable environmental laws and regulations. Waste generated in our operations can be categorised into four major types: recyclable waste, non-recyclable waste, hazardous waste and food waste. To ensure the effective recycling of different types of waste, we have installed multiple disposal bins with designated colours for our employees to conveniently separate their daily waste. We also conduct education and promotion on the topic of recycling through posting guidelines, reminders and tips in offices. In addition to allowing safe containment of hazardous waste, they are sorted and stored in enclosed containers with proper chemical labels for hazards identification before they are recollected by service providers, or consigned to qualified waste collectors for further treatment.

The Group regularly reviews our approach on waste management, and tracks the amount of solid waste generation to monitor the effectiveness of waste management and facilitate waste auditing. We also actively look for opportunities to organise and participate in recycling programs and activities. For example, we participated in the sustainable vegetable farming campaign organised by the property. During the multi-month campaign, our employees successfully grew different types of organic vegetables using recycled food waste as fertilisers. Through the activities, the message of recycling has been spread out effectively among our staff.



## Responsible resources consumption

The Group strives to lower resources consumption and carbon footprint in our business operation. Our “Energy and Water Management Procedure” and “Green Office System” outline the control measures in guiding our employees on the responsible use of resources. The major types of resources consumed by the Group are the vehicle fuel (gasoline) 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	<ul style="list-style-type: none"> <li>• Control and maintain the room temperature of our offices at an energy-efficient level (24-26 degrees Celsius)</li> <li>• Adopt the electronic appliances with higher energy efficiency and set electronic appliances in energy saving mode by default</li> <li>• Adopt natural lighting and natural ventilation whenever possible</li> <li>• Attach signage to remind our employees of switching off lights and office equipment when they are not in use</li> <li>• Replace the old and low energy efficient machines with new high energy efficient models in equipment room to reduce the electricity consumption</li> <li>• Adopt video conference calls to reduce business-related travels</li> <li>• Encourage our employees to use public transportation instead of the use of private vehicles</li> </ul>
Water	<ul style="list-style-type: none"> <li>• Opt for water saving devices and faucets in our workplace</li> <li>• Conduct regular water pipe maintenance to prevent water leakage</li> <li>• 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</li> </ul>
Other Materials	<ul style="list-style-type: none"> <li>• Advocate the electronic application for internal communication and documents circulation to promote paperless office</li> <li>• Adopt double-sided printing and re-use the single-sided paper</li> <li>• Utilise the reusable products (e.g. rechargeable battery, refillable stationeries) instead of single use products</li> </ul>

## The environment and the natural resources

As a corporation providing 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 an office culture that contributes to environmental protection and respects the natural environment. For example, we encourage our employees to use biodegradable detergents for dish washing in order to avoid pollution of water source. We also endeavour to raise staff awareness on 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 data during the Reporting Period are shown in the table below.

		Vixel Technologies Holdings Limited		
	Unit <i>(Note 1)</i>	2020	2019	2018
<b>Types of Resources Used</b>				
<b>Direct Energy</b> <i>(Note 2)</i>				
– Gasoline	Litre (“L”)	700.00	825.00	1,045.00
	Giga Joule (“GJ”)	22.95	27.05	34.26
<b>Intensity</b>	GJ per full-time employee	0.10	0.15	0.17
<b>Indirect Energy</b>				
– Electricity <i>(Note 8)</i>	GJ	673.42	619.26	564.80
<b>Intensity</b>	GJ per full-time employee	3.01	3.33	2.88
<b>Water</b>				
	m <sup>3</sup>	282.79	402.40	539.50
<b>Intensity</b>	m <sup>3</sup> per full-time employee	1.26	2.16	2.75
<b>Paper</b>				
	Tonne	0.20	0.18	0.18
<b>Packaging Materials</b> <i>(Note 9)</i>				
– Carton box	Tonne	0.23	–	–
<b>Types of Waste</b>				
<b>Non-hazardous waste</b> <i>(Note 10)</i>				
	Tonne	0.93	–	–
<b>Intensity</b>	Tonne per full-time employee	0.004	–	–
<b>Hazardous waste</b>				
– Light tubes	Pieces (“pc”)	–	23	17
– Waste batteries, electronic parts and accessories	pc	40	195	13
– Waste cartridges	pc	44	19	13
<b>Intensity</b>	pc per full-time employee	0.38	1.27	0.22
<b>GHG Emissions</b>				
<b>Total Emission</b> <i>(Note 3)</i>				
	Tonne of carbon dioxide equivalent (“tCO <sub>2</sub> e”)	207.32	194.88	195.91
<b>Direct Emission (Scope 1)</b> <i>(Note 4)</i>	tCO <sub>2</sub> e	1.67	1.97	2.50
<b>Indirect Emission (Scope 2)</b> <i>(Note 5)</i>	tCO <sub>2</sub> e	176.89	162.63	158.8
<b>Other Indirect Emission (Scope 3)</b> <i>(Note 6)</i>	tCO <sub>2</sub> e	28.76	30.28	34.61
<b>Intensity</b> <i>(Note 7)</i>	tCO <sub>2</sub> e per full-time employee	0.80	0.88	0.82

- Note 1: The intensity unit is based on the full-time employees of the Group within the reporting scope.
- Note 2: The conversion factors from volumetric units of gasoline consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.
- Note 3: 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 4: 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 5: 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 6: The other indirect emission (Scope 3) covers the emission from the business travel of employees only.
- Note 7: 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.
- Note 8: The unit adopted is updated to GJ for comparable result.
- Note 9: The packaging materials used in our business operations are procured by our suppliers. Data in previous years is not available.
- Note 10: Non-hazardous waste is consigned to the building management company for handling. Data in previous years is not available and major waste composition is domestic waste.

## HKEx ESG Reporting Guide General Disclosures & KPIs

## Explanation/Reference Section

### Aspect A: Environmental

<b>A1 Emissions</b>	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note:</p> <p>Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, 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
<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

## HKEx ESG Reporting Guide General Disclosures & KPIs

## Explanation/Reference Section

<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
<b>Aspect B: Social</b>		
<b>B1 Employment</b>	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>Care For The Employee</p> <p>– Employment and labour standard</p>
<b>B2 Health and Safety</b>	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	<p>Care For The Employee</p> <p>– Healthy and safe workplace</p>
<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: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	<p>Care For The Employee</p> <p>– Staff training and development</p>
<b>B4 Labour Standards</b>	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child or forced labour.</p>	<p>Care For The Employee</p> <p>– 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>



**HKEx ESG Reporting Guide General Disclosures & KPIs**

**Explanation/Reference Section**

**B6 Product Responsibility**

Information on:

Product Responsibility

- (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.

**B7 Anti-corruption**

Information on:

Business Integrity

- (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.

**B8 Community Investment**

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.

Investing In The Community