

# ESG Report

## ESG AT VODATEL

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

We adhere to the people-oriented principle, under which our employees and contractors are our greatest assets. At Vodatel, we firmly commit to the well-being and development of the people who help us to succeed and the communities in which we operate.

As we continue our ESG journey, we remain as staunch believers in the environment in which we work and live, and 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.

## Governance Structure

The management evaluates, prioritises and manages material ESG-related issues based on our observation and experience in the business environment and regular meetings with frontline employees. The evaluation and prioritisation cover ESG-related issues including, but not limited to, greenhouse gas emissions, resources usage, impacts of climate change, employment and labour practices, operating practices and community investment. The Board acknowledges that it is responsible for overseeing ESG issues. This ESG report has been compiled and presented to the Board and the Board has conducted a review of the progress made against ESG-related goals and targets.

## Reporting Principles

All the business segments of the Group are examined based on specific risks, such as legal risk and reputation risk, associated with the relevant ESG-related issues in order to identify the material ESG factors. ESG factors which are considered material should possess the following characteristics:

- Oversight of such factors would result in personal health issues or injury;
- Neglect of such factors would culminate in harms to the environment; or
- Omission of such factors would cause an unfair market.

Material areas are listed beside each aspect at the beginning of each subject area below.

Information of the methodologies and sources of key conversion factors used on the KPI listed below are stated wherever appropriate. Consistent methodologies are adopted when calculating these KPI.

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## Reporting Boundary

The boundary covers the operations of the Group. Concerning electricity and water consumption, we compare the relevant expenses incurred by different operations and identified offices in Macao and Hong Kong as reportable entities, based on their significance. There is no change of the boundary compared with the ESG report for the year ended 31st December 2022.

## A) ENVIRONMENTAL

### Exchange ESG Guide Aspects

**A1 Emissions**

**A2 Use of Resources**

**A3 The Environment and Natural Resources**

**A4 Climate Change**

### Material Areas

Waste Management

n/a

n/a

Extreme Weather

### 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 aims at waste control and minimisation.

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

**Air Emission** – Vodatel provides vehicles to our engineers in Macao for easy access to construction sites and premises of the customers. Other than adhering to Regulamento Administrativo n° 30/2016 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, improved fleet utilisation through vehicle-sharing is 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 will isolate any recyclable components, e.g. paper and metals, prior to disposal or will engage professional recycling facilities to assist with the disposal.

**Hazardous Waste** – Hazardous waste is not an area of concern at Vodatel. Where we are required to handle hazardous waste, they will be 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.**

KPI A1.1 Referring to the types of emissions mentioned above, normal level of NOx is generated from engines in the fleet of vehicles. Other emissions data (if applicable) are disclosed in the KPI below.

KPI A1.2 Energy indirect (scope 2) greenhouse gas emissions are produced due to:

- 1 Consumption of electricity by various offices in different locations – The largest office of the Group, which is in Macao, generates around 130 tonnes of carbon dioxide each year, while the Hong Kong office around 50 tonnes. Greenhouse gas emissions data is presented in carbon dioxide equivalent and is calculated based on the “Practical Guide on Carbon Audit and Management – Guide to Low Carbon Offices” issued by the Environmental Protection Department in Hong Kong; and
- 2 Use of freight services – With the need to use freight services for picking up equipment from overseas suppliers and for delivering equipment to customers at different overseas locations, there is carbon emission produced by carriers. While emission data is unavailable, steps have been taken to minimise such gas emissions via (a) consolidation of shipments; and (b) where possible, engagement of carriers that use fuel-efficient fleet, receive accreditation for carbon reduction or continue to make investments in energy-saving measures.

