



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 8033

ESG REPORT

2016

* *for identification purpose only*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE AT VODATEL

Vodatel is a renowned and reliable systems integrator which delivers high quality IT infrastructure and solutions to the public sector and private enterprises in Macao, Hong Kong and Mainland China. With “quality, safety and efficiency” as core principles of our operations and management style, we are committed to building trust with all of our stakeholders, including shareholders, customers, employees, the local community and regulators.

We adhere to vigorous people-oriented principles, under which our employees and subcontractors are our greatest asset. At Vodatel, we are firmly committed to the well-being and development of the people who help us to succeed and the communities in which we operate.

Although this is just the beginning of our ESG journey, we are staunch believers in the environment in which we work and live, and are resolute in our mission to integrate ESG elements in our operations, business strategies and management in order to foster sustainable, long-term growth for the business, our stakeholders and communities.

A) ENVIRONMENTAL

Exchange ESG Guide Aspects

A1 Emissions

A2 Use of Resources

A3 The Environment and Natural Resources

Material Areas

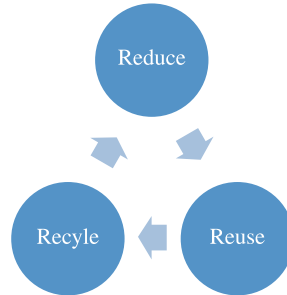
Waste Management

n/a

n/a

Aspect A1: Emissions

Vodatel is conscious of the need to protect the environment. The Group believes that environmental management starts at the source and should be cultivated at all levels in order to nurture positive attitudes on how environmental resources are used and protected. We support the waste hierarchy of “3Rs” – Reduce, Reuse and Recycle – which is aimed at waste control and minimisation.



As a systems integrator, there are a few aspects regarding emissions that routinely apply to our day-to-day business operations:

Carbon Emission – Vodatel provides vehicles to our engineers in Macao for easy access to construction sites and customers’ premises. Other than adhering to Decree 24/2016 in Macao, where light motor vehicles and heavy motorcycles are subject to annual mandatory inspection after eight years from the date of acceptance of the initial inspection, we regularly inspect our fleet to ensure that any damaged exhaust pipe is immediately repaired or replaced. Though this is not an area of concern as the fleet numbers around ten vehicles, better fleet utilisation through vehicle-sharing is also strongly encouraged.

Waste Management – As a provider of IT equipment, solid waste, such as packaging material, is systematically collected and transported to designated Government-funded disposal facilities. For surplus resources, e.g. end-of-life disposal products, we make every effort to ensure their responsible handling and disposal. Donation of surplus resources to charitable organisations is strongly supported and, where disposal is necessary, Vodatel routinely isolates any recyclable components, e.g. paper and metals, prior to disposal.

Hazardous Waste – Hazardous waste is not an area of concern at Vodatel. Where we are required to handle hazardous waste, it is securely packaged in purpose-built containers, stored safely and marked as “dangerous” before being independently stored and transported to third-party professionals for safe and legal disposal.

Policies applicable at Vodatel

- √ **Continually monitor regulatory developments in order to remain compliant at all times;**
- √ **Communicate relevant legal requirements or corporate best practices to all affected stakeholders; and**
- √ **Practise common sense when it comes to generation of emissions which may be harmful to the environment.**

Aspect A2: Use of Resources

Given that the business of Vodatel involves no production element, as a systems integrator for various IT-related turnkey solutions and services, the use of resources by Vodatel, such as energy, water and other raw materials, in its day-to-day operations is minimal. This aspect is not of great relevance to our cost-structure, which mainly involves purchase of equipment from our suppliers and the associated freight and insurance, salaries and benefits to staff and third-party expenses, e.g. inland transportation and engagement of sub-contractors, incurred during the installation of equipment and commissioning of surveillance and IT solutions. Despite that the use of natural resources is not largely relevant to Vodatel, we are aware of our consumption of electricity, water and fuel within an office environment, and will, therefore, focus our ESG improvement efforts in those areas.

Policies applicable at Vodatel

- √ **Instill a culture of resource-usage consciousness;**
- √ **Introduction of a framework for assessing resource utilisation, ensuring its optimised application on a systematic basis; and**
- √ **Dissemination of any current-term measure/procedures, relating to resource usage to stakeholders.**

Aspect A3: The Environment and Natural Resources

Vodatel specialises in the design and systems integration of IT infrastructure, hence our operations have little impact on the environment or natural resources apart from those mentioned in the previous section. While we do encourage our employees to practise the “3Rs” and to protect the natural environment, as this aspect has no material relevance to our business, we have opted not to report on it.

B) SOCIAL

Our people are our greatest asset and they are essential to continued growth at Vodatel. We staunchly believe that investing in our people and their development is inseparable from the development and ongoing success of our business.

