VTech Holdings Limited

HKSE: 303

Sustainability Report 2020

About this Report

VTech published its first Sustainability Report for the financial year 2014. The purpose of the report was not only to communicate our sustainability strategies, management approaches and performances with our stakeholders, but also comprehensively introduce our ongoing activities for our sustainable development towards the societies and environment in which we operate.

VTech considers sustainability as a direction for our long-term development. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and its principles of balance, comparability, accuracy, timeliness, clarity and reliability. We have also made reference to the Stock Exchange of Hong Kong Limited (the Stock Exchange) Environmental, Social and Governance (ESG) Reporting Guide (ESG Guide)[1] to define our report content and satisfy its "comply or explain" and "recommended disclosures" provisions.

VTech also supports the 17 Sustainable Development Goals (SDGs) developed by the United Nations, which provide sustainable development direction and targets of the world to be achieved by 2030. In our Sustainability Plan 2025, we have developed sustainability strategies and programmes based on our five sustainability pillars – Governance and Business Ethics, Product Responsibility and Value Chain Management, Environment, Our People, and Society, aiming to make contribution towards the 17 SDGs.

In order to identify and assess the material concerns of our stakeholders, VTech has conducted materiality assessment surveys through a number of stakeholder engagement activities to determine the factors that have material impacts on our sustainable growth, and incorporated them in the development of our 5-year sustainability strategies and targets for FY2025.

Starting from FY2020, VTech has also started to disclose climate-related initiatives and measures by using the framework of Task Force on Climate-related Financial Disclosures (TCFD). A number of potential physical and transition risks and opportunities related to the climate change, which have impacts on the company in short, medium and long term, are identified, with development of sustainability initiatives to address them in our 5-year Sustainability Plan 2025.

The quantitative principle applies to all information in this report. All performance indicators are provided with clear definition and unit measurement is clearly stated.

Our report has also been prepared consistently to allow for meaningful comparisons over time. There is no major change from previous years in the way this report has been prepared. Certain data for prior years were restated for fair comparison of the performance data.

Reporting Period and Scope

The scope of this report includes data and activities from operations over which we exercise full management control, including our headquarters in Hong Kong, our manufacturing facilities in China and Malaysia as well as our overseas sales offices, unless specifically stated otherwise. Except for the acquisition of Malaysia factory in the middle of FY2019, there were no significant changes in VTech's operation locations, share capital structure, or our supply chain structure.

Reporting period: FY2020 (1 April 2019 to 31 March 2020), as per the financial period of our Annual Report 2020. The Sustainability Report is issued on an annual basis.

Organisation covered: VTech Holdings Ltd and its subsidiaries (the Company or the Group).

Assurance

This report was subject to VTech's internal audit process and reviewed by the Company's Audit Committee.

Reference Guidelines

GRI Standards
Stock Exchange ESG Guide
TCFD Recommendations

Full details of the VTech Sustainability Report 2020 are available on https://www.vtech.com/en/sustainability/

1 *Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*

Contents

About this Report

Chairman's Message 2

About VTech 4

Sustainability Foundation 5

Sustainability Targets and Performance 14

Sustainability Pillars

- Governance and Business Ethics 22
- Product Responsibilities and Value Chain Management 26
- Environment 35
- Our People 47
- Society 54

Key Performance Data 61

Appendix

- Associations List 63
- GRI Content Index 64
- Stock Exchange ESG Guide Index 68
- TCFD Index 70
- Certifications in Manufacturing Facilities 71
- Environmental and Safety Standards 72

VTech Major Subsidiaries

Chairman's Message

"VTech's sustainability vision is to create sustainable value for the lives of people and protect the planet for the future generations."

The recent outbreak of the novel coronavirus (COVID-19) has dreadful impacts on the social lives of people and the global economy. It has not only affected the financial performance of the Group in the last quarter of financial year 2020, but also imposed high uncertainty on the Group's businesses in the coming financial year.

Although we are currently confronting an unprecedented threat, with our long standing sustainability programme, which includes a well-established Business Continuity Management (BCM) system incorporating a risk management framework, together with our devoted employees from different countries of the world, VTech is able to rapidly respond to the unpredictable changes in the global environment and mitigate the suffering of our businesses. These include the gradual resumption of production in our China factories with preventative measures to protect the health and safety of our workers and staff in the workplace, and successful transition to a work-from-home environment for our overseas employees without jeopardising the risk of network security. In order to ensure a stable supply of good quality face masks for our employees, we have set up a production line in the clean room of our China factory to make face masks for our people, and also provided face masks to our overseas staff who are working from home for their personal health and safety.

VTech is also leveraging its technological expertise, market leadership positions and financial resources to support the communities to fight against the COVID-19 pandemic. In order to support the front-line medical staff for their tireless contributions to the societies, VTech has donated our baby monitors to the hospitals in the North America, and sourced surgical masks for the hospital in Dongguan, China. In the US, we have launched a "#LearnThroughThis" campaign with free on-line learning content for the children to learn and play while they are staying at home. We have also stepped up our charitable efforts to donate our learning toys for the low-income communities and vulnerable children in different countries. In addition, we have given financial support for global philanthropies such as COVID-19 Disaster Relief Fund of AdoptAClassroom.org in the US and Canada to facilitate the teachers to provide online training classes for the students, and launched "#VTechEnsemble" programme in France to make donations to the hospitals and help the children and the families in need during this difficult time.

With our dedicated sustainability efforts and decisive actions in response to the fluid COVID-19 situation and changing safety environment in different countries of the world, VTech was able to deliver sales and net profit growth in the financial year 2020 although the outlook of our businesses in the coming financial year remains highly uncertain.

VTech's Sustainability Report 2020 is our 7th annual Sustainability Report and is also the final year of our first 5-year Sustainability Plan 2020. In order to achieve our sustainability vision and mission and ensure that our continuous improvement programmes and approaches could be carried out effectively and consistently throughout the Company and in a sustainable manner, VTech has developed the second 5-year Sustainability Plan 2025 covering the period from FY2021 to FY2025. Our sustainability initiatives in the new 5-year Sustainability Plan 2025 will be focusing on increasing the use of sustainable materials in our products, recycling our products in a responsible way, increasing the use of renewable energy and reducing the natural resources consumption in our production process, as well as stepping up our efforts to use more eco-friendly transportation modes in our supply chain management.

VTech also supports the 17 Sustainable Development Goals (SDGs) developed by the United Nations, which provide sustainable development direction and targets of the world to be achieved by 2030. In our Sustainability Plan 2025, we have developed sustainability strategies and programmes based on our five sustainability pillars – Governance and Business Ethics, Product Responsibilities and Value Chain Management, Environment, Our People, and Society, aiming to make contribution towards the 17 SDGs.

As a global leader in electronic learning products and cordless telephones, VTech strives to develop and supply high quality and innovative products for the well-being of our customers and benefit the society. We have launched Anti-Bacteria Hotel Phones, which are designed to mitigate the spreading risk of common bacteria for the users, and Amplified Bluetooth Cordless Phone that allows users to enjoy high-quality amplified calls with or without a landline. VTech has also launched many new learning toy products to inspire the creativity of children. These include our Mix & Match-a-Saurus™, an interactive product designed to develop the social and communication skills of the kids at their early learning stage, and Go! Go! Cory Carson™, a car family with parents, kids and friends to engage children to play with learning and fun. As for the environmentally friendly products, we continue to develop Digital Enhanced Cordless Telecommunication cordless phones with Blue Angel eco-label, and have upgraded our power adaptor to the level VI standard with Energy Star eco-label.

With our continuous dedications and commitments in preserving the natural environment, we have been continually pursuing innovative ways to make our operations, products and packaging more sustainable and environmentally friendly. Through the implementation of green manufacturing programmes, we have achieved notable reduction in electricity consumption and thus lower carbon emission to the environment, with CO_2 emission per production output in our assembly and plastic factories reduced by 22.7%* and 24.6% respectively compared with FY2014. We have also extended the application of waterborne paint and adopted the over-molding and inkjet printing technologies in the manufacturing process of our products, and increased the use of sustainable materials such as green or recycling plastics in both of our products and packaging.

Our dedicated sustainability efforts have received local and international recognitions. VTech continues to be a constituent member of the Hang Seng Corporate Sustainability Benchmark Index with score at AA-rating, and is also included in the FTSE4Good Global Index for the 5th consecutive year. We have also achieved a rating of AA in the Morgan Stanley Capital International (MSCI) ESG Rating for the second year. In recognition of our continuous contributions to the Hong Kong community, we have received the "Sustainability and Social Responsibility Reporting Award" from The Hong Kong Institute of Certified Public Accountants, the "Outstanding Caring Awards (Enterprise Group)" awarded by Federation of Hong Kong Industries, and the "Caring Company" awarded by The Hong Kong Council of Social Service for the 12th consecutive year.

Sustainability is an everlasting journey demanding endless improvements and commitments for the societies. With our successful completion of the first 5-year Sustainability Plan, we are moving to the next milestone to achieve the second 5-year Sustainability Plan by FY2025. We will continue to make every effort to incorporate sustainability aspects into our business strategies and activities in the forthcoming years. We also strive to balance the impacts of economic growth, environmental protection and social responsibility in our Sustainability Plan 2025, aiming to drive sustainable value for our stakeholders and the communities. With our strong sustainability commitment and dedicated resources, we are confident to navigate ourselves through these turbulent times and unprecedented challenges while seizing any business opportunity for the company.

Allan WONG Chi Yun
Chairman
18 May, 2020

* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

About vtech

VTech is the global leader in electronic learning toys from infancy through toddler and preschool[2] and the world's largest manufacturer of cordless telephones. It also provides highly sought-after contract manufacturing services. Our product lines include electronic learning products (ELPs), telecommunication (TEL) products, and contract manufacturing services (CMS).

With headquarters in the Hong Kong Special Administrative Region and state-of-the-art manufacturing facilities in China and Malaysia, VTech currently has operations in 14 countries and regions. In FY2020, VTech has approximately 26,000 employees, including around 1,600 research and development (R&D) professionals in R&D centres in the United States, Canada, Germany, Hong Kong, Taiwan and China. This network allows VTech to stay abreast of the latest technology and market trends throughout the world, while maintaining a highly competitive cost structure.

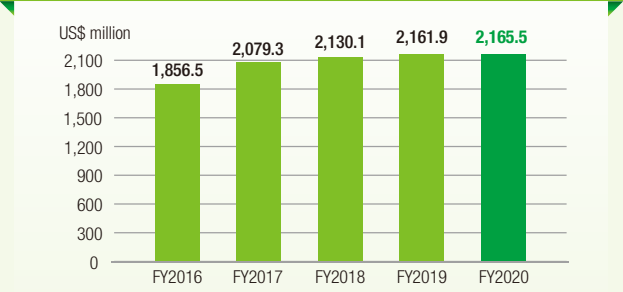
The Group invests significantly in R&D and launches numerous new products each year. VTech sells its products via a strong brand platform supported by an extensive global distribution network of leading traditional and online retailers. VTech's customer profile consists of commercial buyers in our three product lines and direct consumer purchasers through our e-commerce business.

For the year ended 31 March 2020, Group revenue and profit attributable to shareholders of the Company were US$2,165.5 million and US$190.7 million respectively. At 31 March 2020, the Group had working capital and total assets of US$227.9 million and US$1,195.4 million respectively. The Group's total equity was US$601.5 million as at 31 March 2020.

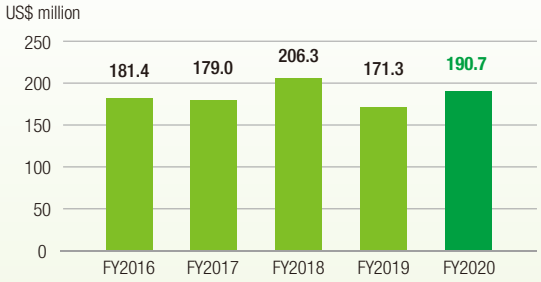
Shares of VTech Holdings Limited are listed on The Stock Exchange (HKSE: 303). At 31 March 2020, the number of issued and fully paid shares of the Company was 251,779,133 shares.

For details of our financial performance, please refer to the financial highlights included in our Annual Report 2020 at: https://www.vtech.com/en/investors/financial-reports/

Group Revenue in Last 5 Years



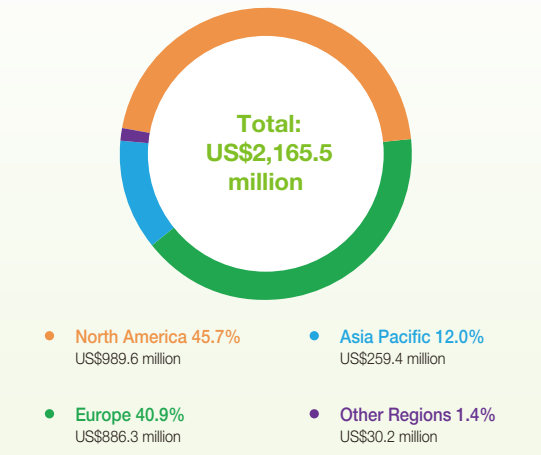
Profit Attributable to Shareholders of the Company in Last 5 Years



At VTech, we manage our business in accordance with a number of key external charters. We adhere to and implement policies that are coherent with 10 UN Global Compact principles[3], which itself is built upon many internationally agreed principles relating to welfare of workers, environmental management and anti-corruption. Since 2012, we have subscribed to the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and the International Council of Toy Industries (ICTI) Code of Business Practices, which are specific to our industries.

To keep abreast of the latest trends and development within our industry, we have participated in a number of trade associations around the world. We primarily engage as members, but where possible we will collaborate on industry projects to help develop the markets and industry standards. Many of our memberships require us to meet a Code of Conduct which provides VTech stakeholders with further peace of mind and confidence.

Revenue by Regions for the year ended 31 March 2020



2 *Sources: Ranking based on The NPD Group Retail Tracking Service for projected US dollar sales in the US, Canada, France, Germany, the UK and Spain on total retail sales in the combined toy categories of Early Electronic Learning, Toddler Figures/Playsets & Accessories, Preschool Electronic Learning, Electronic Entertainment (excluding Tablets) and Walkers for the 12 months ended December 2019.*

Global Market Share Estimates by MarketWise Consumer Insights LLC. Ranking based on total retail sales in the combined toy categories of Early Electronic Learning, Toddler Figures/ Playsets & Accessories, Preschool Electronic Learning, Electronic Entertainment (excluding Tablets) and Walkers for the 12 months ended December 2019.

3 *The UN Global Compact asks companies to abide by its 10 principles, protecting the core values of the UN's human rights, labour standards, environmental and anti-corruption policies. See https://www.unglobalcompact.org/what-is-gc/mission/principles for more details.*

Sustainability Foundation

Our sustainability mission is to design, manufacture and supply innovative and high quality products in a manner that minimises any impact on the environment, while creating sustainable value for our stakeholders and the communities.

Managing Sustainability

Corporate Governance

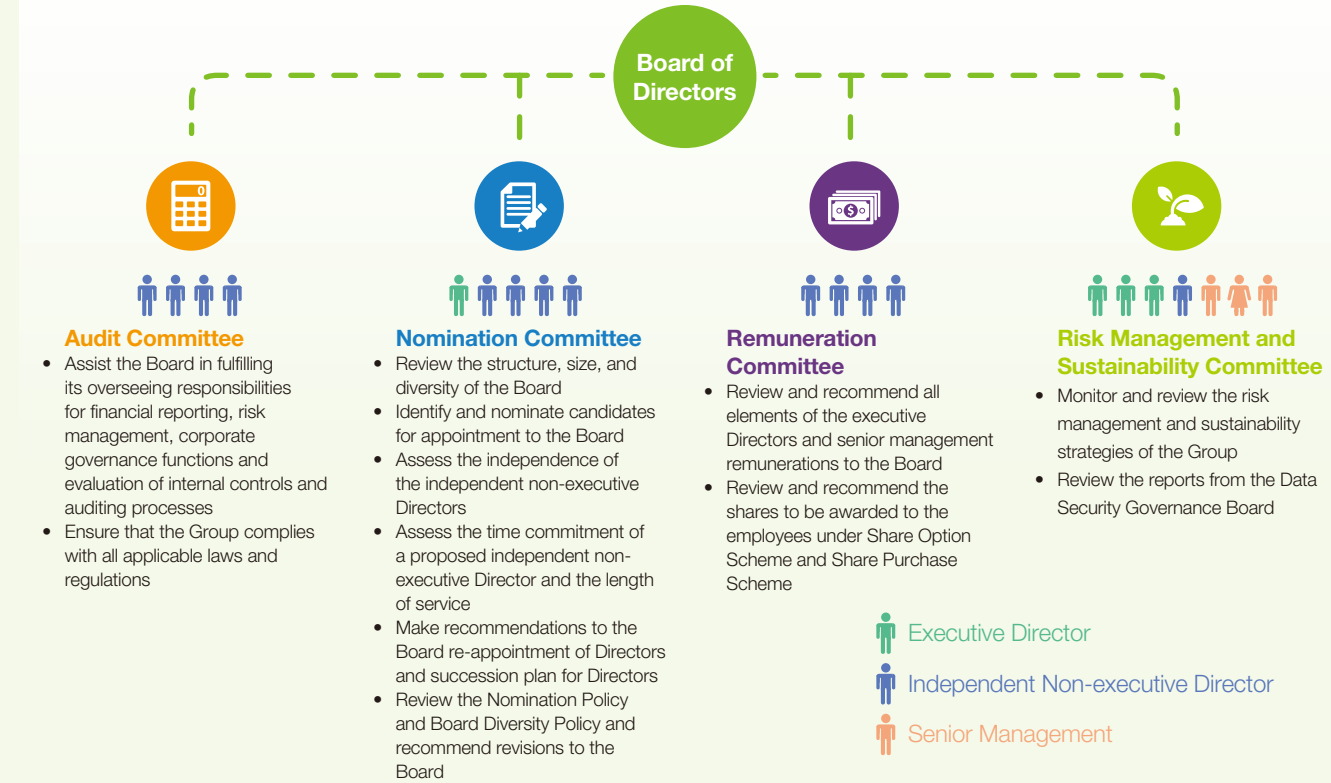
VTech Holdings Limited is incorporated in Bermuda and has its shares listed on the Stock Exchange. The corporate governance rules applicable to the Company are the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

Board of Directors and its Committees

The Board of Directors (the Board) comprises three executive directors of the Company (Directors), one non-executive Director, and four independent non-executive Directors. Their names and brief biographies can be found in the section "Biographical Details of Directors" on page 49 of the Annual Report 2020. The Board focuses on the formulation of business strategy and policy, and control. Matters reserved for the Board are those affecting the Company's overall strategic policies, finances and shareholders. These include, but are not restricted to, deliberation of business plans, risk management, internal controls, announcement of interim and final results, dividend policy, annual budgets, major corporate activities such as material acquisitions and disposals and connected transaction, and Directors' appointment, re-election and recommendations.

The Board has established an Audit Committee, a Nomination Committee, a Remuneration Committee and a Risk Management and Sustainability Committee (RMSC) with defined terms of reference which are no less exacting than those set out in the Corporate Governance Code to assist and support the Board in discharging its governance and other responsibilities, particularly on financial reporting, internal control, and corporate governance functions; composition of the Board and remuneration of Directors and senior management; risk management and sustainability strategy.

Roles and Responsibilities of Board Committees



For details of our corporate governance, please refer to the corporate governance section included in our Annual Report 2020 at https://www.vtech.com/en/investors/financial-reports/

VTech's Sustainability Management

At VTech, our RMSC is delegated with the authority from the Board to provide vision and strategic direction for our sustainability activities to ensure that we stay on track and in balance with the three sustainability dimensions of economic, environmental and social impacts at all times. The RMSC is also responsible for reviewing our sustainability strategies and improvement activities, assessing how the policies are implemented in achieving the sustainability goals and targets, and monitoring the performance progress on a biannual basis. We also have an escalation process in place to ensure that any identified issues are dealt with at the appropriate level of the Company.