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- KPI A1.3 There is no hazardous waste produced and this KPI is not applicable.
- KPI A1.4 Packaging materials weighs approximately 0.7kg to 4kg for each piece of equipment, depending on its size. Such waste weighs less than 30 tonnes each year.
- KPI A1.5 Our emission target set is to maintain the carbon dioxide generated at its present level, which is reasonable taking into account the normal consumption of light and air-conditioning during office hours. Steps taken to achieve this target can be referred to KPI A2.3 below. Measures to mitigate emissions and results achieved can be referred to in the paragraphs above.
- KPI A1.6 How non-hazardous wastes are handled, reduction initiatives and results achieved are mentioned under the paragraph "Waste Management" above. Reduction target for packaging materials is not set. As a system integrator, we purchase equipment from suppliers which are responsible for the design of the packaging. There is no hazardous waste produced.

## Aspect A2: Use of Resources

Given that the business of Vodatel involves no production element, as a system 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 employees and engagement of contractors during the installation of equipment and system commissioning. 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

- √ **Instil 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.**

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- KPI A2.1 Details of electricity consumption can be referred to KPI A1.2 above.
- KPI A2.2 The Macao office consumes around 3,000 cubic metres of water each year.
- KPI A2.3 As mentioned in KPI A1.5 above, our emission target set for energy use efficiency is in line with that for emission target, i.e. to maintain it at present level, which is reasonable taking into account the normal consumption of light and air-conditioning during office hours. Measures have been implemented for better energy use efficiency, such as 1. use of energy-efficient lightings and use of only energy-efficient appliances that are accredited under the Mandatory Energy Efficiency Labelling Scheme introduced through the Energy Efficiency (Labelling of Products) Ordinance (Chapter 598 of the Laws of Hong Kong); and 2. raise awareness on energy saving among employees by encouraging them to turn off lights, computers and air-conditioning when leaving the premises, even during short period of time, e.g. lunch break.
- KPI A2.4 There is no issue in sourcing water that is fit for purpose. The level of water consumption in pantries and toilets is considered reasonable. Where water leakage is identified, employees are encouraged to report to Human Resources and Administration Department immediately.
- KPI A2.5 Details of packaging materials used can be referred to KPI A1.4 above.

## 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, and KPI A3.1 (concerning the significant impacts of activities on the environment and natural resources and the actions taken to manage them) is not applicable.

## Aspect A4: Climate Change

With the geographical expansion of our customers, in recent years they sought our assistance in delivering equipment to different locations across the globe. Storage of inventory as well as logistics may be impacted by climate-related issues.

**Extreme weather** – Typhoons and hurricanes with more frequent occurrences and stronger magnitude may cause delay in the despatch of equipment due to flight delays, diversions or cancellation, or in more extreme situations, damage or loss during shipment. Also torrential rain may flood the warehouse and damage the equipment stored and business trips can be hindered by such extreme weather conditions. Since technology in weather forecast and software applications have advanced considerably over recent years, Vodatel has implemented certain policies to mitigate such risks.

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## Policies applicable at Vodatel

- √ Pay close attention to weather forecast and communicate with suppliers and customers in advance if interruption to transportation route is expected;
- √ Ensure suitable force majeure clauses are included in the distribution agreements; and
- √ Use videoconferencing applications in order to reduce the necessity of business trips.

KPI A4.1 The Group has not experienced any climate-related issues. Description of such issues which may potentially impact us and the policies to be implemented to manage them are mentioned in the paragraphs above.

## B) SOCIAL

Our people are our greatest asset and they are essential to the 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

### Material Areas

#### B1 Employment

Attraction and Retention of Talents, Working Hours and Rest Periods

#### B2 Health and Safety

Occupational Health and Safety

#### B3 Development and Training

Learning and Training

#### B4 Labour Standards

Human Rights

#### B5 Supply Chain Management

Assessment of Suppliers

#### B6 Product Responsibility

Reliable Services and Products

#### B7 Anti-corruption

Anti-Corruption and Anti-Bribery

#### B8 Community Investment

Contribution to the Community

### Aspect B1: Employment

Vodatel is an equal opportunity employer and we believe 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 different jurisdictions in which we operate, namely Macao, Hong Kong and Mainland China, taking the highest standards to be applied across all entities, 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 fringe benefits and welfare for all our employees, to ensure that we attract and retain the best people for our business operations. Upkeeping a work culture that rewards high performance, our comprehensive packages offer discretionary incentives, including bonus scheme, sales commission, Options, housing allowances, medical insurance and retirement protection. In addition, we also encourage our employees to enjoy a well-balanced work and personal life. Other than annual leaves, we help our employees to effectively manage their work and life commitments through such policies as marriage, parental and compassionate leave. For job opportunities for personal development or career advancement, we open up new job postings for internal applications prior to outside recruitments. Any promotions are decided within a level-playing field environment disregard to gender or years of service and are awarded based on experience, performance and the ability to cohere to teamwork.