Exchange ESG Guide Aspects

B1 Employment

B2 Health and Safety

B3 Development and Training

B4 Labour Standards

B5 Supply Chain Management

B6 Product Responsibility

B7 Anti-corruption

B8 Community Investment

Material Areas

Attraction and Retention of Talents Working Hours and Rest Periods

Occupation Health and Safety

Learning and Training

Human Rights

Assessment of Suppliers

Reliable Services and Products

Anti-Corruption and Anti-Bribery

Contribution to the Community

Aspect B1: Employment

Vodatel is an equal opportunity employer which believes strongly in the principles of diversification and anti-discrimination. Our human resources policies are in strict compliance with those labour laws issued by the Governments in the different jurisdictions in which we operate, namely Macao, Hong Kong and Mainland China, and other applicable laws and regulations regarding compensation and insurance, employment, promotion and termination of employees. To this end, the employee handbook at Vodatel outlines the benefits and rights enjoyed by all employees.

Attraction and Retention of Talents – With people being our key to success, we offer market-competitive employment packages, consisting of both staff benefits and welfare for all our employees, to ensure that we attract and retain the best people for our business operations. Our comprehensive packages offer discretionary incentives, including bonus scheme, sales commission, share options, medical insurance and retirement protection. We encourage our employees to enjoy a well-balanced work and personal life. In addition to annual leaves, we help our employees to effectively manage their work and life commitments through such policies as marriage and compassionate leave allowances. Promotions are decided within a level-playing field environment and are awarded based on performance and the ability to cohere to teamwork.

Working Hours and Rest Periods – As a systems integrator that provides around-the-clock, top quality support services to our customers, many of our engineers are required to be on standby duty in case of emergency and to work during non-office hours and on public holidays. In addition, we provide overtime pay and additional compensation for those on roster. Any compensation on working hours and rest periods are in full compliance with the relevant local employment ordinance.

Policies applicable at Vodatel

- √ **Focus on sustaining employment practices of excellence, from selection to employee satisfaction;**
- √ **Preserving a broad approach towards employment standards, beyond legal stipulations; and**
- √ **Observing good monitoring and assessment methodologies regarding employment practices.**

Aspect B2: Health and Safety

Vodatel strictly abides by all legal requirements, as well as industry best practices, to ensure a healthy and safe workplace for all its employees, contractors and customers. The status quo is dictated by, and adheres to, the Decree 37/89 in Macao (published on 22nd May 1989) and also observes occupational health and safety standards under the Labour Department in Hong Kong, coupled with other discretionary policies implemented by Vodatel, covering:

- 1 Workplace conditions (seat, space, schedule/workload, office supplies, protective equipment, etc.)
- 2 Workplace tidiness and conservation;
- 3 Workplace ambience (air quality, luminosity, temperature, noise and vibration);
- 4 Adequate safety features to prevent risk of injury from fire, explosion and toxic substances;
- 5 Self-care facilities or conditions (showers, lockers, restrooms, among others);
- 6 Insurance policy for employees (travel, health, accident-related and other); and
- 7 Readily accessible first-aid assistance and equipment.

Policies applicable at Vodatel

- √ **Assuring good practices for self-controlled workspaces by establishing sound working standards and anticipating, or swiftly resolving, issues;**
- √ **Due diligence on workplace/facilities owned/controlled by clients, contractors, suppliers or any other external entity; and**
- √ **Promoting effective data gathering systems for periodic review.**

Aspect B3: Development and Training

The training and development of personnel is of utmost importance to the management at Vodatel. As our business continues to grow, it is crucial that we build a sustainable workforce and continue to develop a team of employees who keep up with emerging technologies and deliver solutions that meet the fast-changing requirements of our customers.

Learning and Training – Our training and development approach focuses on 1. internal and on-the-job training, rotating them to different support teams to broaden their exposure and to build-up their technical skills; and 2. external training in several specific knowledge areas or skill sets, such as technology-related (associated with certain vendor technologies), management techniques, individual worker skills and certification-related courses (Project Management Professional, Certified Public Accountant, etc.).

Policies applicable at Vodatel

- √ **Formulation of a long-term training and development strategy;**
- √ **Elaboration of training and development plans; and**
- √ **Periodic formal review of the training and development programmes.**

Aspect B4: Labour Standards

Vodatel strictly prohibits the employment of minors or engagement of child labour activities.

Human Rights – We will only employ persons who meet minimum age requirements of the countries in which we operate. Child and forced labour are considered criminal acts in all the jurisdictions where Vodatel operates, thus we remain vigilant in this regard, including inspection of all associated partners, to ensure Vodatel is not exposed to any illegal acts or injury. The Group has an active whistleblower policy and encourages individuals to come forward in complete privacy and without penalty to report potential incidents of abuse or illegality. The Group actively educates its workforce to clearly understand, recognise and report acts of corporate malfeasance, such as fiscal improprieties, or perceived criminal activity.