Our RMSC has also formed the Sustainability Sub-Committee which comprises key employees from the Company's different product lines and relevant departments, including Group Chief Financial Officer, TEL President, Vice President of ELP Operation, Managing Director of CMS, and the Sustainability Team. It has the strategic and operational responsibility to manage sustainability issues while implementing the policies and measures to achieve strategic vision and direction approved by RMSC. It is also responsible for monitoring the progress of our sustainability activities compared with targets in their responsible product lines and functions, evaluating and determining the sustainability investments from economic, environmental and social aspects, and sharing new and significant industry sustainability concerns with the committee members quarterly.

In order to ensure that our sustainability strategies are carried out effectively and consistently throughout the Company, we have organised our sustainability approach into the five pillars across the Company's product lines with the following missions:

Risk Management and Sustainability Committee

Sustainability Sub-Committee

Sustainability Plan 2025 — Five Pillars

Governance and Business Ethics

- Ensure our corporate governance structure meets the applicable laws and regulations, industry best practice and global trends
- Review and monitor the internal control systems and risk management processes to ensure the overall effectiveness with continuous improvement
- Uphold the highest ethical standards of business integrity and foster a culture of compliance throughout the company

Product Responsibilities and Value Chain Management

- Product Innovation – Design products for the well-being of people and for the benefits of society
- Product Quality – Design products to ensure that they are of good quality and compliant with the highest safety standards
- Eco-friendly Product – Incorporate sustainability concepts into our product design and increase the use of sustainable materials for our products and packaging
- Sustainable Supply Chain – Manage our supply chain in a socially and environmentally responsible manner and source from approved suppliers who meet our VTech's Corporate Social Responsibility requirements

Environment

- Circular Economy and Environmental Management – Analyse, monitor and minimise the associated environmental impacts following our Environmental Management System
- Climate Change Strategy – Review our approach on climate change and develop sustainability initiatives to identify and address the associated physical and transitional risks and opportunities
- Green Manufacturing Practice – Minimise the environmental impacts from our operations
- High Performance Production Chain – Maximise our resource efficiency and improve productivity
- Sustainable Logistic Practice – Improve operational efficiency and reduce carbon emission throughout the transportation process

Our People

- Enhance our good staff relations through various communication channels and staff activities
- Foster a continuous learning environment and encourage employees to develop and advance their careers in VTech
- Respect the labour and human rights of all our employees with clearly defined human resources management policies, and promote an inclusive culture throughout the company
- Provide a supportive, pleasant and healthy workplace for our employees and foster a caring community in our working environment

Society

- Use our expertise and resources to support the communities in which we operate focusing on:
  - Supporting people in need
  - Collaborating with local charities
  - Providing training opportunities for young people
  - Nourishing an innovative environment
  - Developing a healthy and green community

Our Alignment with the UN SDGs

The 17 Sustainable Development Goals (SDGs) were adopted at the United Nations General Assembly in 2015. The SDGs address the global challenges related to poverty, inequality, climate change, environmental degradation, peace and justice etc., and are aimed at establishing a sustainable society.

As a global corporate citizen, we acknowledge the emerging global trends outlined in the SDGs in how we run our business and contribute to the achievement of SDGs. Therefore, we have recently evaluated the relationship between the SDGs and our business and sustainability framework. We have mapped SDGs across our sustainability activities, and identified five primary goals which VTech is best positioned to contribute to and have the greatest impact as a global corporate citizen. The table below details how VTech is helping in achieving these five primary goals. Besides that, we believe that our business is supporting all 17 SDGs. Five sustainability pillars – Governance and Business Ethics, Product Responsibilities and Value Chain Management, Environment, Our People, and Society that are aligned with the 17 SDGs were set up accordingly.

Governance and Business Ethics

Goal 16: Promoting peaceful and inclusive societies for sustainable development is the most material goal for our sustainability pillar "Governance and Business Ethics".

VTech has developed a comprehensive management structure throughout the years. We have continuously reviewed our company policies and procedures to ensure our corporate governance structure meets the applicable laws and regulations, industry best practice, global trends, and market expectation. We strive to contribute to SDG 16 in the area of governance and business ethics, by strengthening our effectiveness, accountability and transparency. To achieve these goals requires both broad ranging and in-depth governance structures and risk management processes.

We are committed to advancing our corporate governance practices so that we can not only ensure our long-term business success, but also contribute to more peaceful and inclusive societies.

Read more on pages 22-25.

Product Responsibilities and Value Chain Management

Goal 12: Ensuring sustainable consumption and production patterns is the most material goal for our sustainability pillar "Product Responsibilities and Value Chain Management".

VTech is committed to providing innovative solutions that enable sustainable consumption and production patterns. We require the same sustainable approach from our suppliers.

To understand the environmental and social impacts of our products, we regularly review the "hot spot" areas within the value chain and seek for continuous improvement.

We implement the principles of "Design for People" and "Design for Excellence" in order to offer products that can enhance the well-being of our customers and benefit the society. We strive not only to provide high quality products and comply with the highest international and local quality and safety standards, but also incorporate sustainability concepts into product design for the health and safety of our customers and to further improve our products to make them more sustainable and eco-friendly.

We also have a well-established Supply Chain Management System in place to ensure that we have a sustainable supply chain practice throughout the Company.

In FY2020, in order to minimise the environmental impact of the colouring process, we extended the use of waterborne paint and adopted overmolding and inkjet printing technologies for our products and packaging. We have launched the new Anti-Bacteria Hotel Phones, designed to mitigate the spreading risk of common bacteria for the users.

Read more on pages 26-34.

Environment

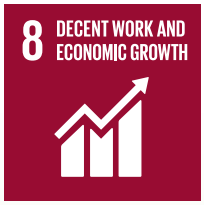
Goal 13: Taking urgent action to combat climate change and its impact is the most material goal for our sustainability pillar "Environment". VTech is dedicated to protecting the environment and supporting the fight against climate change to move towards a circular economy.

We have developed our "Climate Change Strategy" to assess how climate change could affect our business operations and minimise the potential impacts on our sustainable growth. We have implemented a high performance production chain to maximise our resources efficiency and improve the productivity while maintaining a green manufacturing and logistics practice. We have also launched many energy and resource saving projects to minimise the environmental impact from our operations and conserve the resources.

In FY2020, we achieved notable reduction in electricity consumption and thus lower carbon emission to the environment, with CO_2 emission per production output in our assembly factories and plastic plants reduced by 22.7%* and 24.6% respectively compared with FY2014.

Read more on pages 35-46.

Our People



Goal 8: Promoting inclusive and sustainable economic growth, employment and decent work for all is the most material goal for our sustainability pillar "People". At the end of FY2020, we had approximately 26,000 people globally, creating business and employment opportunities all over the world.

We conduct our business in accordance with the internationally recognised ethical and responsible business practices. Providing a safe and healthy working environment for our people is of paramount priority for VTech. By conducting comprehensive safety and health training programmes, organising well-being activities and providing continuous improvement on the workplace facilities, we aim to provide a supportive, pleasant and healthy workplace for our employees, and to foster a caring community in our working environment. We have also established training programmes to develop and nurture talents. We are committed to workforce diversity to create a more inclusive environment at VTech.

We have achieved employee satisfaction rate above average level for six consecutive years and the number of employees with service years longer than 5 years increased by 66.3% compared with FY2014. In FY2020, each employee engaged in annual average of 67.7 training hours.

Read more on pages 47-53.

Society

Goal 17: Revitalising the global partnership for sustainable development is the most material goal for our sustainability pillar "Society".

VTech uses its expertise and resources to support the communities in which it operates, focusing on supporting people in need, collaborating with local charities, providing training opportunities for young people, nourishing an innovative environment and developing a healthy and green community. Through these initiatives, VTech can build our resilience, enhance our knowledge base and gain a sense of responsibility for the community. Social cohesion and trust are strengthened between the society and us, leading to the sustainable outcomes.

In FY2020, we collaborated with our stakeholders to help combat the COVID-19 pandemic by participating in various charitable activities all over the world. VTech has continued to support the societies globally including our continuous participations in various donation events and charitable activities, expansion of the VTech's scholarship scheme with more local universities, and provision of different kinds of internship and mentoring programmes for the young generation. The number of volunteers has reached over 2,600 and the total voluntary service hours contributed increased by 7.5 times compared with FY2014.

Read more on pages 54-60.

* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

Dialogue and Involvement with our Stakeholders

Stakeholder Engagement Approach

Stakeholder engagement is the process through which we stay connected with our customers, employees, shareholders, investors, suppliers and the wider communities in which we operate. We believe that the approach of stakeholder engagement is integral to the development of our sustainability strategy, and is also a pre-requisite for our long-term sustainable growth.

VTech has an open door policy to encourage suggestions or comments given by our stakeholders through various communication channels. Since FY2014, we have developed a formal annual stakeholder engagement procedure, which helps us identify which sustainability issues are most important to our stakeholders and report our sustainability approach, performance and activities to address their material concerns and priorities. Our purpose is to engage with those who are directly affected, either economically, environmentally or socially, by our operations and to ensure that our sustainability strategies, activities and reporting process would meet or exceed their expectations.

The selection of stakeholder groups is determined by the RMSC in conjunction with the Sustainability Sub-Committee. We have selected a number of representative customers and suppliers from the Company's different product lines, a range of employees from all levels in the Company, our major shareholders and investors, and communities with whom we were actively involved. As part of our annual review process, we also engaged our stakeholders through their preferred communication channels to conduct our materiality assessment surveys.

Our Sustainability Sub-Committee has also developed an approach which identifies the broad topics that the stakeholder groups are concerned with, and used a materiality matrix to assess the material topics identified by our stakeholders during the engagement process. A topic is classified as material when it substantially affects our long-term commercial or operational viability, with material impacts on economic, environmental or social topics. This matrix combines VTech's approach to identifying and assessing the material concerns of our stakeholders, and our own materiality scoring methodology by following the principles outlined in the GRI Standards.

A summary of the stakeholder groups, the topics concerned, and the communication channels with frequency are listed in the following table.

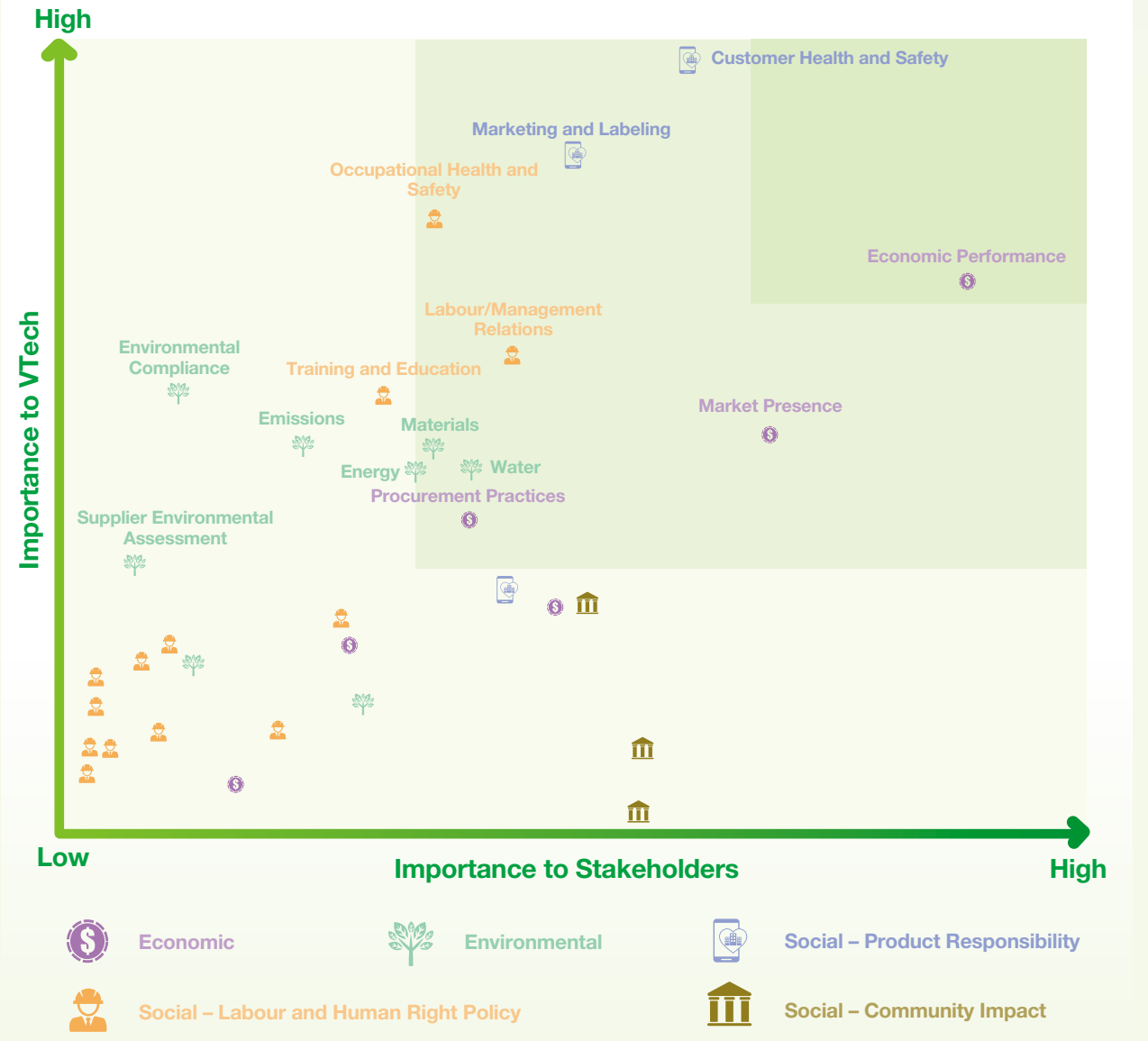
Stakeholders	Topics Concerned	Communication Channels	Frequency per year
Customers	• Production quality and improvements • Product safety, performance and life cycle • Operation in compliance with applicable law and regulations • Customer support • Financial performance • Sustainability strategies	• Online customer satisfaction surveys • Customer visits or meetings • Industry exhibitions and forums • Product training workshops • On-site visits at VTech's factories • Quarterly business review • Customer service hotline and email	Annually As required* As required* As required* As required* Quarterly On-going
Employees	• Employees' health and safety • Employee communication and engagement • Working conditions and welfare • Career development and training • Business performance • Product safety • Operation in compliance with applicable law and regulations	• Employee engagement surveys • Monthly social events with employees • Newsletter • Performance reviews • Regular management meeting with staff representatives • Career and product training • Occupational health and safety training • Suggestion box, hotline, emails, notice board and briefing sessions	Quarterly Monthly Quarterly Annually On-going On-going On-going On-going
Shareholders	• Return on investment • Strategic plans • Operation in compliance with applicable law and regulations	• Annual and interim results announcement events • Annual and interim reports • Regular meetings and correspondence • Sustainability report	Biannually Biannually As required* Annually
Investors	• Business performance • Strategic plans • Operation in compliance with applicable law and regulations	• Annual and interim reports • Feedback to media enquiries • Media conferences • Regular meetings and correspondence • Sustainability report	Biannually As required* As required* On-going Annually
Suppliers	• Supplier quality performance • Supplier sustainability in business model, quality and production control • VTech's expectations with suppliers • Product quality and safety • Operation in compliance with applicable law and regulations	• Annual business review meeting • Annual Suppliers Day • Key supplier audits	Annually Annually On-going
Community	• Support to civil society organisations • Local environment • Environmental protection • Local community activities involvement • Operation in compliance with applicable law and regulations	• Informal communication through email and phone calls • Sponsorship • Participation in local community activities and volunteering work	As required* On-going On-going

** VTech may vary the frequency to meet its business need.*

Materiality Assessment

The material sustainability topics identified by the stakeholders were based on the results of the materiality assessment surveys conducted in FY2020. The results were mapped with the key sustainability topics assessed by VTech's senior management and illustrated in the following chart.

Chart of Materiality Assessment



All of the topics shown in the chart are referred to the GRI Standards. These topics were considered as material for reporting by VTech on the basis that they have significant impact on and opportunity for environmental and social improvements through our enhancement in operations.

The labelled topics that lie within the shaded area of the Chart are the most important items on our sustainable development identified by both VTech and the Stakeholders in the materiality assessment surveys. According to our survey results, 1 out of 46 topics was identified as the most important to our stakeholders and VTech, which is Economic Performance. This assessment could help us prioritise our corresponding sustainability activities and programmes to address their needs, as well as monitor our sustainability progress.

Besides, in accordance with the requirements of Core option of the GRI Standards, we have also covered all the material topics in our Sustainability Report 2020, including the Key Performance Indexes (KPIs) which are most representative and effective in reflecting our project progress, and our management approach to address each material topic with related sustainability activities and case studies.

We have also defined the impacts and boundaries of each material topic in the following table:

Category	Material Topic	Impacts and Boundaries					
		Customers	Employees	Shareholders	Investors	Suppliers	Community
Economic	Economic Performance	✓	✓	✓	✓	✓	
	Market Presence	✓		✓	✓		✓
	Procurement Practices					✓	
Environmental	Materials		✓	✓	✓	✓	
	Energy	✓	✓	✓	✓	✓	✓
	Water	✓	✓	✓	✓		✓
	Emissions	✓	✓	✓	✓	✓	✓
	Environmental Compliance	✓	✓	✓	✓	✓	✓
	Supplier Environmental Assessment	✓		✓	✓	✓	✓
Social – Labour and Human Right Policy	Occupational Health and Safety	✓	✓	✓	✓	✓	✓
	Training and Education		✓	✓	✓		✓
Social – Product Responsibility	Customer Health and Safety	✓	✓	✓	✓		✓
	Marketing and Labeling	✓	✓	✓	✓	✓	✓
Social – Community Impact	Socioeconomic Compliance	✓		✓	✓	✓	✓

Sustainability Targets and Performance

VTech constantly reviews and monitors its sustainability progress along the business development. We recognise that we have to build on the foundation that we have established since we started our sustainability journey in FY2006.

Sustainability Progress

During our sustainability journey since FY2006, VTech has successfully developed our sustainability strategies with a vision to create sustainable value for the lives of people and protect the planet for the future generations and a mission to design, manufacture and supply innovative and high quality products in a manner that minimises any impact on the environment, while creating sustainable value for our stakeholders and the communities in which we operate.

FY2006 to FY2012

- Introduced the concept of Corporate Social Responsibility (CSR) and the related activities in our annual report
- Established our four core areas on CSR: Environment, Employees, Shareholders and Community

FY2013

- Refined the CSR management structure to a holistic sustainability framework, focusing on:
  (1) Product Responsibility & Innovation,
  (2) Environmental Protection,
  (3) Workplace Quality,
  (4) Sustainable Operating Practices, and
  (5) Community Involvement
- Renamed VTech's Risk Management Committee to Risk Management and Sustainability Committee at the Board of Directors level
- Set up VTech sustainability management sub-committee, comprising key employees from the Company's different product lines and relevant departments

FY2014

- Defined VTech sustainability vision and strategies
- Published our first Sustainability Report following the Core option of GRI G4 Guidelines

FY2015

- Set up an internal database to better monitor our sustainability data and targets
- Published our annual sustainability report following the Core option of GRI G4 Guidelines and Stock Exchange ESG Guide
- Developed VTech Sustainability Plan 2020

FY2016

- Closely monitored our sustainability progress and worked along with the VTech Sustainability Plan 2020
- Set new targets within our sustainability framework to make further improvements for our sustainability development and enhance the VTech Sustainability Plan 2020

FY2017

- Completed the acquisition of LeapFrog, Snom and fixed assets of Kenny Precision Products (Shenzhen) Company Limited
- Integrated and aligned sustainability strategies and management systems to the newly acquired businesses

FY2018

- Continued to incorporate sustainability aspects into our business strategies and activities to achieve our short-term and long-term sustainability targets in FY2020

FY2019

- Completed the acquisition of Pioneer Corporation's manufacturing facility in Malaysia
- Received a rating of AA in the MSCI ESG Ratings assessment
- Continued to monitor our sustainability progress and implement relative measures according to VTech Sustainability Plan 2020

FY2020

- Incorporated the UN SDGs in the development of sustainability strategy
- Developed VTech Sustainability Plan 2025
- Disclosed climate-related initiatives using TCFD's framework

Awards and Recognitions

With our dedicated sustainability resources and efforts, VTech continues to be a constituent member of the Hang Seng Corporate Sustainability Benchmark Index with the score of AA- rating and is included in FTSE4Good Global Index[4] in FY2020 for the 5th consecutive year. We have also received a rating of AA in the MSCI ESG Ratings assessment[5] for the 2nd year. Our Sustainability Report 2019 received the "Sustainability and Social Responsibility Reporting Award" from The Hong Kong Institute of Certified Public Accountants (HKICPA). We have also been awarded the Grand Award in Best ESG Report (Mid Cap), Excellence in GRI Report, Excellence in Environmental Disclosure, and Excellence in Social Disclosure in Hong Kong ESG Reporting Award 2019. Additionally, we have been awarded the Caring Company by The Hong Kong Council of Social Service for the twelfth consecutive year and the Outstanding Caring Awards (Enterprise Group) by Federation of Hong Kong Industries in recognition of our continuous contribution to the Hong Kong community through various charitable activities.