**Working Hours and Rest Periods** – As a system integrator that provides round-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 to overtime pay, meal allowance and additional compensation will be paid to those on roster. Any compensation on working hours and rest periods are in full compliance with the relevant local employment ordinances.

#### **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.**

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KPI B1.1 As at 31st December 2023, the total workforce of the Group was analysed as follows:

Number of employees	150
By gender	
Male	118
Female	32
By employment type	
Full-time	150
Contract	–
By age group	
Below 30	9
30 to 50	86
Over 50	55
By geographical region	
Mainland China	24
Hong Kong	12
Macao	114

KPI B1.2 During the Year, the employee turnover rate was as follows:

Rate of employee turnover	9.80%
By gender	
Male	7.59%
Female	17.39%
By age group	
Below 30 (note)	41.67%
30 to 50	9.20%
Over 50	3.70%
By geographical region	
Macao	6.17%
Hong Kong (note)	51.61%
Mainland China	0%

*Note:*

A subsidiary of the Company customarily offers short-term internship to university students to engage in marketing activities.



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## 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 directed by, and adheres to, Decreto-Lei n° 37/89/M in Macao (published on 22nd May 1989) and also observes occupational health and safety standards under the Labour Department in Hong Kong, namely the Occupational Safety and Health Ordinance (Chapter 501 of the Laws of 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 vibrations);
- 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 others); and
- 7 Readily accessible first-aid assistance and equipment.

### Policies applicable at Vodatel

- √ **Implementation of guidelines on contingency planning on fire, injury, electric shocks/burns, lift entrapment and bogus/fraudulent/threat calls;**
- √ **Assuring good practices for self-controlled workspaces by establishing sound working standards and anticipating, or swiftly resolving, issues;**
- √ **Due diligence on the workplace/facilities owned/controlled by clients, contractors, suppliers or any other external entity; and**
- √ **Promoting effective data gathering systems and its periodic review.**

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- KPI B2.1 There were no work-related fatalities occurred in each of the past three years including the Year.
- KPI B2.2 There were no lost days due to work injury.
- KPI B2.3 Description of occupational health and safety measures adopted are mentioned in the paragraphs above. Our employee handbook sent to employees outlines those measures. Disinfectants, plasters and painkillers are placed in the offices. For installation works to be performed in construction sites, senior management will visit the premises first to ensure proper working conditions for our employees. Any injury need be reported to the line manager immediately.

## 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.**

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KPI B3.1	During the Year, the percentage of employees who received training are analysed below:	
	By gender	
	Male	22.03%
	Female	6.25%
	By category	
	Executive Directors and senior management	25.00%
	Other employees	17.91%
KPI B3.2	During the Year, the average training hours completed per employee are analysed below:	
	By gender	
	Male	11.28
	Female	3.02
	By category	
	Executive Directors and senior management	8.97
	Other employees	9.58

## 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 regions 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.**

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- KPI B4.1 The age of each new employee is verified against his identity card to ensure minimum age requirement is attained. Salary for each employee is determined compared with similar position within the Group and in the industry of the relevant jurisdiction.
- KPI B4.2 No child and forced labour were discovered throughout the history of Vodatel. Such practices should be terminated with immediate effect and be reported to the authorities.