Policies applicable at Vodatel

- √ **Incorporation of guidelines concerning forced and child labour in employment practices;**
- √ **Consistent verification of compliance with the latest legal development; and**
- √ **Whistleblower protection to record any illegal activities.**

Aspect B5: Supply Chain Management

Committed to “quality, safety and efficiency”, Vodatel closely monitors and constantly reviews its key procedures in operations, from supplier assessment and procurement to contract execution and safety management. We support collaboration, mutual benefits, standards and integrity throughout our supply chain.

Assessment of Suppliers – Though Vodatel depends on the support of its suppliers, we remain vigilant in our selection of contractors, not only in terms of quality, cost, service and delivery, but also for their corporate commitment to upholding high standards of environmental and social responsible behaviour over 1. legal and regulatory compliance; 2. environmental protection; 3. human rights of workers; 4. occupational health and safety; and 5. prevention of corruption and bribery.

Policies applicable at Vodatel

- √ **Conduction of yearly assessment concerning environmental and social risks over selection of suppliers; and**
- √ **Whistleblower protection to record any illegal activities related to kick-backs.**

Aspect B6: Product Responsibility

The fiduciary nature of Vodatel’s concerns over product responsibility revolve mainly around the inspection and selection of responsible and competent suppliers and their products to ensure that we deliver quality and reliable products and services to our customers.

Reliable Services and Products – Providing reliable services and products to our customers is our top priority. We place great importance on applying stringent due diligence on the products and systems that we install for our customers to ensure that, while they meet their intended business requirements, they also adhere to internationally-recognised safety standards, i.e. minimal risk of electrocution, etc.

Policies applicable at Vodatel

- √ **Establishment of formal guidelines concerning product responsibility;**
- √ **Periodic assessment/revision of product responsibility guidelines; and**
- √ **Effecting action/initiatives when deemed necessary.**

Aspect B7: Anti-corruption

Vodatel is committed to conducting our business with honesty and integrity and in compliance with the laws of the countries in which we are active. This includes compliance with all laws, domestic and foreign, prohibiting improper payments or inducements to any person, including public officials.

Anti-Corruption and Anti-Bribery – It is the policy at Vodatel to conduct all business in an honest and ethical manner. At Vodatel, we take a zero-tolerance approach to corruption and bribery and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. In the normal course of conducting its business, our usual financial framework revolves around the purchasing of equipment for and on behalf of customers under strict contractual terms. These actions are closely monitored to avoid any instances of fraud, misappropriation or favouritism. We also perform regular due diligence when it comes to appointing board, management, and other personnel at Vodatel to avoid potential conflicts of interest.

Our employees, whether existing or newly hired, are all provided with the relevant policies and guidelines, including any updates or revisions, and are required to attend anti-corruption and anti-bribery training. Where there exists new laws and regulations that may impact our business, all employees will be provided updates with training to ensure compliance.

Vodatel aims to encourage openness and will support anyone who raises genuine concerns in good faith under the anti-corruption and anti-bribery policies of the Group, even if they turn out to be mistaken. Vodatel has adopted a whistleblower policy to strongly encourage individuals to come forward in complete privacy and without penalty.

Policies applicable at Vodatel

- √ **Implementation of guidelines on anti-corruption and anti-bribery practices; and**
- √ **Whistleblower protection.**

Aspect B8: Community Investment

Vodatel is committed to making a positive impact on our internal and external stakeholders, as well as the communities we interact with through active social or philanthropic investments.

Contributions to the Community – Vodatel is committed to developing positive relationships with the communities in which we operate. Taking our first initiative, in January 2017, we made MOP10,000 to The Macau Association for the Mentally Handicapped to purchase 1,000 small packs of “Fortunate rice” to support those in need. Sharing with those in need, we distributed 500 packs to several elderly homes in Macao, while distributing 500 packs to our employees in Macao and Hong Kong. Going forward, we aim to deepen our understanding of our communities and their needs. We will continue to explore different channels and platforms to contribute meaningfully to the local community.

Policies applicable at Vodatel

- √ **Definition of the nature and extent of involvement in the communities where the corporation has operations, or is related to; and**
- √ **Periodic assessment of success, regarding philanthropic initiatives.**

DEFINITIONS

“Company”	Vodatel Networks Holding Limited
“Director”	the director of the Company
“ESG”	environmental, social and governance
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Group” or “Vodatel”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC (not applicable to The Stock Exchange of Hong Kong Limited)
“Macao”	the Macao Special Administrative Region of PRC
“Mainland China”	PRC, other than the regions of Hong Kong, Macao and Taiwan
“MOP”	Patacas, the lawful currency of Macao
“PRC”	The People’s Republic of China

By order of the board of Directors
José Manuel dos Santos
Chairman

Macao, 20th June 2017

Executive Directors
 José Manuel dos Santos
 Kuan Kin Man
 Monica Maria Nunes

Independent Non-Executive Directors
 Fung Kee Yue Roger
 Wong Tsu An Patrick
 Tou Kam Fai