Hang Seng Corporate Sustainability Index Series Member 2019-2020

Hang Seng Corporate Sustainability Benchmark Index AA-

FTSE4Good

FTSE4Good Global Index

MSCI

MSCI ESG Ratings AA

HKICPA Best Corporate Governance Awards – Sustainability and Social Responsibility Reporting Award

The Grand Award in Best ESG Report (Mid Cap), Excellence in GRI Report, Excellence in Environmental Disclosure and Excellence in Social Disclosure in Hong Kong ESG Reporting Award 2019

INDUSTRY CARES 3+ 工業獻愛心

Outstanding Caring Awards (Enterprise Group) by Federation of Hong Kong Industries

10 years+ caringcompany 商界展關懷

Award as Caring Company for the 12th Consecutive Year

家庭友善僱主 FAMILY-FRIENDLY EMPLOYERS 2017/18

Award as Family Friendly Employer/ Special Mention/Breast Feeding Support by Family Council

Brilliant Participation – Gold Award in Sowers Action Challenging 12 Hours Charity Marathon 2019

有心企業 HEART TO HEART COMPANY 2007 - 2020

Award as Heart to Heart Company by Hong Kong Federation of Youth Group

友商有良 2019 Partner Employer Award 嘉許計劃

Partner Employer Award by the Hong Kong General Chamber of Small and Medium Business Limited

Social Capital Builder Awards 社會資本動力獎

Social Capital Builder Logo Award

4 *FTSE4Good Index is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards.*

5 *The use by VTech Holdings Limited of any MSCI ESG Research LLC data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of VTech by MSCI or any of its affiliates. MSCI services and data are the property of MSCI or its information providers. MSCI and MSCI ESG Research names and logos are trademarks or service marks of MSCI or its affiliates.*

FY2020 Targets and Progress Update

The table below presents our achievements against the targets developed through our VTech Sustainability Plan 2020 covering FY2016 to FY2020.

Strategy Themes		Approaches		Targets for FY2020	FY2020 Achievements
Product Responsibility & Innovation	Design for People	Continue to use our technological expertise to design and provide products to enhance the well-being of our customers and benefit the society		Increase the total sales of health and safety products by 20% compared with FY2014	Compared with FY2014, health and safety products sales increased by 154.3%
	Design for Excellence	Continue to ensure that all products are compliant with the international quality and safety standards		Zero product recalls, fines or penalties relating to non-compliance with regulations	In FY2018, we arranged voluntary recalls for two products, Shake & Sing Elephant Rattle and Lights & Lullabies Travel Mobile in November 2017. Other than that, we had zero product recalls, fines or penalties relating to non-compliance with regulations
		Follow the Life Cycle Analysis (LCA) Guideline, aiming to reduce the carbon footprint in each new generation of the products		Undertake LCA analysis for 10 key products in TEL products and ELPs to reduce the carbon footprint throughout the product life cycle	LCA analysis was performed for 10 key products in TEL products and ELPs to reduce the carbon footprint throughout product life cycle
Environmental Protection	High Performance Production Chain	Implement more low cost automation projects and further strengthen the operational management to improve the production efficiency and productivity		Increase production output per worker by 20% compared with FY2014	Compared with FY2014, the production output per worker increased by 38%*
				Project Progress	Continued to monitor the progress of our energy saving programmes and conduct weekly patrols to eliminate unnecessary energy consumption
	Green Manufacturing	Energy Consumption and Carbon Emissions	Reduce energy consumption and thus the carbon emissions	Reduce Greenhouse Gas (GHG) emission per production output by 20% compared with FY2014	Compared with FY2014, GHG emission per production output in assembly factories reduced by 22.7%*
					Compared with FY2014, GHG emission per production output in plastic factories reduced by 24.6%
				Reduce the electricity usage in manufacturing facilities per production output by 20% compared with FY2014	Compared with FY2014, electricity usage per production output in assembly factories decreased by 14.3%*. We were not able to achieve the target of 20% mainly due to the change in product mix
					Compared with FY2014, electricity usage per production output in plastic factories decreased by 27.5%
		Water	Reduce water consumption and improve effluent treatment	Reduce total water consumption by 5% compared with FY2014	Total water consumption decreased by 39.4%* compared with FY2014
		Materials, Waste and Recycling	Recycle materials to minimise waste and conserve resources	Maintain the recycling rate of the reusable materials at or above 70%	In FY2020, the recycling rate of the reusable materials was 79.9%* and recycling rate was above 70% since FY2016
		Logistics	Reduce the environmental impact from shipment of products	Maintain the average loading capacity of each container shipment at or above 80%	In FY2020, average loading capacity was 86.7%* and recycling rate was above 80% since FY2015
				Maximise the usage of ocean and rail freight for long distance and inland shipments respectively	Continued to work with customers to maximise the usage of ocean and rail freight

* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

Strategy Themes		Approaches	Targets for FY2020	FY2020 Achievements
Workplace Quality	Communication and Staff Relations	Enhance our good staff relations through various communication channels and staff activities	Maintain employee satisfaction at or above average level based on the employee satisfaction survey	Average employee satisfaction rate was above average since FY2014
			Maintain average staff turnover rate at or below 12%	Average employee turnover rate was below 12% since FY2014
	Advancement in Careers	Foster a continuous learning environment and encourage employees to develop and advance their careers in VTech	Maintain average training hours per employee at or above 20 hours	In FY2020, average training hours per employee was 67.7 hours and above 20 hours since FY2015
	Respect of Labour and Human Rights	Respect the labour and human rights of all our employees with clearly defined human resources management policies	Increase number of staff with years of service longer than 5 years by 10% compared with FY2014	Compared with FY2014, number of staff with years of service longer than 5 years increased by 66.3%
	Environment for Our People	Provide a supportive, pleasant and healthy workplace for our staff, and foster a caring community in our working environment	Maintain the loss of working hours due to injuries in manufacturing facilities at or below 0.01%	Lost hour rate was 0.015% in FY2020 which was above the target of 0.01%. Despite this, the total lost hours reduced by 22.3% compared with FY2014
			Zero work related fatality case	No fatality case reported since FY2014
			Maintain employee satisfaction at or above average level based on the employee satisfaction survey	Average employee satisfaction rate was above average since FY2014
Sustainable Operating Practices	Business Continuity Management	Mitigate the potential operational risks and increase our resilience capability to resume the operation in an effective and timely basis	Annual risk registry update and assessment	Risk registry had been updated annually
	Supply Chain Management and Procurement Practice	Manage our supply chain in a socially and environmentally responsible manner and source from approved suppliers who meet our VTech's CSR requirements	Ensure our suppliers meet our CSR standards	We continued to measure the suppliers' sustainability performance to ensure they meet our CSR standards
			Develop an e-procurement platform to interact with suppliers in a more consistent and eco-friendly manner	E-procurement platform had been developed
	Climate Change Policy	Ensure our business strategies are not only accounted for longer term trajectory of climate change, but also sufficiently flexible to respond to the inevitable changes in the business environment	Disclose our total GHG emissions annually and review VTech's Climate Change Policy with reference to the international and local standards	GHG emissions disclosed annually and Climate Change Policy reviewed annually
Community Involvement	Support People in Need	Use our expertise and resources to support the communities in which we operate	Increase the total number of VTech volunteers to 2,000 and total voluntary hours by 10% compared with FY2014	Total number of volunteers reached 2,690 in FY2020
				Total voluntary hours increased by 7.5 times against FY2014
	Collaborate with Local Charities		Collaborate with corporate philanthropies and participate in more local charitable events	Had worked closely with different local organisations to arrange more local charitable events for volunteers to take part in
	Provide Training Opportunities for Young People		Sponsor local science activities for young people and provide science scholarship for local technical institutes	Had provided scholarship for engineering students in local universities in Hong Kong
	Nourish an Innovative Environment		Establish funding for innovative technology research and science studies	Partnered with THE i and conducted design competition in FY2018 and FY2019
	Develop a Healthy and Green Community		Provide healthy menu for employees to choose at VTech canteen	Had provided healthy and organic fruits for employees
			Organise VTech green day (in all operation locations)	Organised green day at HK office

VTech Sustainability Plan 2025

In order to ensure that our continuous improvement programmes and approaches on sustainability could be carried out effectively and consistently throughout the Company and in a sustainable manner, we have established our first 5-year Sustainability Plan 2020. Following the successful implementation of the first 5-year sustainability plan which has built the foundation for further sustainability improvement, VTech is proud to present our second 5-year Sustainability Plan 2025, which covers FY2021 to FY2025, outlining a wider range of targets on sustainability.

Sustainability Pillar	Strategy Themes	Approaches		Targets for FY2021		Targets for FY2025
Governance and Business Ethics	Corporate Governance	Continuously improve our company policy and procedures to ensure our corporate governance structure meets the applicable laws and regulations, industry best practice and global trends		Bi-annual meeting of the Group's RMSC to review the Group's risk management and internal control system and their effectiveness		Bi-annual meeting of the Group's RMSC to review the Group's risk management and internal control system and their effectiveness
				Maintain regular meetings with shareholders, investors and analysts		Maintain regular meetings with shareholders, investors and analysts
				Provide training for our employees on the update of listing rules and requirements		Provide training for our employees on the update of listing rules and requirements
	Risk Management	Set up Risk Management and Sustainability Committee to monitor and review the risk management and sustainability strategy of the Group and review reports from the Data Security Governance Board		Bi-annual risk registry update and assessment from each business unit		Bi-annual risk registry update and assessment from each business unit
				Annual Business Continuity Plan update		Annual Business Continuity Plan update
				Provide training on cyber security for our employees		Provide training on cyber security for our employees
				Review and update the data security policy to address the potential cyber security risk		Review and update the data security policy to address the potential cyber security risk
	Business Ethics	Uphold the highest ethical standards of business integrity and foster a culture of compliance throughout the company		Provide Code of Conduct training for our employees		Provide Code of Conduct training for our employees
				Review reports under the Whistleblowing Policy biannually		Review reports under the Whistleblowing Policy biannually
				Provide anti-corruption training for our directors and employees		Provide anti-corruption training for our directors and employees
				Regularly monitor the latest update on the Privacy Regulations worldwide and review our Data Security Policy		Regularly monitor the latest update on the Privacy Regulations worldwide and review our Data Security Policy
				Provide regular training for our employees on the Intellectual Property Right protection		Provide regular training for our employees on the Intellectual Property Right protection
Product Responsibilities and Value Chain Management	Product Innovation	Design for Excellence – Design for Environment	Improve our products to make them more sustainable and eco-friendly	ELP	Introduce new ELP using bio-based plastic or recyclable plastic	Replace all fossil based plastics with sustainable alternatives by FY2030
					Apply waterborne paint for 15% of ELPs	Apply waterborne paint for 80% of ELPs
				TEL	Study the application of bio-based plastic and green solutions for selected hotel phone models production	Apply bio-based plastic and green solutions for selected hotel phone models production
					Adopt anti-bacteria technology on hotel phones launched to the market	Continue to adopt anti-bacteria technology on hotel phones launched to the market
					Gradually replace the use of solvent-based paint with waterborne paint for TEL products	Use waterborne paint for all TEL products
				CMS	Study the application of bio-based plastic for selected CMS designed products	Apply bio-based plastic for selected CMS designed products
					Use waterborne paint for 10% of CMS designed products	Use waterborne paint for 50% of CMS designed products

Sustainability Pillar	Strategy Themes	Approaches		Targets for FY2021		Targets for FY2025
Product Responsibilities and Value Chain Management	Product Innovation	Design for Excellence – Design for Environment		Undertake LCA analysis for 2 key products in TEL products and ELPs to reduce carbon footprint throughout the product life cycle		Undertake LCA analysis for 10 key products in TEL products and ELPs to reduce carbon footprint throughout the product life cycle
			Improve our product packaging to make them more sustainable and eco-friendly	ELP	Apply waterborne paint for all new ELP packaging	Apply waterborne paint for 80% of ELP packaging
					Over 94% of packaging materials for new ELPs are recyclable, and over 85% of them are from recycled material	Reduce the use of non-recyclable material for packaging to less than 3%
					Eliminate blister in 98% of ELP packaging and use bio-based blister on the new ELP packaging	Eliminate blister in 99% of ELP packaging and use bio-based blister for the remaining 1%
					Minimise the size of the instructions leaflet of new ELPs to reduce paper consumption	Reduce paper consumption by 70% for instructions leaflet of all ELPs
					Study “Easy to fold and flatten“ design on packaging box for all new ELPs to reduce volume for waste disposed	Over 90% of ELP packaging boxes are “Easy to fold and flatten” to reduce volume for waste disposed
				TEL	Phase out all plastic in 20% of baby monitor packaging	Phase out all plastic in baby monitor packaging
					Extend the use of waterborne paint to all TEL packaging	Continue to use waterborne paint for all TEL packaging
				CMS	Use bio-degradable bags to replace Polyethylene (PE) bags for 15% of CMS designed product packaging	Use bio-degradable bags to replace Polyethylene (PE) bags for 80% of CMS designed product packaging
			Provide channels for customers to recycle VTech products after use	Engage post-consumer recycling programme for VTech products in Europe, Canada and US		Engage post-consumer recycling programme for VTech products in all major markets
		Design for Excellence – Design for Quality	Continue to ensure that all products are compliant with the international quality and safety standards	Zero product recall, fines or penalties relating to non-compliance with regulation		Zero product recall, fines or penalties relating to non-compliance with regulation
		Design for People	Continue to use our technological expertise to design and provide products to enhance the well-being of our customers and benefit the society	Increase the total sales of health and safety products by 2% compared with FY2020		Increase the total sales of health and safety products by 10% compared with FY2020
	Sustainable Supply Chain	Manage our supply chain in a socially and environmentally responsible manner and source from approved suppliers who meet our VTech’s CSR requirements		Conduct supplier engagement activities programme reinforcing our sustainability plan to our suppliers and monitor their progress		Conduct supplier engagement activities programme reinforcing our sustainability plan to our suppliers and monitor their progress
				Complete CSR audits of identified suppliers per VTech CSR requirements		Complete CSR audits of identified suppliers per VTech CSR requirements
				Work with suppliers to reduce product and packaging waste		Work with suppliers to reduce product and packaging waste

Sustainability Targets and Performance

Sustainability Pillar	Strategy Themes	Approaches		Targets for FY2021	Targets for FY2025
Environment	Circular Economy and Environmental Management	Analyse, monitor, and minimise the associated environmental impacts following our Environmental Management System		Regular review on update of environmental standards and regulations	Regular review on update of environmental standards and regulations
	Climate Change – Risk and Opportunities	Review our approach on climate change and develop sustainability initiatives to identify and address the associated physical and transitional risks and opportunities		Continue to use sustainable materials in our products and recycle our products in a responsible way	Continue to use sustainable materials in our products and recycle our products in a responsible way
				Reduce GHG emission per production output in assembly factories by 2% compared with FY2020	Reduce GHG emission per production output in assembly factories by 10% compared with FY2020
				Reduce GHG emission per production output in plastic factories by 2% compared with FY2020	Reduce GHG emission per production output in plastic factories by 10% compared with FY2020
				Increase renewable energy use by 20% compared with FY2020	Increase renewable energy use by 100% compared with FY2020
				Disclose scope 3 emission	Disclose scope 3 emission
	Green Manufacturing	Energy	Reduce energy consumption and thus the carbon emissions	Reduce the electricity usage per production output in assembly factories by 2% compared with FY2020	Reduce the electricity usage per production output in assembly factories by 10% compared with FY2020
				Reduce the electricity usage per production output in plastic factories by 2% compared with FY2020	Reduce the electricity usage per production output in plastic factories by 10% compared with FY2020
				Adopt high efficient energy system and equipment for high performance operation – upgrade on heating and cooling systems	Adopt high efficient energy system and equipment for high performance operation – upgrade on heating and cooling systems
		Water	Reduce water consumption and improve effluent treatment	Reduce total water consumption per production output by 2% compared with FY2020	Reduce total water consumption per production output by 10% compared with FY2020
		Material, Waste and Recycling	Recycle materials to minimise waste and conserve resources	Maintain the recycling rate of reusable materials at or above 75%	Maintain the recycling rate of reusable materials at or above 75%
				Reduce amount of hazardous waste per production output by 1% compared with FY2020	Reduce amount of hazardous waste per production output by 5% compared with FY2020
				Reduce amount of non-hazardous waste per production output by 1% compared with FY2020	Reduce amount of non-hazardous waste per production output by 5% compared with FY2020
				Reduce material use per production output by 1% compared with FY2020	Reduce material use per production output by 5% compared with FY2020
				Reduce packaging material used for finished goods per production output by 1% compared with FY2020	Reduce packaging material used for finished goods per production output by 5% compared with FY2020
	High Performance Production Chain	Implement more low cost automation projects and further strengthen the operational management to improve the production efficiency and productivity		Increase production output per worker by 4% compared with FY2020	Increase production output per worker by 20% compared with FY2020
	Sustainable Logistics Practice	Reduce the environmental impact from shipment of products		Maintain the average loading capacity of each container shipment at or above 80%	Maintain the average loading capacity of each container shipment at or above 80%
				Maximise the usage of ocean and rail freight for long distance and inland shipments respectively	Maximise the usage of ocean and rail freight for long distance and inland shipments respectively
				Continue to locate distribution centers in US, Australia and Canada for efficient distribution to customers	Continue to locate distribution centers in other major markets for efficient distribution to customers

Sustainability Pillar	Strategy Themes	Approaches	Targets for FY2021	Targets for FY2025
Our People	Communication and Staff Relations	Enhance our good staff relations through various communication channels and staff activities	Maintain employee satisfaction rate at or above average level based on the employee satisfaction survey	Maintain employee satisfaction rate at or above average level based on the employee satisfaction survey
			Maintain average staff turnover rate at or below 10%	Maintain average staff turnover rate at or below 10%
	Advancement in Careers	Foster a continuous learning environment and encourage employees to develop and advance their careers in VTech	Maintain average training hours per employee at or above 25 hours	Maintain average training hours per employee at or above 25 hours
	Respect of Labour and Human Right	Respect the labour and human rights of all our employees with clearly defined human resources management policies, and promote an inclusive culture throughout the company	Increase number of staff with years of service longer than 5 years by 3% compared with FY2020	Increase number of staff with years of service longer than 5 years by 15% compared with FY2020
			Conduct diversity and inclusion awareness training in all operational sites for employee	Conduct diversity and inclusion awareness training in all operational sites for employee
			Ensure that the percentage of women in all management positions is no less than 25%	Continue to ensure that the percentage of women in all management positions is no less than 25%
	Environment for Our People	Provide a supportive, pleasant and healthy workplace for our staff, and foster a caring community in our working environment	Maintain the loss of working hours due to injuries at manufacturing facilities at or below 0.01%	Maintain the loss of working hours due to injuries at manufacturing facilities at or below 0.01%
			Zero work related fatality case	Zero work related fatality case
			Maintain employee satisfaction rate at or above average level based on the employee satisfaction survey	Maintain employee satisfaction rate at or above average level based on the employee satisfaction survey
Society	Support People in Need	Use our expertise and resources to support the communities in which we operate	Ensure that the total number of VTech volunteers is no less than 2,500 or 10% of total employees	Continue to ensure that the total number of VTech volunteers is no less than 2,500 or 10% of total employees
	Collaborate with Local Charities		Ensure that the volunteering hours are no less than 23,000 hours	Continue to ensure that the volunteering hours are no less than 23,000 hours
			Collaborate with corporate philanthropies and participate in more local charitable events	Collaborate with corporate philanthropies and participate in more local charitable events
	Provide Training Opportunities for Young People		Extend scholarship programme in Hong Kong and China	Extend scholarship programme in other countries
	Nourish an Innovative Environment		Engage 100 students to participate in innovative activities or studies	Engage 500 students to participate in innovative activities or studies
	Develop a Healthy and Green Community	Develop and promote a healthy and Green lifestyle within VTech and the community	Organise VTech Green Day in our major operation locations	Continue to organise VTech Green Day in our major operation locations

Governance and Business Ethics

VTech ensures its corporate governance structure meets the applicable laws and regulations and industry best practice with effective internal control and risk management systems. We also uphold the highest ethical standards of business integrity and foster a culture of compliance throughout the company.