## Aspect B5: Supply Chain Management

Committed to “ethics, 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 selections of contractors, not only in terms of quality, cost, service and delivery, but also for their corporate commitment to upholding high standards of ethical, 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

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

KPI B5.1 During the Year, the number of suppliers with contract sum exceeding HK\$1,500,000 are analysed by geographical region as follows:

Number of key suppliers	27
Macao	9
Hong Kong	13
Mainland China	1
Asia excluding Macao, Hong Kong and Mainland China	1
USA	2
Europe	1

- KPI B5.2 Our suppliers are mainly manufacturers of networking, surveillance and IT equipment and its distributors or resellers. Being a system integrator, Vodatel discusses with its customers beforehand in order to engage the supplier with the most relevant and advanced equipment, and the specifications requested by the end users. This practice is implemented with all our suppliers.
- KPI B5.3 As most of our suppliers are renowned large-scale networking, surveillance and IT equipment manufacturers with listing status, we study their ESG report or similar documents in order to get informed on the ethical, environmental and social risks which the industry is facing. Also we shall pay attention to the news to understand if our suppliers are involved in any ethical, environmental or social issues.
- KPI B5.4 Frequent meetings are held with both frontline and management of the suppliers. During such meetings, we obtain up-to-date information about their products or services sustainability, for example, if the equipment is manufactured with eco-friendly materials. Also we can communicate with them on our concerns about any environmental issues, such as packaging materials.

## Aspect B6: Product Responsibility

The fiduciary nature of concerns of Vodatel over product responsibility revolves 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 in 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, such as minimal risk of electrocution, etc.

### Policies applicable at Vodatel

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

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- KPI B6.1 No products sold or shipped are subject to recalls for safety and health reasons during the Year.
- KPI B6.2 No official complaint related to products and services were received during the Year. Any complaint will be recorded in a log book and line manager responsible for customer service would determine if such complaint could be fixed by equipment replacement or on-site service. Continuous communication with customers will help to bolster their confidence in the equipment and services provided by Vodatel.
- KPI B6.3 The “Vodatel” trademark is registered with the authorities in Macao, Hong Kong and Mainland China. Distribution agreements or similar documents are entered into with suppliers with clauses protecting intellectual property rights of both parties.
- KPI B6.4 As a system integrator, we ensure that the equipment received from our suppliers are not damaged during transportation and fit for the purpose of our customers. Distribution agreements with suppliers include return merchandise authorisation clauses which illustrate steps to be taken when customers report malfunction of equipment.
- KPI B6.5 Basically before any business negotiation, Vodatel executes non-disclosure agreements with potential customers and suppliers, and such confidentiality clauses will continue in the contracts afterwards. In addition, all employees are informed about the importance of data protection for the customers, suppliers and ourselves and such responsibilities are stated in the employee handbook and in each employment letter.

## 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.**

KPI B7.1 No legal cases regarding corrupt practices were brought against us or our employees during the Year.

KPI B7.2 Description of preventive measures and whistle-blowing procedures are mentioned in the paragraphs above. Our employee handbook sent to employees outlines those measures.

KPI B7.3 Description of anti-corruption training provided to Directors and employees are mentioned in the paragraphs above.



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## Aspect B8: Community Investment

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

**Contributions to the Community** – Vodatel is committed to developing positive relationships with the communities in which we operate:

For over five years, we continued to support MAIDS, an association with a core focus on the provision of job opportunities to the mentally-challenged, and purchased packs of “Fortunate Rice”, which were distributed to employees of the Group in Macao and Hong Kong during Chinese New Year and to different elderly homes in Macao.

For three continuous years, we continued to partner with a local restaurant to provide catering services to different centres of MAIDS.

During the Year, both VHL and MDL made donations to Tung Sin Tong Charitable Society and Charity Fund of The Readers of Macao Daily News and encourage colleagues to participate in “Walk for a Million in Macau” in December.

Going forward, we aim to deepen our understanding about our communities and their needs. We will continue to explore different channels and platforms to contribute meaningfully to the local communities.

### Policies applicable at Vodatel

√ **Definition of the nature and extent of involvement in the communities where the corporation has operations, or is related to.**

KPI B8.1 Our focus area of contribution is the disadvantaged.

KPI B8.2 Our resources contributed to the focus areas are mentioned in the paragraphs above.