Highlights

- Implemented work-from-home policy under COVID-19 without jeopardising the risk of network security
- Provided regular training on Code of Conduct, anti-corruption, cyber security and Intellectual Property Right protection

VTech has developed a comprehensive management structure throughout the years. We have continuously reviewed our company policies and procedures to ensure our corporate governance structure meets the applicable laws and regulations, industry best practice, global trends, and market expectation. To achieve these goals requires both broad ranging and in-depth governance structures and risk management processes.

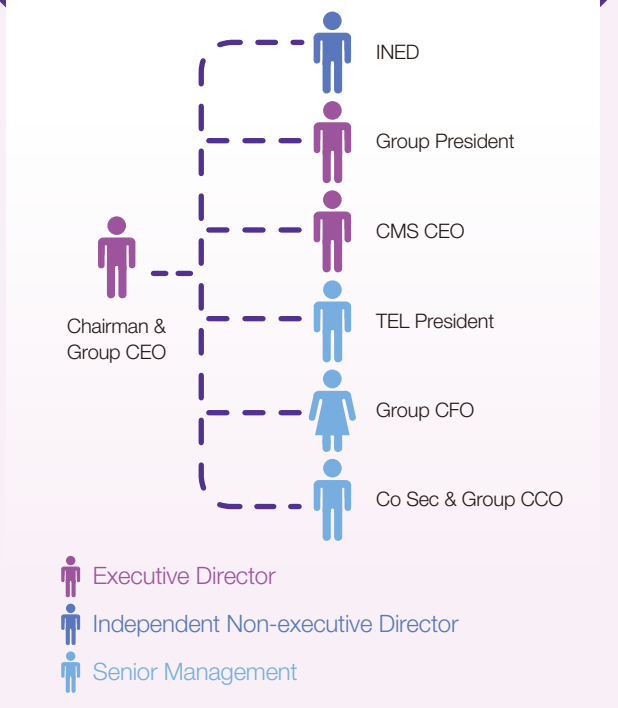
Corporate Governance

Risk Management and Sustainability Committee

Effective risk management is crucial for maintaining our stable daily operation and indicates our ability to respond and adapt to the changing environment. In order to minimise the possible disturbances to our operation during the event of disruptions, it is important to be prepared for emergency and to build resilience. VTech has implemented an organisational structure with formal and clearly defined lines of responsibility and delegation of authority. There are also established procedures for financial planning, capital expenditure, treasury transactions, information and reporting systems, and monitoring the Group's businesses and their performance.

To ensure the effectiveness of risk management, the boards of committee have been divided into two distinct but complementary roles for implementing the risk management policies and objectives of the Group, and monitoring the risk management process. The RMSC is chaired by Dr. Allan WONG Chi Yun – Chairman and Group Chief Executive Officer (Chairman & Group CEO) with Dr. PANG King Fai – Group President, Mr. Andy LEUNG Hon Kwong – Chief Executive Officer of CMS (CMS CEO), Mr. WONG Kai Man – independent non-executive Director (INED), Mr. Hillson CHEUNG Hoi (appointed on 11 May 2020) – President of TEL Products (TEL President), Ms. Shereen TONG Ka Hung – Group Chief Financial Officer (Group CFO) and Mr. CHANG Yu Wai – Company Secretary and Group Chief Compliance Officer (Co Sec & Group CCO), as members – a combination of executive Directors, an INED and senior management. RMSC is responsible for putting in place policies, procedures and frameworks for the identification and management of risks. Risks are being formally identified and recorded in the risk register for key operations. The risk register is updated regularly and the major risks are being reviewed from time to time.

Risk Management and Sustainability Committee

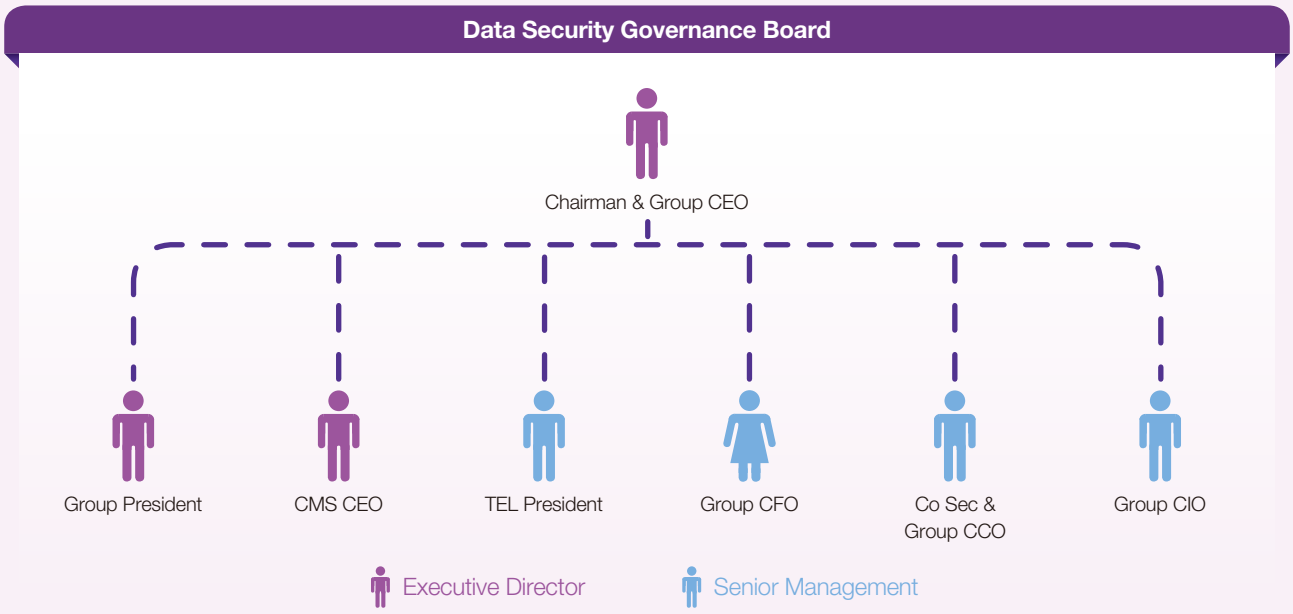


The RMSC held two meetings during the financial year to review the Group's risk management and internal control system and their effectiveness. The Audit Committee reviewed the overall effectiveness of the Group's system of internal control over financial, operational and compliance issues, risk management process, information systems security and effectiveness of financial reporting and compliance with the Listing Rules, and is satisfied that such systems are effective and adequate.

The risk register is being reviewed by the RMSC on a biannual basis. At management level, department representatives of each key business function maintain a risk register documenting the key risks and the relevant risk response measures. To facilitate the review of the risk register by the RMSC as mentioned above, the Internal Audit Department reviews the operation of the risk management framework, including the effectiveness of the reporting to the highest levels, and the continuing operation of appropriate risk responses.

Data Security Governance Board

The Data Security Governance Board was established with defined terms of reference reporting to the RMSC. The Data Security Governance Board is chaired by Chairman and Group Chief Executive Officer and comprises the Group President, Chief Executive Officer of CMS, President of TEL Products, Group Chief Financial Officer, Company Secretary and Group Chief Compliance Officer, and Group Chief Information Officer (Group CIO). It is responsible for decision-making, implementation, enforcement, oversight, compliance and periodic review of the Data Security Policy.



Investor Communication

All of the Group's investor communications are governed by a Shareholders Communication Policy. The Policy sets out the procedures for providing shareholders and investment community with ready, equal and timely access to balanced and understandable information about VTech.

For details of our Shareholders Communication Policy, please refer to https://www.vtech.com/en/investors/corporate-governance/

Regulatory Requirements

We are in full compliance of the listing rules of the Stock Exchange. Regular training is delivered by professionals to our staff on the update of listing rules and requirements. We keep monitoring the update of the Stock Exchange's ESG Guideline and update our sustainability report accordingly.

Risk Management

ESG Risks and Opportunities

The RMSC has oversight of all ESG issues including ESG risks. It is responsible for identifying and evaluating ESG risks and opportunities. ESG risks are reviewed in the RMSC biannual meeting.

ESG risk management and opportunities are integrated into our Sustainability Plan 2025. Please refer to pages 38-40 for details of climate-related risks and opportunities.

Business Continuity Management

Business Continuity Management (BCM) is important for ensuring that we always have a smooth business operation. Our BCM programme not only helps us to identify and mitigate our potential operational risks, but also increases our resilience capability to resume our operations in an effective and timely manner. VTech's RMSC has developed an internal risk management structure at both the management and operational levels, which has clearly defined the roles and responsibilities in managing the potential risks in the respective areas, and set up procedures for the execution of our Business Continuity Plan (BCP) in the event of disruptions. At each of our key business functions, the management team who is responsible for BCM, consisting of the senior management at the operational level of the relevant departments, is given the responsibility for developing and executing the BCP to ensure the continuous operation of the critical and essential functions of the Company in the event of emergency or business interruption. We have adopted a four-step BCM framework to identify the events that could affect our operation, assess the identified risks, establish measures and controls to manage the impacts with recovery actions, and review the BCP for continuous improvement on a regular basis. Facing the unprecedented challenges from COVID-19, we have developed a comprehensive set of precautionary measures and guidelines to tackle the issue following the BCM framework, to ensure the health and safety of the employees and our operation and business continue to run smoothly. For detail of the measures, please refer to page 52 under "Environment for our people".

Cyber Security

The proliferation of new technologies has significantly changed the ways people access information. VTech has established a multifaceted cyber security programme with data and system security policies and measures in place to protect the data and information from any unauthorized access, accidental loss or destruction.

The Data Security Governance Board reporting to the RMSC established at the Board level, is also responsible for ensuring that our data security practices are compliant and aligned with international and local laws and regulations, including but not limited to the applicable privacy ordinances in the respective countries and the General Data Protection Regulation in Europe.

To prevent and detect cyber threats, VTech has implemented fit-for-purpose security systems and controls to proactively enhance security while maintaining business productivity. These cover our network gateways, computing devices and business systems. We also manage risks of third party vendors and partners by establishing a process to vet their security practices, ensuring adequate security measures are in place.

To respond to threats and attacks, VTech has mechanisms in place for timely threat detection. We engage best-in-class penetration testing for our network-connected products before rollout. For internal systems, we also conduct security assessment regularly. Regular internal and external audits and risk assessment provide an extra eye on the threat detection.

To ensure preparedness, our staff undergo mandatory cyber attack awareness training and testing on a yearly basis and are subject to simulated phishing drills to maintain vigilance. We also carry out incidence response drills to ensure that our cross-department response team is ready.

Business Ethics

Code of Conduct and Whistleblowing Policy

Our Code of Conduct is the cornerstone of our governance and operation. It spells out the guiding principles for our staff behaviour that must meet high standards of integrity and honesty. We have additional codes for staff in particular risk-related areas to cover conflicts of interest, bribery, accounting standards and internal management. Staff are required to confirm that they have understood the Code of Conduct appropriate to their role and position in the Company on joining and provide annual confirmation of compliance in writing. Staff are required to strictly follow the Code of Conduct ensuring the Group operates to the highest standards of business behaviour and ethics in our engagement with customers, business partners, shareholders, employees and the business community. Due to a constantly changing business environment, we assess our Code of Conduct from time to time to ensure that it reflects the current global best practices and meets the expectations of all stakeholders.

VTech operates a Whistleblowing Policy in order to encourage and assist whistleblowers to disclose information relevant to misconduct, malpractices or irregularities through a confidential reporting channel without the fear of recrimination. Any cases are referred to the Group Chief Compliance Officer, who will review the complaints and determine the appropriate mode of investigation and any subsequent corrective action. Recommendations on improvements are communicated to the respective department's senior management for implementation. All reported cases are handled by the Company with care and the concerns are investigated in a fair and proper manner. All reports under the Whistleblowing Policy are reviewed by the Group's Audit Committee on a biannual basis in order to ensure proportionate action and identify the need for any further policy development.

Full details of our Whistleblowing Policy and Code of Conduct are available on https://www.vtech.com/en/investors/corporate-governance/

Business Integrity Policy and Anti-Corruption

Group policy prohibits VTech Group and its officers, employees and agents from giving or offering to give money or anything of value to government officials, political parties, party officials or candidates for political office in order to influence official acts or decisions of that person or entity, obtain or retain business, or secure any improper advantage. The Company does not make any donations to political parties in any country, but does not restrict employees from individual associations provided that there is no conflict of interest to their role as a member of the association with role as an employee within VTech. Employees must not purport to represent the Company in any political forum and should not use the Company brand, time or assets to advance the interests of any political party or group.

As a result, VTech's management has an obligation and a responsibility to ensure that employees are familiar with our anti-corruption policy, which is part of our Code of Conduct, and the control procedures in their job areas. Employees receive regular anti-corruption and internal control training to reinforce their awareness and understanding of our Code of Conduct.

For details of our Code of Conduct, anti-corruption and business integrity policy, please refer to https://www.vtech.com/en/investors/corporate-governance/

Privacy and Data Protection

We acknowledge the importance of privacy security to our stakeholders. Privacy data protection is also an essential consideration in the workplace. We have developed privacy and data protection policies and data handling practices that cover how we collect, use, disclose, transfer and store stakeholders personal information.

The consumer personal information is usually collected from our online shop; authorised dealer or agents and media channels for enquiries and complaints whenever necessary to provide services to the consumer. We are committed to using the consumer personal information we collect only for the purpose intended and notified. VTech will not sell the personal information to third party for any consideration.

As required by the Data Security Governance Board, a designated Data Protection Officer has been appointed to supervise VTech's compliance with data privacy regulations, and VTech privacy and data protection policies. A privacy data protection team has also been established which assists the Data Protection Officer to prepare any actions needed for the compliance with particular data privacy legislation. The privacy data protection team consists of decision makers and business managers of different departments regularly involved in the processing of person data.

Protection of Intellectual Property Right

VTech is devoted to protecting its own intellectual property rights, whilst respecting the intellectual property rights of others as well. VTech has proper policy and protocol in place to protect its intellectual property rights including, but not limited to its patents, designs, technologies, trademarks, trade secrets, copyrights, computer programmes, inventions, product information, video and sound recordings. Without our permission, third party cannot own or display any related intellectual properties. The Company will take legal actions and seek for judgment for any violations of its intellectual property rights or misuse of its intellectual properties.

For details of our intellectual property right policy, please refer to https://www.vtech.com/en/investors/corporate-governance/

Global Tax Policy

VTech is committed to full compliance with all statutory obligations, full disclosure to relevant tax authorities, and to act in a way which upholds its reputation as a responsible corporate citizen. The Group's tax affairs are managed in a way which takes into account the Group's wider corporate reputation in line with VTech's overall high standards of governance.

Each group company has the responsibility to understand and comply with tax laws and regulations applicable to its business, with support from the external tax advisors. We have implemented a series of processes and controls to identify, manage and report tax risk appropriately. These include regular updates from Finance teams; documented review processes and regular training for staff involved in tax return preparation and review.

Product Responsibilities and Value Chain Management

VTech strives not only to provide high quality products and comply with the highest product quality and safety standards, but also incorporate sustainability concepts into product design for the well-being of our customers and the society.

A Supply Chain Management System is also in place to ensure the implementation of sustainable supply chain practice throughout the Company.

Highlights

- Mix & Match-a-Saurus™ and Go! Go! Cory Carson™ series were introduced for children's learning and development
- VTech launched Amplified Bluetooth Cordless Phone and Anti-Bacteria Hotel Phones during the year
- VTech CMS produced a hearing instrument test chamber

VTech strives not only to provide high quality products and comply with the highest international and local quality and safety standards, but also incorporate sustainability concepts into product design in order to enhance the well-being of our customers and benefit the society. Our management approach continues to focus on two key management principles – "Design for Excellence" and "Design for People".

VTech has a well established "Supply Chain Management System" to monitor the quality of our suppliers as well as their environmental and ethical performance to ensure their compliance with VTech's CSR requirements.

Product Innovation

Design for Excellence

VTech products comply with the highest international and local environmental and safety standards. All our products also meet the specific standards and requirements on material usage, energy consumption and disposal method in the respective markets. A list of environmental and safety standards for our products is shown on page 72.

Design for Environment

Consumers are increasingly pursuing environmentally responsible brands that protect the environment, health, and safety of stakeholders. As an environmentally conscious Company, VTech strives to further improve our products to make them more sustainable and eco-friendly.

It starts in the product design and development. We explore the transition towards circular economy by following the LCA principle from the beginning of the product design to different stages of production chain, with a focus on minimising our environmental impacts throughout the whole product life cycle from cradle to grave.

Our designers and engineers are required to follow the requirements on the LCA checklist to select more eco-friendly product and packaging materials, reduce the use of materials and energy, maximise the use of reusable items and avoid disposing of recyclable materials to landfill during the product development stage.

To further minimise the environmental impact of the colouring process, we have extended the use of waterborne paint in our products and packaging and adopted the overmolding

and inkjet printing technologies. Significant progress was made over the past years. Our next step is to extend our product life cycle from cradle-to-grave to cradle-to-cradle, through the increasing use of sustainable materials and engaging in recycling programs for our products and packaging.

Inkjet Printing Technology

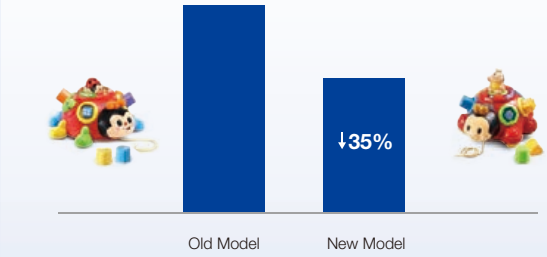
Sustainable Product Design and Material

We initiated our "Every Component Counts" programme and "Compact Design" principles since 2008 and we have made continuous improvements in the reductions of materials and components usage in our products.

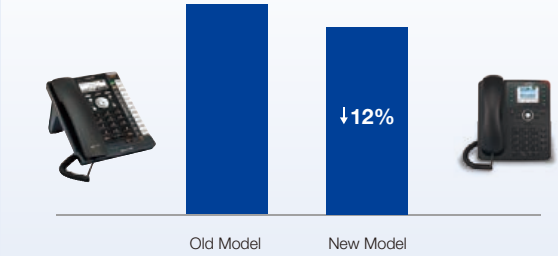
Through our "Every Component Counts" programme, our designers and engineers also make suitable adjustments for components and material reductions. In recent years, we have continued to embed the principle of "Compact Design" in our packaging design, choosing more environmentally friendly packaging materials and reducing the weight of materials used for all VTech products. With the compliance of RoHS2 (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) standards, we aim to use minimum permitted hazardous substances and chemicals in all ELPs and TEL products.

We continue to incorporate eco-design principles from the manufacturing phase of the production life cycle to the product usage in the end user's home. Every year we conduct LCA practice for our key products to compare the carbon footprint between the old and new models, and ensure that there is continuous reduction in carbon footprint of the new model. By embedding the eco-design principles and with continuous reduction in plastic materials and components usage, the carbon footprints of the following new ELP and TEL models have reduced 35% and 12% respectively compared with the old generation.

VTech Product Carbon Footprint Comparison of ELPs



VTech Product Carbon Footprint Comparison of TEL Products



As a responsible corporate citizen, we strive to reduce Volatile Organic Compounds (VOCs) emission, which may have negative impact on the environment. In FY2017, we successfully launched our first TEL product that uses waterborne paint. Over the past years, we have further extended the application of waterborne paint in most of our TEL products produced. The application of waterborne paint has greatly reduced emission of VOCs into the atmosphere during manufacturing process and improved air quality.

Starting from FY2019, we began to adopt plastic overmolding technology. It is a multiple injection molding process where multiple-coloured plastic components are being produced in a multiple molding cycle. The adoption of plastic overmolding technology allows us to minimise paint spraying process and thus VOCs emission.

To further improve the colouring process, inkjet printing technology has been adopted to substitute silkscreen printing and pad printing to reduce odor and VOCs emission during colouring process.

Moving forward, we will apply bio-based plastic and green solutions for selected hotel phone models. We will continue to extend the use of waterborne paint, aiming to use waterborne paint for all TEL products, apply waterborne paint for 80% of ELPs and 50% of CMS designed products by FY2025. We will also apply bio-based plastic for selected CMS designed products, and by FY2030, we aim to replace all fossil based plastics with sustainable alternatives for ELPs.

Sustainable Packaging

We continuously reduce environmental impacts of our packaging through material sourcing, usage reduction, design change and recycling as part of our effort moving towards circular economy.

Material Sourcing and Usage Reduction

More than 80% recycled content was used in our 100% recyclable ELP cardboard packaging. In FY2020, we took a step further to reduce plastic content in our ELP packaging. Plastic strings have been replaced by paper strings in selected models. The commitment of cutting down plastic is extended to the rest of the ELP packaging as we target to eliminate usage of blister in 99% of ELP packaging and use bio-based blister for the remaining 1% by FY2025. During the transition, Bio-PET blister will be introduced on ELPs packaging starting in the coming financial year.

Usage of waterborne paint will also be extended from product to packaging. The eco-friendly ink will be used for all TEL products packaging and 80% of ELPs packaging by FY2025. In addition, we will reduce the use of non-recyclable material for ELP packaging to less than 3%, reduce paper consumption by 70% for instructions leaflet of all ELPs, phase out all plastic in TEL baby monitor packaging and use bio-degradable bags to replace PE bags for 80% of CMS designed product packaging.

We also aim to reduce total packaging material used for finished goods per production output by 5% by FY2025 compared with FY2020.

Design and Recyclability

To help our customers recycle, we will apply "Easy to fold and flatten" on packaging box design for all new ELPs to reduce the volume of waste disposed. We will join the "How2Recycle" programme to include recycling labels and provide clear on-package recycling guidance to consumers.

Product Disposal and Recycling

Currently, all our products sold in Europe comply with the Waste Electrical and Electronic Equipment (WEEE) Directive. VTech partners with the recycling companies in various European countries for recycling of our post-consumer products. Numerous collection spots were set up in these countries where consumers can go and drop off the product after use. In Canada, we are a registered steward with Electronic Products Recycling Association (EPRA). EPRA operates regulated recycling programs across Canada and ensures that end-of-life electronics are handled in a safe, secure and environmentally-sound manner. We report our sales of all new electronic products to EPRA and pay the environmental handling fee. Through the EPRA programme, the end-of-life electronics are dropped off at authorised collection sites and then sent to their warehouse and audited by specialised recyclers for processing. The reusable materials are then separated from the recyclable and refurbished by their technicians.

We have been exploring opportunity for a wider end-of-life product collection and recycling scheme and searching for partner for cooperation on this matter, hoping to extend the post-consumer recycling programme to the rest of the key markets.

Design for Quality

VTech is committed to designing and manufacturing products that meet the highest international and local health and safety standards. All VTech products follow robust specifications on banned and restricted substances. Our products, including TEL products and ELPs, sold in the US and Europe are RoHS2 compliant, and our products sold in Europe comply fully with REACH. We have implemented a stringent quality control system, from all materials, components, machines and equipment, operational techniques and methods to the final products assessment, to ensure that the use of all materials and manufacturing processes are compliant with both international and local standards and requirements.

VTech Quality Control System

Upholding the highest quality standards of our products, all VTech's manufacturing facilities for TEL products, ELPs and CMS are certified with ISO 9001. VTech has implemented a comprehensive quality management system framework to set up quality assurance policies and procedures to address the product quality and reliability on a regular basis, as well as improve the work efficiency. By going through the incoming materials inspection, we could ensure all selected parts and components comply with required specifications, international and local standards before production, whereas the in-process quality audit could constantly improve our manufacturing process, production efficiency and consistency. Our outgoing quality assessment helps to verify the reliability and compatibility of our products, ensuring that our products meet the required specification and are free from defects at the time of delivery. We also build trust with our customers and ensure our products meet their expectations through our after-sales management.

All VTech products are fully covered by our warranty. We have set up different communication channels, such as call centres and social networking platform that can be accessed around the world, where customers can raise their concerns directly to us. We also work proactively on all reported cases in a timely manner by carrying out reviews, evaluations and investigations, followed by immediate corrective or preventive actions to satisfy our customers' preferences.

As product safety is always our number one priority, VTech will continue to strengthen our quality assurance and management programmes throughout the whole product life cycle from the early stage of product design, to the after-sales services and warranties to ensure that our products are free from defects at the time of delivery.

VTech Quality Laboratories

To improve the quality, durability and performance of our products, we have set up our in-house product quality and reliability validation laboratories (labs) at the manufacturing sites of our product lines. All our products must go through reliability tests during different design stages. The comprehensive tests provide data for our engineers to improve the quality and reliability during the stages of production, transportation, storage and throughout the intended product life cycle under a wide range of use conditions.

Ongoing reliability test is also conducted during the mass production stage on a sampling basis to detect any anomalies or changes that may occur in the design, supply chain or production process that adversely changes field reliability performance of our products. The reliability lab of TEL products is designed based on the international requirements and standards, and our UL Safety Lab is the first telecommunication manufacturing facility to comply with UL 60950 in Guangdong. Our in-house physical and chemical laboratory of ELPs is a China National Accreditation Service (CNAS) certified laboratory for ASTM F963 & EN71-1 (specific test items) standards since 2011 and complies with ISO 17025 standards. Equipped with advanced testing instruments, our in-house chemical laboratory is also able to test specific chemicals such as heavy metals and phthalates. Samples of our VTech products are also sent to independent safety testing labs before they are brought to market to ensure that they meet the highest levels of international and local quality and safety standards.

Incoming Materials

- New Component Evaluation
- Supplier Quality Audit
- Incoming Materials Inspection
- RoHS2 & REACH Control

Finished Products

- Product Reliability (Product Testing)
- Hardware Evaluation
- Software Evaluation
- Human Factor Evaluation

Manufacturing Process

- In-Process Quality Audit
- Outgoing Quality Control
- RoHS2 & REACH Control

After-Sales Quality Management

- Call Centre
- Warranty Service

TEL Products Test Labs

Compliance Lab

- Signal Performance
- Alerting
- Transmission Characteristics
- Environmental Considerations
- Caller Identity (CID) Test
- Acoustic Test

Reliability Lab

- Salt Fog Test
- Autoclave Test
- Height Measurement
- Carton Vibration Test/Carton Drop Test/Carton Stacking Test
- Unpacked Drop Test
- Waterproof Test/Surface Temperature/Battery Life
- ESD Test/Energy Star/CEC
- Charge-contact life/Keypad Life/ Coil Cord Life
- Silkscreen & Painting Abrasion Test

UL Safety Lab

- Stress Relief Test
- Drop Test
- Impact Test
- Over-voltage Test
- Hi-pot Test
- Steady Force Test

Environment Test Lab

- High Low Temperature Test
- High Low Storage Test
- Humidity Test
- Thermal Shock Test
- Temperature Cycle Test

Keypad Life Test

ELPs Test Labs

Reliability Lab

- Wire Bending Test
- Keyboard Life Test
- Component Life Test
- Storage Test
- Operating Temperature
- ESD Test
- Transportation Test – Vibration Test
- Transportation Test – Carton Box Drop Test
- Sound Test
- Tension Test
- Torque Test
- Impact Test
- Compression Test

Chemical Lab

- Pb, Hg, Cr & Cd on Electronics Components
- Heavy metals (soluble & total contents) on Surface Coatings and Substrates
- Phthalates & Organostannic Compounds Test on Surface Coatings and Substrates
- Chromium III & VI Analysis on Surface Coatings and Substrates
- Polycyclic Aromatic Hydrocarbons (PAHs)Test on Surface coatings and Substrates

Thermal Shock Chamber

CMS Test Labs

Measurement & Reliability Lab

- Temperature Humidity Environmental Stress Test
- Vibration Test
- Salt Spray Corrosion Test
- Abrasion Test
- Switch On-Off Cycling Test
- XRF Spectrum Analysis
- Melt Flow Index Analysis
- Automated 3D Dimension Measurement
- Height Measurement
- Optical Microscopy Analysis
- RCL Measurement
- IV Curve Analysis
- Signal Analysis
- Quartz Oscillator Test
- Color Spectrum Analysis
- X-Ray Imaging Analysis
- Wire Load Swing Test
- Speaker Test
- Burn in Test

Burn in Test

Design for People

Addressing our customers' needs is our primary responsibility in the stage of product design. We continuously use our technological expertise to help improve the health and safety of our customers, which is our number one objective. We have developed a series of baby monitors that help parents take care of their babies. Meanwhile, VTech continues to use its global leadership position in electronic learning products to develop high-quality and innovative educational products that inspire children's creativity through fun and smart play. In order to stay in harmony with the environment, we also incorporate the eco-design principles into our products and launch many eco-friendly products.

Products for Customers' Health and Safety

With increasing global awareness of people's health and lifestyle, VTech's product design team has applied innovative designs and functionality elements in developing products that could help customers live with ease and safety. We also work closely with different target customers including parents, seniors and children to design our products in order to address their needs for the enhancement of their well-being.

Anti-Bacteria Hotel Phones

We have launched Anti-Bacteria Hotel Phones which are designed to mitigate the spreading risk of common bacteria for the users and keep guests and housekeeping staff healthy in the hotel environment. The phone has an added layer of protection, which contains Zeomic®, preventing the growth and migration of bacteria, mold, and fungus. Through nanotechnology, the anti-bacteria layer can maintain its effectiveness for the life of our phones.

Amplified Bluetooth Cordless Phone

VTech has launched a new Amplified Bluetooth Cordless Phone, which allows users to enjoy high-quality amplified calls with or without a landline. This bluetooth cordless phone with 50dB extra loud amplification and four tone setting is ideal for the users who have difficulty to hear phone tone. The user is able to pair the bluetooth cordless phone with cell phones or other mobile devices to make and receive mobile calls. User can connect up to two bluetooth-enabled cell phones so that they can enjoy using the familiar cordless phone with the cell phone service. It is also expandable up to three handsets for use throughout the house.

Hearing Instrument Test Chamber

VTech CMS produced a compact and portable hearing instrument test chamber for its customer, which is used for testing the hearing aid equipment. It performs Coupler-Based Fitting including Real-Ear-to-Coupler Difference for various verification procedures, pre-programming and pre-fitting without the users being present. It carries out customized measurements for servicing adult and pediatric users, which ensure they have a correct hearing aid placement and accurate measurements.

Products for Children's Learning and Development

VTech believes that each child has his unique pace of learning mentally, emotionally and physically. Our ELPs are specially designed to grow with the children through these various stages of learning. Our ELPs guide children throughout the development stages of three key aspects (1) Language & Cognitive (2) Social & Emotional, and (3) Physical & Motor. We recognise that playing is important for children to learn and develop. Young children could learn how to communicate easily through playing creatively with toys, games and anything they can get hold of. It is a very important channel to develop their language skills and express their feelings. Through creative play, children will also learn to recognise and empathise other people's feeling, to appreciate and respect other people. After consulting our educational expert panel, we have developed a wide range of electronic learning toys that are fun to play with and provide children with many important learning opportunities.

Mix & Match-a-Saurus™

The Mix & Match-a-Saurus™ is one little Dino that is full of possibilities to play with. This Dino comes with three character tiles (dinosaur, robot, monster), three emotion tiles (happy, angry, sleepy) and three music tiles (hip hop, marching, ballet). It creates 27 different interactive combinations of emotions, music styles and characters such as happy hip-hop dino or angry marching monster. Kids can customise how they want to play with Dino by placing the different tiles on Dino's back. This interactive product helps kids develop social and communication skills at their early learning stage.

Go! Go! Cory Carson™

VTech has released a new toy line based on the six main characters in the animated preschool series, Go! Go! Cory Carson™, a car family with parents, kids and friends, which is available on Netflix. The interactive, electronic vehicles feature light-up character face buttons, motion sensors and action buttons that have different effects for each vehicle. These bring vehicles to life with fun sounds, phrases and songs, and deliver multi-sensory learning to engage children to play with learning and fun.

Eco-friendly Products

VTech products comply with the international and local environmental regulations and we have embedded the eco-design principles into our products. We continue to develop Digital Enhanced Cordless Telecommunication cordless phones with the Blue Angel eco-label, certifying that those models meet the German standards of low radiation. We have upgraded our power adaptor to the level VI standard with Energy star eco-label in our US cordless phone products.

To ensure that our consumers are well informed of their choices of purchases, all related product specifications and information are clearly labelled on the gift boxes and could also be easily accessed through our social media channels, which assures the quality and environmental performance of our products.

Sustainable Supply Chain

A well established Supply Chain Management System and a good procurement practice are crucial for our sustainable operations. VTech has a Supply Chain Management System in place to monitor the quality of our suppliers as well as their environmental and ethical performance. We are committed to managing our supply chain in a socially and environmentally responsible manner and sourcing from approved suppliers who meet VTech's CSR requirements.

Including the manufacturers of PCBs and other electronic components, over 77% of our major suppliers are from the local industries in China. Logistic providers form the bulk of the latter part of the supply chain. We recognise that extreme events can delay the supply of materials and given the nature of some of the major activities, may also pose social and environmental risks. In order to mitigate the risks to VTech and its customers, we have a Supply Chain Management System in place to monitor the suppliers' quality, as well as their sustainability performance to minimise the potential disruptions that might hinder the effectiveness of our supply chain.

In order to ensure the quality of our finished products, it is essential to have a sustainable supply chain. We ensure that we could achieve this by building a long-term relationship with our suppliers based on a mutual trust. All purchases made by the Company are handled by procurement team in a fair, objective and professional manner. Our procurement criteria is based not only upon price, quality, delivery capacity and reputation, but also integrity, social and environmental responsibility of our suppliers.

We work closely with our approved suppliers, and encourage them to follow our key CSR initiatives, based on the requirements of the EICC, International Labour Organisation Conventions on Labour Standards, ISO 14001, and OHSAS 18001 or ISO 45001. We have extended the topics covered in our regular audit to further improve the energy efficiency of our suppliers base. Our suppliers are required to sign the agreement on Conflict Minerals, i.e. Tantalum, Tungsten, Tin, Gold, etc. to ensure all metals used in the manufacturing process of VTech's products do not originate from Conflict Region.

Prior to placing any orders with a supplier, we engage with them in order to understand any risks they may pose to VTech and request them to follow our supplier CSR agreement. This is reviewed by our procurement team and each supplier is given a risk category rating. All new suppliers need to go through a comprehensive supplier audit to ensure they meet VTech's CSR and quality standards. For critical safety-related components and materials, we will conduct examinations at early stage of our manufacturing process to identify any non-compliance issues and implement corrective actions in a timely manner.

Following the audit process, if there are any areas of non-compliance identified in the supplier's factories, the supplier is required to propose corrective actions with an implementation schedule in order to eliminate the identified deficiencies. Our teams follow up on the corrective actions to ensure that the areas have been improved and managed accordingly. We also provide training to suppliers on continuous improvement processes to facilitate their implementation of any corrective actions. In FY2020, we audited 180 suppliers. A small number of these were removed as approved suppliers due to their failures to meet VTech's required standards and no suppliers were removed due to negative environmental impacts. We have developed a more comprehensive supplier management programme to assess their performance by using supplier scorecard system in accordance with the VTech's CSR requirements for suppliers. We will also continue to work closely with our suppliers to further improve the manufacturing energy efficiency and social aspect of our upstream supplier chain. Through sharing our experience with suppliers, we believe that we can further reduce the carbon footprint of the components used in our products, and help our suppliers to improve their social and working conditions.

VTech's CSR Requirements for Suppliers

Labour
- Freely Chosen Employment
- Child Labour Avoidance & Protection of Young Workers
- Working Hours
- Wages and Benefits
- Humane Treatment
- Non-Discrimination
- Decent Working and Living Environment

Environment
- Environmental Permits and Reporting
- Pollution Prevention and Resources Reduction
- Hazardous Substances
- Waste Water and Solid Waste
- Energy Efficient Manufacturing Process

Ethical Standards
- Business Integrity
- Anti-Corruption
- Code of Conduct
- Disclosure of Information
- Procurement Practice

Health and Safety
- Occupational Safety
- Emergency Preparedness
- Occupational Injury and Illness
- Industrial Hygiene
- Physically Demanding Work
- Machinery Safety

Supplier Relationships

Building strong supplier relationships is critical to success in supply chain management. VTech hosts Supplier Day on a regular basis. In FY2020, we organised the event, namely "Together, Towards, Tomorrow" and invited our suppliers to join. During the event, we shared our CMS business review and outlook, operations strategy, quality at source and procurement strategy as well as emphasised our expectations on quality and other areas to our suppliers.

We have arranged a supplier CSR workshop for our key suppliers focusing on enhancing their knowledge on energy and water saving projects, supply chain CSR management, and social responsibility practices. Recognising that suppliers' support is essential in minimising the environmental and social impacts within the industry, we hope to enhance the competency of our suppliers and offer insights into the above topics through the workshop.

Environment

VTech has developed "Climate Change Strategy" to assess and address the potential impacts of climate change on its sustainable growth through the implementation of high performance production chain, green manufacturing and sustainable logistics practices.

Highlights

- CO_2 emission per production output in our assembly and plastic factories decreased by 22.7%* and 24.6% respectively compared with FY2014
- Electricity consumption per production output in our assembly and plastic factories decreased by 14.3%* and 27.5% respectively compared with FY2014
- Total water consumption per production output for assembly and plastic factories decreased by 44.2%* and 61.1% respectively compared with FY2014

As an environmentally conscious and sustainable company, we are committed to protecting the environment and easing the impacts of climate change to move towards a circular economy. Recognising that climate change could create uncertainties in our business development, in our new 5-year Sustainability Plan 2025, we have developed "Climate Change Strategy" to assess how climate change could affect our business operations, identified the associated risks and opportunities, and developed sustainability initiatives to address them in the coming five years. We operate our manufacturing processes and facilities in a manner that minimises the impacts to the environment, and ensure that our operations are compliant with all the relevant environmental, legal and statutory requirements. We design products responsibly, to avoid waste generation, minimise resource overuse, and turn unavoidable waste into resources.

We continuously review our environmental management approach and carbon reduction programmes in order to manage our carbon emissions in the supply chain and daily operations efficiently and effectively.

In order to ensure that our manufacturing operations are always following the best practices of the industry, we have developed a sustainable manufacturing process which includes the programmes on achieving a high performance production chain, and also established a green manufacturing practice across the manufacturing facilities of all our three product lines.

Through the adoption of the green logistic management approach, and choosing the most eco-friendly transportation mode for delivering our incoming materials from suppliers and outgoing products to our customers, we have also further reduced our GHG emissions.

* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

Circular Economy and Environmental Management

At VTech, we strive to protect the environment and combat climate change to move towards a circular economy. We support a circular economy by designing products with minimum environmental impacts throughout the whole product life cycle and operating efficiently, to reduce GHG emission, avoid waste generation, conserve natural resources and turn unavoidable waste into resources as part of our Environmental Management System. We incorporate sustainability concepts into our product production and design without compromising the product quality and safety which are always our priority.

All our existing manufacturing sites of our TEL products, ELPs and CMS are certified with the ISO 14001 standard for environmental management, demonstrating that we are committed to continuous improvement on environmental protection.

VTech has continuously worked with different government bodies to minimise the environmental impact of our production facilities. Our TEL products manufacturing site has been certified as the "Hong Kong – Guangdong Cleaner Production Excellent Partners" by the Hong Kong Productivity Council and Guangdong Provincial Government in recognition of our positive contribution to improving the air quality and local environment since FY2011. It has also been recognised as the "Clean Production Enterprise in Guangdong Province" by the Guangdong Provincial Government since FY2012 and "Dongguan Environmentally Friendly Enterprise" by the Dongguan, Guangdong Province Environmental Protection Bureau in China since FY2011. Moreover, our VOCs purification system was recognised as "Demonstration Project" under the Cleaner Production Partnership Programme of Hong Kong Productivity Council in FY2019. The Dongguan Economy & Information Technology Bureau launched an energy programme to encourage corporate and manufacturers to take the initiative of managing the energy consumptions. Our TEL products manufacturing site has also taken part in this programme since FY2015, along with the implementation of our energy saving and management projects. In return, our TEL production site was rewarded with credit for participation in this programme.

We have incorporated the 3Rs (Reduce, Reuse, and Recycle) principle into our manufacturing process, and established energy and resources management system to better utilise the resources in our manufacturing process, aiming to reduce the energy and water consumption, minimise the waste production and improve the reuse rate of resources.

VTech Environmental Policy

The major environmental impacts from VTech's operations relate to energy and water consumption, waste generation and logistics. We are committed to minimising the potential environmental impacts from our operations with the following principles:

- Comply with all relevant environmental, legal and other statutory requirements
- Integrate environmental objectives into our business decisions in a cost effective manner
- Maintain an Environmental Management System in line with the requirements of ISO 14001
- Require all staff to address environmental responsibilities within normal operating procedures
- Quantify and monitor the significant environmental impacts of our activities, products and services and set specific targets for improvement where appropriate, and review these annually
- Enhance awareness of environmental and resource efficiency issues amongst our customers, suppliers, staff and stakeholders through improvement projects and programmes in the respective areas

In order to meet the above requirement in a sustainable manner, VTech has functional teams comprising individuals from different product lines and departments across the organisation. Our environmental policy is reviewed annually to ensure that it is relevant and up to date.

Climate Change – Risks and Opportunities

Climate Change Strategy

In 2015, the United Nations Development Programme announced the Sustainable Development Goals at the Paris Climate Conference which became effective in 2016. The agreement addressed the common standards and set ambitious goals for downsizing the global carbon emission amount to mitigate the environmental impacts caused by climate change. The Chinese government also announced its carbon pledge, aiming to limit the carbon dioxide emissions by 2030 and reduce its carbon intensity by 60-65% from 2005 level.

Use of Renewable Energy

VTech has the major manufacturing sites located in China. As an environmentally conscious and sustainable company, we are committed to contributing to GHG reduction and aligning our sustainable growth with the national and international climate change agenda. To this end, we have addressed the climate change challenges and developed our Climate Change Strategy to minimise the potential environmental impacts arising from our daily operation. As part of our Climate Change Strategy, we are dedicated to reducing our GHG emissions by minimising the energy consumption from our daily operation through our various energy and resources saving programmes. We have also been working closely with our suppliers and customers to reduce the carbon emissions through enhancing our environmentally friendly product designs, green logistic practices and carbon reduction programme.

VTech acknowledges that the extreme weather caused by climate change could affect our business in various ways. Our Climate Change Strategy is established to prepare for downside risk, maximise upside opportunities, and ensure our business strategies are not only following the longer term trajectory of climate change, but also sufficiently flexible to respond to the inevitable changes in the business environment. VTech also encourages our procurement team to explore eco-friendly materials and equipment. By choosing the right materials and equipment, we can ensure the product quality while further reducing the GHG emission generated through the manufacturing process. VTech continuously reviews our approach on climate change to enhance our resilience in response to the associated risks and opportunities.

The Environmental Protection Department of Guangdong Province has strengthened the VOCs emission standards for various manufacturing industries, regulating the local VOCs emissions and encouraging manufacturers to apply more environmental friendly materials throughout the manufacturing process, aiming to improve regional air quality.

We have not only developed the waterborne paint to replace solvent-based paint, but also adopted overmolding and inkjet printing technologies in the printing process to reduce the VOCs emission generated during our manufacturing process. In addition, VOCs purification system with high VOCs elimination rate was installed in one of our production facilities.

VTech Carbon Management Approach

Supply Chain

- Work closely with our suppliers and require them to follow our CSR requirements
- Share our energy efficiency programmes with our suppliers and help them to reduce the environmental impacts from operations

Operations

- Disclose the total GHG emissions including Scope 1 and 2 emissions
- Strive to reduce our GHG emission per production output
- Report our GHG information and progress in our Sustainability Report
- Review and update our climate change policies and projects annually

Customers

- Share GHG information with customers
- Optimise the energy efficiency in the use of our products
- Measure and reduce the carbon footprint of our key products in each generation

Communities

- Support local climate change policy of our sites of operation
- Update our Climate Change Strategy and carbon reduction programmes with reference to the international and local climate mitigation targets, plans, and adaptation initiatives

Climate-related Risks and Opportunities

The Task Force on Climate-related Financial Disclosure (TCFD) was established in 2015 to address the misalignment and provide a voluntary reporting framework for companies to consistently report climate risk to investors.

Recognising the importance of assessing the climate-related risk and opportunities for a company in combating climate change and supporting the transition to a low-carbon economy, from FY2020, VTech starts to disclose climate-related initiatives using the TCFD's framework. A number of potential risks and opportunities have been identified and our RMSC performs close oversight of these potential risks to make sure they are monitored, measured, and mitigated appropriately.

While climate change is bringing risks and challenges to our business, it also presents opportunities for us to align our strategies and action with the direction of climate change. We will continue to gear up and collaborate with suppliers and business partners to seize climate change opportunities through designing climate risk-related product and service, and supply chain innovations.

We have identified the climate change risks and opportunities over the short- (0-1 year), medium- (1-5 years), and long-term (5+ years).

		Short Term (0-1 year)	Medium Term (1-5 years)	Long Term (5+ years)
Risk	**Physical Risk**		**Acute Risk**: Extreme weather events, e.g. flood, tropical cyclone, breaking out of natural disasters *Impact on operation: Reduced revenue from decreased production capacity and supply chain disruption*	**Chronic Physical Risk**: This includes water shortage, changes in precipitation pattern and extreme variability in weather patterns *Impact on operation: Reduced revenue from decreased production capacity and supply chain interruptions*
	Transition Risk	**Policy and Legal Risks**: Enhanced emissions-reporting obligations *Impact on operation: Increase in operation cost, including higher compliance cost and, increased insurance premiums)*	**Policy and Legal Risks**: New regulatory requirements in relation to climate change on operation, product and service *Impact on operation: Increased operation cost, change in revenue mix and sources resulting in decreased revenues, increase in product development costs*	**Policy and Legal Risks**: New regulatory requirements on implementation of carbon pricing mechanisms to reduce emission *Impact on operation: Cost of GHG emissions (carbon tax and/or GHG emissions trading scheme, abrupt and unexpected shifts in energy costs, increased operating costs, including higher compliance costs and increased insurance premiums)*
			Market Risk: Changing customer behavior: Decline in product competitiveness due to the use of unsustainable or non-reusable materials *Impact on operation: Reduced demand for goods and services due to shift in consumer preference, increase in production and product development costs to explore eco-friendly solutions for products and services*	**Policy and Legal Risks**: Climate change impact on the fluctuating socio-economic conditions and related political and economic risks is difficult to estimate especially over the long term *Impact on operation: change in revenue mix and sources resulting in decreased revenues*
			Reputation Risk: Increased stakeholder concern and their changing perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy (negative stakeholder feedback) *Impact on operation: Reduced revenue from decreased demand for goods and services*	

Climate-related Physical Risks

In medium term, physical risks including acute risk from extreme weather events such as flood, tropical cyclone, breaking out of natural disasters are identified. While for long term, we anticipate chronic physical risk including water shortage, changes in precipitation pattern and extreme variability in weather patterns. Both medium-term and long-term acute and chronic physical risks affect VTech's operation which could lead to the reduction in revenue from decreased production capacity and supply chain disruption.

Climate-related Transition Risks

Transition risks are also identified for moving towards a low-carbon, less polluting and greener economy. For VTech, the major transition risks are related to the policy and legal changes. In short-term, we anticipate that the responsible authority will keep enhancing the emissions-reporting obligations which will increase our costs in meeting the new requirements. New regulatory requirements in relation to climate change on operation, product and service are expected to be released in the medium term. As the requirement for companies to bear the cost of GHG emission, such as carbon tax and GHG emissions trading scheme, has been frequently advocated as a cost-effective instrument for reducing emissions, we will expect shifts in energy costs in the long term. Another risk from climate change is its resulted impact on the fluctuating socio-economic conditions and related political and economic risks which is difficult for us to estimate especially over the long term.

We are likely to face changing customer behavior and attitudes. Market risk in medium term has been identified as increasing number of customer will decline to purchase products that are made of unsustainable or non-reusable materials. A failure to address stakeholder concerns and their changing perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy can also damage our reputation.

These transition risks will lead to substantial cost increase, including operation cost, such as compliance cost and insurance premiums, and production and product development costs to explore eco-friendly solutions for products and services, as well as decreased revenues arising from change in consumers' preference.

	Short Term (0-1 year)	Medium Term (1-5 years)	Long Term (5+ years)
Opportunities	**Resilience Opportunity:** Developing adaptive capacity, including an improved organizational structure to handle updated policy and legal requirements *Impact on operation: Improvement on operating efficiency*	**Resource Opportunity**: Manufacturing and supply chain development that achieves sustainable use of energy and resources *Impact on operation: Reduction in procurement and manufacturing costs through efficiency gains and cost reductions*	**Resource Opportunity**: Use of more efficient production and distribution processes *Impact on operation: increased production capacity, resulting in increased revenues*
		Products and Services Opportunity: Development and/or expansion of low GHG emission products and services through R&D and innovation, thus better competitive position to address consumer preference *Impact on operation: Increased revenue through higher demand of eco-friendly products and services with lower GHG emissions*	**Energy Efficiency Opportunity**: Reduced water and electricity usage and consumption *Impact on operation: reduced operating costs*
		Market Opportunity: Reputational benefits resulting in increased demand for goods and services *Impact on operation: Increased revenue through higher demand of eco-friendly products and services with lower GHG emissions*	
		Energy Source Opportunity: Use of lower-emission or renewable sources of energy *Impact on operation: Reduced exposure to future fossil fuel price increases, returns on investment in low-GHG emission technology*	

Climate-related Opportunities

The pressures stemming from climate risk also create opportunities for VTech to align our strategies with the direction of climate change. To fully seize the opportunities and mitigate the above risks, VTech has established the Sustainability Plan 2025 to use sustainable materials in our products, recycle our products in a responsible way, increase the use of renewable energy and reduce the natural resources consumption in our production process, and use more eco-friendly transportation modes in our supply chain management.

In short, medium and long term, we will continuously implement high performance production chain and collaborate with suppliers to maximise our resources efficiency and reduce our material used, electricity consumption and thus the manufacturing costs. Our green

logistic practice will lead to efficient distribution processes, minimising the transportation distance and thus the GHG emissions. Products and services with lower GHG emission will also be developed or expanded to address consumer preference through innovative research and development in the medium and long terms.

By switching to lower-emission or renewable sources of energy and investing in low-GHG emission technology in the long term, it could reduce our exposure to future fossil fuel price increases. We aim to increase the use of renewable energy by 100% by FY2025 compared with FY2020.

Green Manufacturing

Energy

Energy and Resources Management

Our Resource Efficiency and Conservation Team (RECT) at each manufacturing site has been making significant achievements in monitoring the energy saving progress through the implementation of our resources saving projects. The RECT includes our production floor managers, equipment technicians and internal energy analysts. They ensure our resources are well utilised at the operational level by focusing on the following areas:

Energy Monitoring System

As part of our energy management measures, we continue to use the real-time monitoring system and small zone lighting & timer system to control, measure and monitor the energy consumption patterns on our production floors. By collecting the daily real-time data, we could then plan for a more detailed energy saving projects, as well as optimise our energy resources through different manufacturing processes.

Energy Patrol Team

The RECT has set up the energy patrol team which conducts weekly patrols throughout our manufacturing and dormitories areas, to identify any cases of energy waste. The result of the energy patrol is added as part of the Environment, Health and Safety (EHS) rewarding scheme so that all merit and demerit points recorded by the energy patrol team will affect the monthly EHS assessment. A monthly summary report will then be sent to the factory operations management and relevant RECT members. Corrective action plan will also be prepared by RECT to address the identified weakness areas with EHS training workshops provided to the relevant employees for improvement.

This approach continues to make a significant contribution in our energy saving programmes. It not only prevents the excessive energy consumption, but also raises the awareness of preserving our valuable resources through employee engagement.

Plan and Monitor the Resources Saving Programmes

- Develop energy and resources saving projects
- Maintain the energy and resources monitoring system
- Perform energy and resources usage analysis

Enhance Production Efficiency of Machinery

- Assess the energy efficiency and utilisation rate of the machineries
- Continuously upgrade low efficiency machines

Improve Energy Efficiency in Production Chain

- Manufacturing resource planning
- Low energy production process

Improve the Reuse and Recycle Rates of Resources

- Promote internal reuse of materials
- Continuously improve the waste management programme

Energy Saving Programmes in Manufacturing Process

As VTech manufacturing facilities mainly consist of assembly and plastic injection plants, electricity is the major energy resource in our production process. Therefore, the majority of our energy saving projects focus on reducing our electricity consumption.

Application of Solar Technology

In FY2019, we took our first step on switching to renewable energy by installing solar panels on rooftop of a dormitory in our manufacturing site. In FY2020, we also replaced a total of 48 LED street lamps with 100W solar LED lamps. In the future, we will continue to apply solar technology in our operating sites including solar water heating system at canteens to reduce the consumption of electricity from fossil fuel and natural gas.

Solar LED Lamp

Application of Thermal Insulation Film

In FY2020, we applied the thermal insulation film on glass window at the assembly factories. Better insulation is a significant contributor to the energy efficiency of the factory buildings. This approach helps mitigate heat conduction, convection, and radiation into the assembly factories. As the room temperature is reduced, less electricity is used for air conditioning.

Upgrade of Transformers

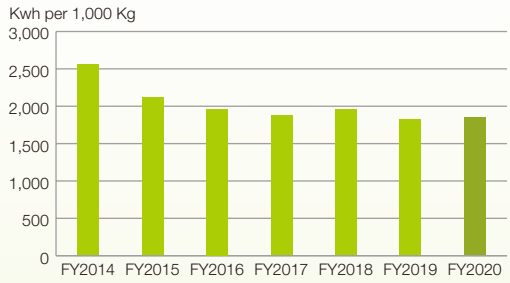
To improve our environmental performance, we have upgraded our equipment in ELP factories. 8 existing immersed transformers were replaced with oil immersed models which are of higher energy efficiency.

Oil Immersed Transformer

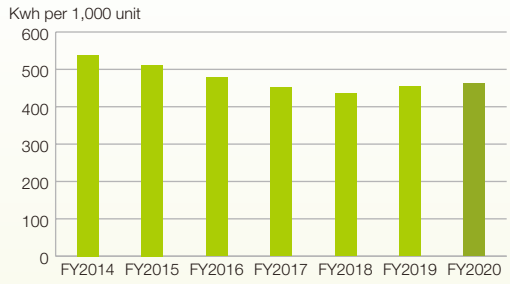
Energy Consumption and Carbon Emission

As a result of the adverse impact on operational efficiency arising from the outbreak of COVID-19 and continued vertical integration of our manufacturing processes, VTech's total electricity consumption per production output increased by 3.7%* compared with FY2019. In addition, our total energy consumption per production output in assembly and plastic factories increased by 1.9%* and 1.7% respectively compared with FY2019. However, with our continuous efforts on implementation of many energy saving programmes since FY2014, our total energy consumption per production output in assembly and plastic factories decreased by 14.3%* and 27.5% against FY2014. We will continue to promote resources conservation programmes in the living and working areas of our factories, without compromising the provision of a comfortable and pleasant living environment for our employees.

Electricity Used per Production Output (Manufacturing Facilities of Plastic Factories)



Electricity Used per Production Output (Manufacturing Facilities of Assembly Factories)*

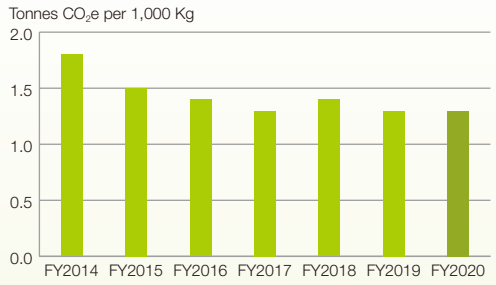


* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

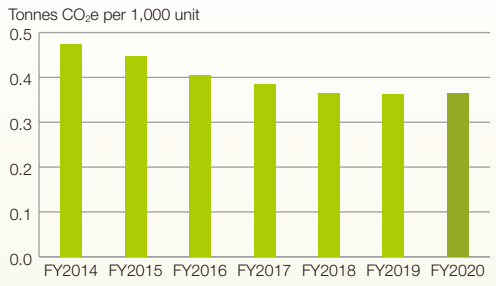
The use of energy is the major contributor of both direct (Scope 1) and indirect (Scope 2) emissions in VTech. With the target of minimising the environmental impacts, our energy conservation programmes and activities have made a notable reduction in the energy consumption and thus the carbon emissions. Direct emissions (Scope 1) only account for 1.1% of our total carbon emissions in the manufacturing sites while the dominance of electricity (Scope 2) for carbon emission is more noticeable in our operations. As a result, most of our energy saving activities are focused on reducing electricity consumption.

VTech's GHG objectives and targets are set and tracked relative to a base year of FY2014. As a result of the adverse impact on operational efficiency arising from the outbreak of COVID-19 and continued vertical integration of manufacturing processes, our total Scope 1 and Scope 2 emissions were 104,351* tonnes of CO_2e with emission per production output increased by 3.5%* against FY2019. However, we have managed to reduce total Scope 1 and Scope 2 emissions per production output in our assembly and plastic factories by 22.7%* and 24.6% respectively compared with FY2014.

GHG Emission per Production Output (Plastic Factories)



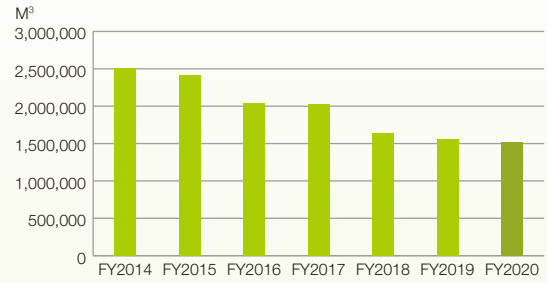
GHG Emission per Production Output* (Assembly Factories)



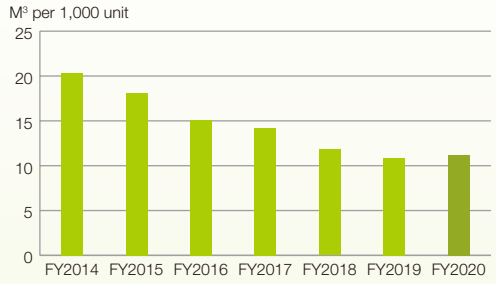
Water

Clean water is a valuable resource, which VTech is committed to conserving. We only use water supplied from municipal sources and do not have any on-site wells or boreholes. The wastewater is mainly generated from workers' living activities. To control water pollution, VTech continuously reinforces wastewater treatment by strictly following ISO 14001 and local government requirements, carrying out measurements of required items, in order to meet the wastewater standards. To increase the awareness of conserving water resources, we have been carrying out various water saving campaigns at dormitories and manufacturing sites.

Total Water Consumption*



Total Water Consumption per Production Output*



Water Usage Controller

VTech has installed water usage controller which provides an alert to users about the water usage, educating the users to be a responsible water consumer. With the installation of water usage controller, water consumption has been reduced.

* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

Rainwater Harvesting System

In prior years, we had installed a rainwater harvesting system at manufacturing area, to reuse rainwater for watering our gardens, green roofs and toilet flushing. This year, we have extended the rainwater harvesting system to the living area to further reduce our water consumption. The rainwater collected is processed and used for topping up fishpond, gardening and cleaning.

Rainwater Collected For Gardening

With the extensive effort in our water saving programmes, we have managed to reduce total water consumption and total water consumption per production output by 39.4%* and 44.6%* compared with FY2014.

Material, Waste and Recycling

VTech aims to operate our factories with maximum resources efficiency by minimising the materials used throughout the manufacturing process and increasing the recycling rate and the use of reusable materials. We keep track of the materials that we use, aiming to minimise unnecessary waste of materials from the product design, downsize the PCB rims and reduce the use of packaging materials. We have also installed machineries and devices to further reduce the consumption of excessive parts and materials.

In order to increase our recycling rate and maximise our resources efficiency, we have set up recycling centres at all our manufacturing sites, where staff collect and compact recyclable materials, including cardboard, plastics and metals. Recyclable materials are recycled at material recovery centres. We also work closely with our suppliers by returning our plastic recyclables to suppliers for reuse. As a result, we could create a close-loop recycling system by increasing the use of recycled materials. We have achieved recycling rate of 79.9% in FY2020 as compared with 81.2% in FY2019.

In recent years, we have increased our internal reuse rate by taking the initiatives of eliminating the use of disposable cardboard boxes and dividers and replacing them with the durable plastic ones. Additionally, we also reuse plastic bags and cardboard dividers that are collected at our recycling centres as internal packaging materials in order to better utilise our resources.

Hazardous Waste Management

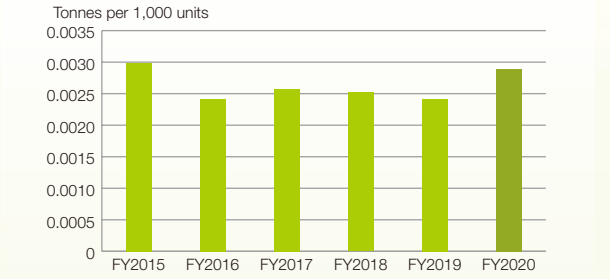
Our approach in Hazardous Waste Management Scheme is to reduce the environmental impact that is caused by the use of hazardous chemical and to deal with the hazardous substance responsibly by controlling the use of these chemicals and strictly following the Management of Solid Waste Disposal Ordinance released by the Central People's Government of the People's Republic of China (PRC Government).

The PRC Government has published the Management of Solid Waste Disposal Ordinance, where all hazardous waste is clearly defined under this ordinance with the reference to a list of hazardous substances and chemicals. To meet our stakeholders' expectations and our environmental goals, it is critical to ensure that we have the highest degree of safety in treating our hazardous waste, as well as complying with the local industrial solid waste disposal legislation. We strive to achieve our goals by following the best practices:

- Provide clear work instructions and personal protective equipment for employees at all times
- Ensure employees have attended the hazardous waste and chemical management training before getting on board
- Hazardous wastes are stored in rigid and articulated containers that are acid and solvent resistant. Hazardous wastes are also delivered in isolated truck and spark arrested solvent vehicle within the site
- Storage units for storing the hazardous wastes are specially constructed to prevent exposure, spillage, fire and explosion at isolated area within the site
- Hazardous wastes are categorised and stored in corresponding sections within the storage units
- Conduct hazardous waste and chemical spill drill every year
- Hazardous waste will be disposed of and handled by PRC Government authorised hazardous waste disposal companies
- Disposal of wastes with approvals granted by the Environmental Protection Division of local government

* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

Hazadous Waste per Production Output*



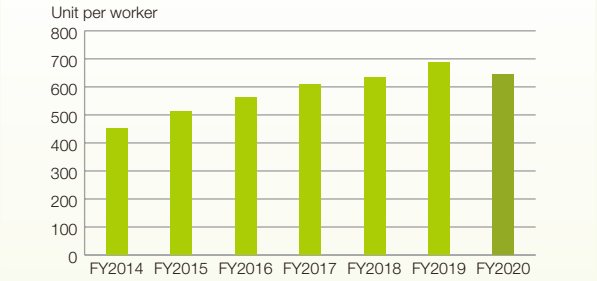
In FY2020, our total hazardous wastes generated from our operations including waste electrical and electronic items, waste chemicals and gas cylinders were 389* tonnes as compared to 346 tonnes in FY2019. Stricter environmental regulations have led to increased generation of hazardous waste from our treatment facilities. As a result of this and the continued vertical integration of our manufacturing process, our total hazardous wastes per production output increased by 19.2%* compared with FY2019 as compared to a decrease of 3.5%* compared with FY2015.

High Performance Production Chain

VTech has developed a high performance production chain to maximise our resources efficiency and improve the productivity while maintaining a green manufacturing and logistics practice. VTech strives to operate its manufacturing processes and facilities in a manner that minimises the impacts to the environment, and ensure that our operations are compliant with all the relevant environmental, legal and statutory requirements.

Two key principles – "produce for quality" and "produce for efficiency" are the main drivers for our manufacturing process improvement. As our operating efficiency was affected by the outbreak of COVID-19, our production output per worker in FY2020 decreased by 6.4%* as compared to an increase of 42.7%* compared with FY2014. We have been implementing the low cost automation and lean manufacturing management to maximise our resources efficiency and improve our productivity without compromising the quality of our product, while aiming to reduce the potential environmental impacts throughout the manufacturing process.

Production Output per Worker in Assembly Factories*



Lean Manufacturing

In order to further improve our production efficiency and flexibility, our manufacturing team has been implementing our lean manufacturing principles. The idea of lean manufacturing is to add value at each production stage while reducing the handling time in each process and increasing the flexibility for production. It shortens the through-put time and minimises the idle time during the process.

Replacement of Screwing and Ultrasonic Welding with Gluing

We have replaced the manual screwing and ultrasonic welding processes with automatic gluing. This has not only improved the product quality, but also reduced the number of workers needed and the manufacturing process. Furthermore, it has created a healthier workplace environment for workers.

Flexible Production Line

VTech has decided to gradually replace the traditional straight-line assembly systems with U-shaped assembly line systems, depending on the size of the product. This approach has increased labour productivity.

* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

Low Cost Automation

VTech has dedicated its efforts to incorporate Low Cost Automation into the production chain. In order to fulfil the market demand, we have started to introduce our in-house-developed mechanical and electrical devices that are "fit for use" since FY2015. These devices have improved our production efficiency and consistency, as well as enhanced the flexibility of the manufacturing process. These include automatic solder dispensers, glue dispensers, screw fastening machines, auto box folding machines, robotic arm for assembly and automatic locator for positioning the components. They not only create less labour intensive working environment, but also make significant improvements in the quality of our products. In FY2020, we continued to phase out the traditional machineries and increase the application scale of these in-house-developed devices to further optimise the manufacturing process.

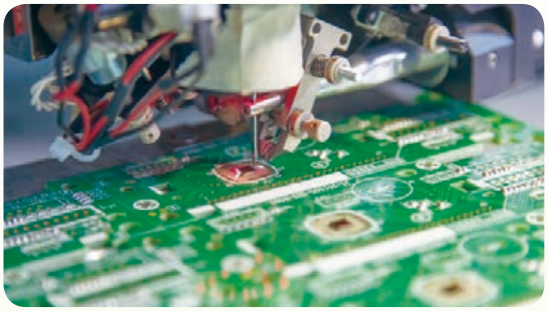
Automatic Product Packaging Machine

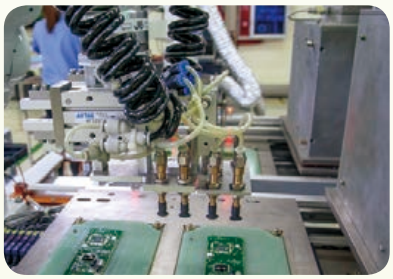
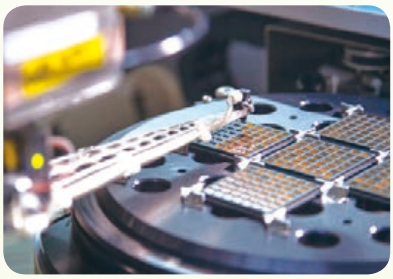
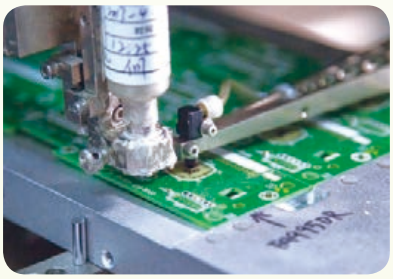
In FY2020, we installed a product packaging machine at our ELP factory that automates packaging process for three production lines at the same time. Compared with manual packaging, this machinery has increased labour productivity by over 10%.

Management Information System

We have developed the Management Information System, which consolidates real time production status including data of some key performance indicators like quality, efficiency and environmental condition such as temperature. This provides a visualised and user-friendly monitoring platform for process control so that the operation team can take immediate improvement measures, if necessary.

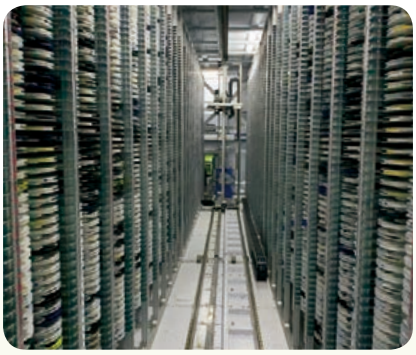
Low Cost Automation



Smart Tower

CMS's new Smart Tower was put into service in July 2019, improving the overall surface mount technology (SMT) material stocking & picking efficiency. After moving the SMT component reel into the smart tower, and then scanning the unique barcode of the reel, the tower automatically delivers the material reels to the storage slots assigned by Manufacturing Execution System (MES). Once the MES receives shop order number, MES can locate all corresponding storage slots in the tower and automatically instruct the robotic machine to pick the related SMT reels from the tower slots, and then the reel is taken to the production lines. The Smart Tower has reduced the manpower required for material picking and inventory management, and also enhanced information transmission.



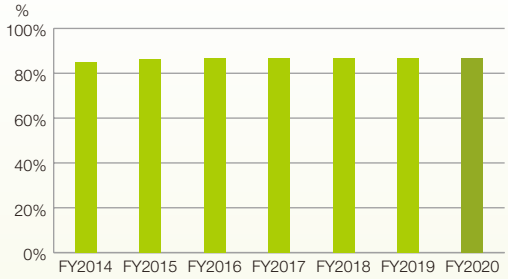
Sustainable Logistics Practice

As most of our products are shipped to the major markets in North America and Europe, it is crucial for us to manage our shipping orders in an energy efficient manner so as to reduce the transportation costs and minimise the associated environmental impacts. We also work closely with our suppliers and customers to consolidate and combine the shipping orders for the incoming materials and outgoing products respectively, in order to reduce the frequency of shipments. For our Continental European operations, our logistic hub in Netherlands which is managed by our major logistic service provider also helps us to consolidate shipping volume and increase the filling rate of each truck for the delivery of goods within Europe. As for the transportation mode, sea shipment is always our primary option for long distance transportation compared to the air shipment. For the inland goods delivery, we are also increasing the use of rail freight as it is the most cost efficient mode of transport with less environmental impacts compared with shipment by truck.

In recent years, we have implemented the decentralised warehousing strategy to locate our distribution centres in the US and Australia. Originally the only distribution centre of ELPs in the US was located on West Coast, after relocating our distribution centres to both the East and West coasts, we are able to respond to customers demand more efficiently. As for Australia, we previously had only one distribution centre in Melbourne for ELPs. Three distribution centres in Sydney, Brisbane and Perth were set up. Compared with the previous approach, this strategy has greatly enhanced our logistic efficiency. It not only reduces the time and distance for transporting our products to our customers but also saves a great deal of fuel consumption and thus reduces carbon emission.

Our logistics team has kept on using our cargo measuring software (CargoWiz) to optimise the loading capacity of each container. In FY2020, we reached the average of 86.7%* of loading capacity for each container shipment, same as FY2019.

Container Loading Capacity*



* *As our Malaysia factory was acquired in the middle of FY2019, the sustainability data for our Malaysia factory was not included in the calculation of the performance indicator for comparison purpose.*

Our People

VTech aims to provide a supportive, pleasant and healthy workplace for our employees, and to foster a caring community in our working environment. We care for our employees and recognise that having good staff relations and a motivated workforce play a vital role in the Company's efficient operations.

Highlights

- Implementation of various precautionary measures for our people to fight against COVID-19
- Number of participants in staff activities increased by 144% compared with FY2014
- Average training hours per employee increased by 251% compared with FY2014
- Number of staff with years of service longer than five years increased by 66.3% compared with FY2014

VTech aims to provide a safe, pleasant, supportive and healthy workplace for our people, and to foster a caring community in our working environment. We care for our employees and recognise that having good staff relations and a motivated workforce play a vital role in the Company's efficient operations.

All our existing VTech assembly and plastic factories are certified with the Occupational Health and Safety Management System (OHSAS 18001 or ISO 45001). Our TEL and CMS assembly factories are also certified with Social Accountability (SA 8000) certification and ELPs with ICTI Ethical Toy Program compliance certification. These external verified certifications validate our compliance with local laws and high quality working conditions.

Our human resources management policy builds on our four key values – "Communication and Staff Relations", "Advancement in Careers", "Respect of Labour and Human Rights", and "Environment for Our People" (CARE).

Communication and Staff Relations

- Enhance our good staff relations through various communication channels and staff activities

Respect of Labour and Human Rights

- Respect the labour and human rights of all our employees with clearly defined human resources management policies, and promote an inclusive culture throughout the company

Advancement in Careers

- Foster a continuous learning environment and encourage employees to develop and advance their careers in VTech

Environment for Our People

- Provide a supportive, pleasant and healthy workplace for our employees and foster a caring community in our working environment

Communication and Staff Relations

To ensure the effectiveness of our workplace management system, we conduct employee satisfaction survey regularly and have cross functional teams and committees at different manufacturing sites to determine goals and targets, discuss new projects, and review project progress on improvement of workplace and employees related issues based on the feedback from our employees.

Staff Communication

Open communications is an important element in achieving effective workplace management system. We encourage employees to voice their opinions through various communication channels at all levels throughout the Company. We provide suggestion boxes, websites, staff-caring hotline, internal newsletters and communication

meeting, where employees can express their concerns and suggestions freely.

Employee engagement surveys and meetings are also conducted in our manufacturing facilities on a regular basis to receive feedback from our employees. All information, opinions and suggestions gathered are followed up by our employee relations team.

Staff Relations

Written and verbal communication are not the only solution for building bridges. VTech believes staff relation could be further strengthened by their participations in different kinds of staff activities.

It is always a challenge to engage our employees with different talents and interests in the staff activities. Therefore, our Staff Association continues to offer a variety of activities to the employees.

Well-being and Creative Activities

Mindfulness can be used as a preventive measure for stress and anxiety from job. In FY2020, our Staff Association launched the Pilates Mat Class and our Learning & Development team conducted Laughter Yoga Workshop for employees to boost their emotional wellness and awareness. We have also invited the Mental Health Association of Hong Kong to hold a seminar on mindfulness training. It introduced mindfulness eating, sitting and communication exercises and the techniques to release pressure.

As pressure on business to adapt and solve problems creatively increases, workshops such as Polymer Clay class and DIY Leather tutorial have been held to enhance employee's creativity and innovation in the workplace.

We aim to inspire and build team spirit through sports events and duplicate that in the workplace. In FY2020, we sponsored Hong Kong Streetathon and Sowers Action Challenging 12 Hours Charity Marathon. Our Human Resources Department also launched the Trail Running Course and Annual Running Course in July 2019 and November 2019 respectively. With the guidance from the professional coach, employees can enhance their performance and learn tips to prevent from injuries.

Most of our employees in the China manufacturing site come from different provinces and they might not be able to celebrate traditional festivals with their families. Therefore, we have organised different festive activities during the special time to develop and maintain the sense of mutual belonging among our employees. During Dragon Boat Festival, workshop was held to provide guidance for employees to make dumplings together. Moreover, we have organised "Guessing Lantern Riddles" session for employees to participate during Mid-Autumn Festival, and a dinner party during the winter solstice.

The number of participants in our staff activities has increased by 0.6% compared with FY2019 with an increase of 143.7% compared with FY2014.

VTech Dragon Boat Team

Participation in Dragon Boat races is a traditional activity for the VTech Dragon Boat Team. The intensive training and competition not only boost employee's individual fitness level, but also improve communication and encourage teamwork within the group. In FY2020, VTech continued to partner with Shatin Sports Association for the third consecutive year and sponsored the "VTech Cup" in the Shatin Dragon Boat Race. Our team has also participated in the other two races: Freedom Dragon Boat Iron Man Race and Lamma Island Sok Kwu Wan Dragon Boat Race.

VTech Staff Activties and Sport Event

Advancement in Careers

The Training and Development (T&D) team of the Human Resources Department at VTech encourages our employees to develop and advance their careers in our Company. We actively promote continuous learning initiatives and develop a wide range of training programmes for our employees.

The T&D team continues to review the training needs of our staff, evaluate the content and result of training courses and develop training programmes that are not limited to meeting VTech business needs, but also enhancing individual's knowledge and skills.

In FY2020, we organised a 2-day "Thinking in & Out of The Box™" session with the help of Shine Training. We introduced how our thinking influences our perceptions, which in turn affects our judgment and decision making. Participants were also guided to understand how the boundaries of our thinking constrain us from finding creative solution when under pressure. The training session increased our staff's capability of generating and implementing innovative ideas and solutions to face challenges in the future.

"Thinking in & Out of The Box™" Workshop

Soft skills are critical to career success. We have organised an "Effective Time Management" workshop. In order to ensure all identified tasks are executed for project completion, we have introduced an effective process time management, including tools for project timeline and control management. Moreover, we have conducted a presentation skills training session for employees to develop the skills required for a successful presentation. Through the workshop, the participants have well prepared themselves to convey message effectively and confidently on different occasions, handle questions from different types of audiences with tactics and confidence, and develop a persuasive and interactive presentation styles.

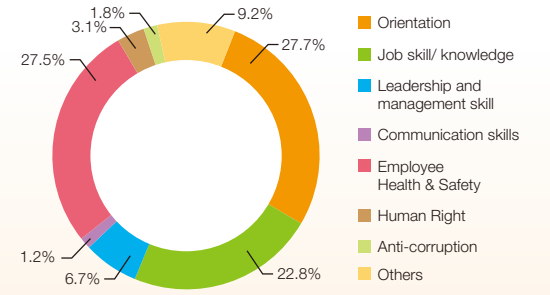
Technical skills are often required to operate machinery, tools, software and coding. In FY2020, we organised different technical skills workshops including a workshop to introduce the basic e-commerce skills. This workshop was useful for participants to improve Page Ranking with search engine optimization, understand Google Analytics, social media marketing and Google AdWords. Additionally, we have organised workshops for employees to master the skills required for Microsoft Office Excel and PowerPoint.

A more advanced and practical "Design Thinking Workshop" has also been held which aims to give employees a holistic understanding on the design thinking process.

We also subsidise external professional courses for employees, and ensure that the development opportunities are equally open to staff at all levels. We have continuously adopted the succession plan in manufacturing sites, which allows us to explore the potential talents and provides opportunities to our employees to attend specific management courses and learn valuable technical and management skills from various departments and teams. These training programmes ensure that our future leaders are well prepared to take up the leadership roles in supporting the continuous growth of the Company.

FY2020 Average Training Hours by Grade

FY2020 Training Hours by Type



Respect of Labour and Human Right

VTech is committed to respecting the labour and human rights of all our staff through the following principles, which are clearly stated in our human resources management policies:

Freely Chosen Employment – We do not use forced or prison labour. We ensure that the terms of employment are voluntary. Our employees work at VTech of their own free will and are free to leave the Company upon reasonable notice under the related company regulation. We do not require employees to lodge deposits or hand over passports or work permits as a condition of employment, unless required by applicable law.

No Child Labour – We comply with all appropriate local and international regulations in relation to the restrictions on the employment of child labour.

Freedom of Association – We ensure our employees have the freedom of association to join any organisations or professional bodies of their own choices.

Anti-slavery – Modern slavery and human trafficking is intolerable in VTech. We are devoted to combating modern slavery and human trafficking, and committed to respecting and treating our employees with dignity. We do not tolerate any forced labour and we do not accept any physical and financial punishment for employee wrongdoing.

Benefits and Wages – We ensure that the remuneration and benefits for our employees comply with or exceed the minimum legal requirements of the country where employees are employed. We do not make any deductions from wages as disciplinary measure. Since the regulations of law enforcement for some of the sites that we operate are not fully established, collective bargaining in these sites could not be comprehensively attained. However, we strive to engage with our employees and understand their needs through different communication channels and conduct regular communication meetings to create direct dialogs with our employees.

Overtime Policy – Overtime is voluntary and employees are compensated for overtime in accordance with local laws.

Equal Opportunity and No Discrimination Policy – We ensure that our hiring, compensation, training, promotion, termination and retirement policies and practices do not discriminate on the grounds of age, sex, marital status, race, religion, disability or any other non-job related factors. Remuneration is determined with reference to performance, qualifications and experience.

Moreover, we have published relevant laws and guidelines of Hong Kong Discrimination Ordinance in VTech Company Bulletin Board in order to raise staff's awareness and to be vigilant in recruitment processes.

Harassment and Abuse – We do not tolerate any physical, sexual, psychological or verbal harassment or abuse towards our employees.

We have procedures in place to ensure that our policies are properly implemented throughout the Company. These include training, conducting employee interviews and surveys, on-site visits and audits on a regular basis. Any issues or enquiries raised by our employees through different communication channels will be handled and investigated by the Company with care and in a confidential manner.

Meanwhile, we provide a 24-hour Ethics Hotline for our employees to report any violations of applicable laws and regulations and misconducts. All reports received through the Ethics Hotline will be handled promptly and confidentially. Investigations will be carried out, followed by disciplinary measures. We are committed to upholding the professional ethical conduct and the highest level of integrity.

We were awarded the "Family-Friendly Employers Award", "Special Mention" and "Awards for Breastfeeding Support" by Family Council and "Partner Employer Award" by the Hong Kong General Chamber of Small and Medium Business Limited for our family-friendly measures and support to breastfeeding mothers in our Hong Kong Office.

VTech is committed to embracing an equal and supportive working environment for our employees. In VTech, 99% of our employees are recruited by the Company with full time employment contracts and 96% of our senior management staff is hired from the local area of the sites of operation in respective countries for supporting local employment. We also conduct annual performance appraisals for all employees to assess their performance and communicate the results with them. The appraisal is used as a reference for rewarding our staff accordingly.

Gender Diversity

VTech believes a diverse and inclusive workforce makes us and the society stronger and more harmonious. Aligning with SDG 5 Gender Equality, we are committed to promoting greater work opportunities for women. We recognise the working contributions of women, who accounted for 40% of our workforce and held 24% of management positions at VTech Group worldwide. We aim to progressively increase the level of female workforce participation and build a more gender-balanced organisation.

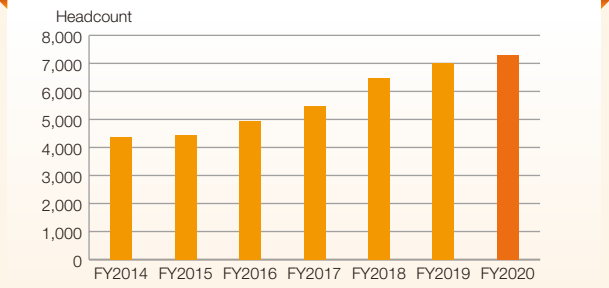
To achieve this goal, we have organised child care courses and provided nursery facilities in our manufacturing site to better support the working mothers in VTech. Due to the outbreak of COVID-19, VTech has utilised our technology expertise to come up with some creative ideas to celebrate the International Women's Day while ensuring the health and safety of our employees. We have launched an online platform for our female employees to share videos about their interests such as dancing, cooking or working out. It provides a communication channel for them to educate and inspire each other. Utilising the conference video platform, we have also offered virtual dance classes to our female employees.

Women in Toys

VTech has engaged with Women in Toys to champion the advancement of women through leadership, networking and educational opportunities. Our France office supports the creation of Women in Toys France. Our employees have participated as the board of directors and members of the network. Employees are allowed to go to the various events during the office hours and are reimbursed with the annual subscription.

In addition, VTech celebrates and shows appreciation of the employee contribution by presenting long service awards to our employees who have completed five years of services. Awards will also be made for each subsequent five-year period of services. In FY2020, more than 7,000 staff has worked at VTech for more than five years, increase of 3.9% and 66.3% respectively compared with FY2019 and FY2014. The Company also presents "Distinguished Staff Award" and "Distinguished Team Award" for recognition of the outstanding performances and accomplishment achieved by our employees and teams.

Year of Service Longer than 5 Years



Environment for Our People

We always put workplace safety as our number one priority in our workplace environment. All our existing VTech assembly and plastic factories are certified with the Occupational Health and Safety Management System (OHSAS 18001 or ISO 45001). We also have EHS teams at all our manufacturing sites to conduct regular health and safety audit, and provide different training programmes for our people.

Maintaining an accident-free workplace environment is always a challenge. Our EHS teams at manufacturing sites have established a comprehensive and intensive health and safety training programme to increase the awareness of workplace safety. These programmes include compulsory regular fire drills practices, occupational injury prevention training, fall prevention training, electrical safety training, workplace safety training and tests such as chemical usage, machinery safety and forklift operation, which reinforces the idea and awareness of occupational safety and fire safety for our employees. Our EHS teams also perform regular health and safety audits to analyse any potential causes or impacts of workplace hazards, as well as monitor our safety practices among the cross functional teams.

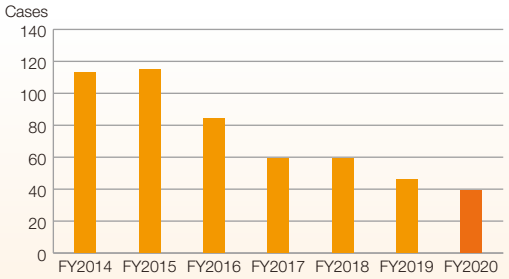
Texas Distribution Centre Performance

On 7 June 2019, our San Antonio distribution centre in Texas, United States, celebrated 1,015 days without an OSHA Recordable Loss Time Accident. The distribution centre was also awarded the National Safety Council Award for 1,000,000 hours accident-free in FY2020.

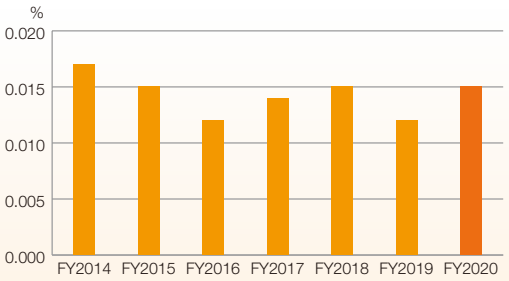
In order to show our dedication to maintaining a safe place for people to work, strict safety policy has been implemented. All staff have to complete the workplace safety training before they start to work in the facility. In addition to the safety training, Safety Committee meetings are held monthly, which includes approximately 10% of cross-functional staff. All workers are encouraged to raise issues without fear of retaliation. Safety Committee members also conduct safety inspections and identify potential hazards.

The overall health and safety training hours per average employee increased by 9.4% compared with FY2019. In FY2020, our lost hour rate per working hour was 0.015%, which was higher than FY2019 of 0.012%. Our number of safety related incidents, however, decreased by 15% compared with FY2019 and we did not have any work related fatality case. We will continue to provide various health and safety training courses to our employees especially in our manufacturing sites to enhance their awareness and knowledge of occupational health and safety at the workplace.

Total Number of Work-related Injury Cases



Lost Hour Rate*



* *Lost hours is the total working hours that workers cannot attend work due to injuries in manufacturing operations*
Lost hour rate is calculated as total number of lost hours divided by total working hours

Health and Safety Training in VTech

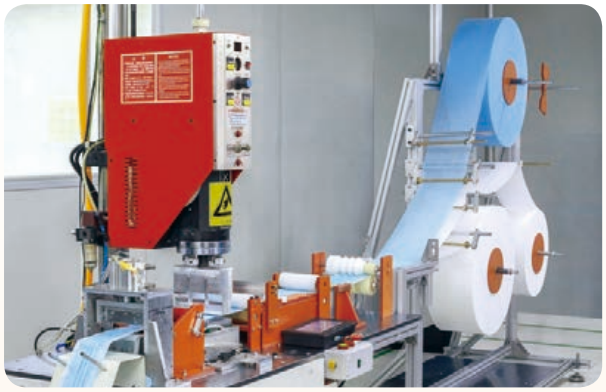
Our employees are encouraged to participate in different types of occupational health and safety training. In FY2020, we arranged a voluntary first aid certificate training course for our employees. Instructors from Hong Kong Red Cross held a Standard First Aid Course in 10 sessions to introduce basic first aid knowledge and skills.

Precautionary Measures Against COVID-19

Our employees' health and safety is always our top priority. In order to prevent the outbreak of COVID-19 in the workplace, VTech has adopted various precautionary measures following the guidelines issued by the local governments where we operate.

Our Hong Kong office has special arrangements to allow flexible working hours and reduce daily working hours in order to minimise the rush hour travelling for our employees. Infection prevention initiatives have also been taken to disinfect the workplace and ensure good ventilation in the office area. We provide face masks to our staff and encourage them to wear masks in the office and when taking public transportation. We also monitor body temperatures for visitors and staff entering the office area, and encourage staff to reduce or postpone all non-essential overseas travelling.

Before resuming work at all VTech factories in China, a comprehensive set of preventive measures and guidelines have been put in place, in accordance with the guidelines issued by the respective local city governments and World Health Organisation. We provide health protection and personal hygiene guidelines to our workers, monitor their physical condition while they are working in the factories, give our in-house produced face masks for them to wear in the workplace, and arrange separate meals with seats and tables maintaining social distance in the canteen. Since the outbreak of COVID-19, our technicians have started the preparation work for the mask production line. After the intensive preparation, we have successfully launched our production line in March 2020. The daily production output has exceeded fifteen thousand which allows us to distribute the masks to the staff in Liaobu, Houjie and Qingyuan. As for our overseas staff who are working from home under lockdown environment, we also provide face masks to all of them individually to protect their personal health and safety. We did not have any reported case of COVID-19 infection.



Continuous Improvement in Living Area

The majority of employees in our China manufacturing facilities are from different provinces of the country. We recognise that to make them feel at home, and have a sense of belonging while they are living in our dormitories are very important for our people. We continue to maintain a supportive, caring and healthy living environment for our employees. We make improvements in their quality of life at the manufacturing sites by providing adequate accommodations, tasty and nutritious food at the canteens, adequate medical facilities and a wide range of leisure and recreational facilities.

Society

VTech uses its expertise and resources to support the communities in which it operates, focusing on supporting people in need, collaborating with local charities, providing training opportunities for young people, nourishing an innovative environment and developing a healthy and green community.

Highlights

- Various charitable activities around the world to support the fight against COVID-19
- Volunteering hours increased by 7.5 times compared with FY2014
- Gold sponsor in the Hong Kong Streetathon 2020
- Bronze Sponsor and Brilliant Participation – Gold Award for Sowers Action Challenging 12 Hours Charity Marathon 2019

As a responsible corporate citizen, VTech uses its expertise and resources to support the communities in which it operates in various ways. VTech continues to focus on the following areas for our social programmes.

Support People in Need	Collaborate with Local Charities	Provide Training Opportunities for Young People	Nourish an Innovative Environment	Develop a Healthy and Green Community
Provide helping hands for people	Support local charitable events and the general corporate philanthropy	Attract the best talents to VTech and provide training opportunities for young people	Sponsor and support the breakthroughs in communications and technologies	Foster a healthy and green living environment in the community

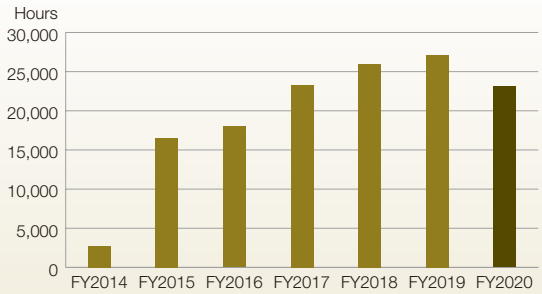
Support People in Need

Since the establishment of VTech's voluntary teams in different manufacturing sites and global offices, we have participated in various voluntary events, and created a strong social network to assist and support the people in need. We also encourage our employees and their families to participate in our volunteering activities, bringing positive impact to the families and society.

Our China and Hong Kong voluntary teams frequently participate in various types of voluntary services including visiting elderly homes and children hospitals, and assisting crowd control at community events. In FY2020, we recruited over 2,600 volunteers and contributed over 23,000 hours in volunteering activities. Besides being recognised as the "Heart to Heart Company" by the Hong Kong Federation of Youth Groups, VTech is the proud recipient of the "Outstanding Caring Awards (Enterprise Group)" presented

by Federation of Hong Kong Industries in 2019. In addition, we have been awarded as a "Caring Company" by The Hong Kong Council of Social Service for the twentieth consecutive year in recognition of our relentless contribution to the Hong Kong community through various charitable activities. These awards are great encouragement for our continued voluntary work for the community.

Volunteering Hours Contributed



The Elderly Visit

The elderly have a treasure of memories and experiences that they are eager to share with others. In FY2020, we collaborated with Yang Memorial Methodist Social Service and Ta Ku Ling Kei Lok Community Association to organise the elderly visits in May 2019 and October 2019 respectively. We played games with the elderly to keep them mentally stimulated and help them maintain their fine motor skills. By distributing some useful gifts, we hope to express our respect and appreciation to the elderly.

Toy Donation

In FY2020, over 10,000 pieces of toys were donated to five charitable organisations including Tai Po Baptist Church Social Service, Christian Action, Caritas Hong Kong, St. James' Settlement and Plan International Hong Kong. We have also made toys donation to children in various countries around the world, including China, Spain, Australia, France, Netherlands, and the US.

Movember Foundation in Canada

Our volunteers have participated in the fund raising campaign run by the Movember Foundation in Canada for 6 consecutive years. This programme aims to raise awareness of men's health issues.

VTech Book Corner

Our VTech Book Corner donation programme was established in FY2016. We build VTech Book Corner filled with story books and educational products at schools in remote areas to bring the joy of reading and fun learning experience to children who might have limited access to the resources. In FY2020, we continued this meaningful programme and visited 4 primary schools in Guizhou and donated over 1,250 sets of VTech educational products and books.

Annual Holiday Charity Raffle

In the US, VTech has continued to hold the Annual Holiday Charity Raffle this Christmas. In FY2020, we donated US$34,000 to "A Home Away From Homelessness" with the aim of helping thousands of children and youth impacted by homelessness and providing emotional, social, recreational and educational support.

Fight Against COVID-19

As the rapid spread of COVID-19 has caused a severe shortage of medical equipment supply, VTech has donated baby monitors and surgical masks to support the front-line medical staff of the hospitals. We have also participated in various charitable activities to support the fight against COVID-19.

China

In February 2020, we collected more than 1,300 pieces of N95 medical masks and donated to the medical professionals on the front lines in China.

Germany

Sibernetz is dedicated to taking care of the social isolation and loneliness among the elderly in Germany. Due to the rapid spread of COVID-19, VTech has donated 100 new phones to the volunteers and employees of Sibernetz who have to work from home to avoid infection. With the best possible Work-From-Home equipment, the volunteers and employees could continue to help the elderly.

United States

#LearnThroughThis

vtech LeapFrog

AdoptAClassroom.org

As most parts of the world have been in different levels of lockdown, many parents are learning how to balance the needs of the children and their own new daily routines. In order to overcome the challenges that parents, teachers and children are facing during this difficult time, VTech has launched the "#LearnThroughThis" campaign to assist parents to keep kids learning and playing while they are staying at home. The programme provides comprehensive resources including free content such as articles, printable activity books and educational activities curated by our team of learning experts. Furthermore, we have offered an extended free trial of our LeapFrog Academy educational app, as well as reduced the cost for 6-month and 12-month plans.

We have partnered with AdoptAClassroom.org to support the teachers and educators to provide online training classes for the students and communities. We have also pledged to match all donations to their COVID-19 Disaster Relief Fund up to US$50,000. The fund will be disbursed to teachers and schools impacted by COVID-19.

Canada

Due to the increase in number of patients, many hospitals have prepared more negative pressure rooms which require doors to be closed at all times, and thus the alarm sounds of some life-saving machines might be muffled. Setting up monitors in patient rooms with the handset outside can help nurses hear those alarms a lot easier, helping them save more lives.

Therefore, VTech has donated audio baby monitors to hospitals in Canada. Our baby monitors could be an innovative solution to minimise the exposure risk of the healthcare workers.

France

VTech have launched a COVID-19-related fundraising campaign “#VTechEnsemble” in France to support the vulnerable people during this difficult time. Not only medical staff are facing problems battling the pandemic, sick children staying at hospital are also suffering from mental health crisis due to the lack of social interaction. Therefore, we have partnered with local charitable organisation to help the people in need. For every drawing about hospital staff appreciation shared on the social media, we will donate one euro for hospitals to improve workplace quality for medical workers and one euro for purchase of our toys for sick children. Our donation will be up to euro 30,000.

#VTechEnsemble

Collaborate with Local Charities

VTech works with a number of local charities to build a harmonious community. Our partners include Hong Kong Federation of Youth Group, Red Cross, Hong Kong Children and Youth Service, Tai Po Baptist Church Social Service, Greeners Action, St. James' Settlement and Hong Kong Young Women's Christian Association. Through our long term commitments to various charitable activities, we have brought about positive impacts to the community. Every year, Red Cross sets up a temporary blood donation station at our Hong Kong office to encourage our employees to donate blood.

In FY2020, we continued to partner with St. James Settlement – People's Food Bank and the Hong Kong Federation of Youth Groups to repack the rice and distribute it to the needy. We also collaborated with People Service Centre to hold a Food Waste Recycling Experience Tour which allowed volunteers to have a deeper understanding on the whole process of food recycling in the wet market and distribute the unspoilt food to the vulnerable group. Through these activities, we hope to contribute to the community and raise awareness of the massive food waste problem.

In FY2020, our employees continued to participate in the Sowers Action Challenging 12 Hours Charity Marathon 2019 and Hong Kong Streetathon 2020.

VTech was the "Bronze Sponsor" for Sowers Action Challenging 12 Hours Charity Marathon 2019 and presented with the "Brilliant Participation – Gold Award". A total of 48 participants have been separated into 12 teams to join the race. One of our teams won the champion in 53 km Corporate Team. Two teams were the 1st runner-up and 2nd runner-up in 26 km Corporate Team. Additionally, we were the "Gold sponsor" of Hong Kong Streetathon 2020. 83 VTech runners participated in the run. We were the 2nd runner-up for the 32.195 km and 10 km Corporate team respectively. We have also collaborated with local charities to support numerous charitable activities around the world. In FY2020, we made charitable and other donations of over US$198,000.

Blood Donation

Food Waste Recycling

Provide Training Opportunities for Young People

VTech recognises that attracting the best talents is important for the sustainable growth of the Company. We regularly recruit interns from local universities and organise various workshops with schools for young people.

In FY2020, we continued to arrange the IE engineering programme with Dongguan University of Technology. During the programme, participants were rotated among different departments to have better understanding on the factory operation. We provided workplace health and safety courses, theory courses on manufacture engineering and training on Virtual Studio Technology, engineering change in process flow, production line management and product design. We provided practical training sessions for the students, helping them to gain better understanding on the concepts of smart manufacturing by putting the theory into practice. We also offered internship opportunities for engineering college students, helping them to gain working experience and develop their job skills.

Apart from providing internship opportunities, we have conducted the career fair at the Hong Kong University of Science and Technology and the virtual career fair organised by the Hong Kong Baptist University to offer career advice and job opportunities for students. This allows us to attract potential candidates from local universities and develop identified talent.

In addition, we have offered internship opportunity for a student from the Hong Kong Polytechnic University. The eight-week intensive internship programme allowed the intern to gain a broader understanding of the manufacturing industry and our operations. Furthermore, as the three interns had brought great values for us during the internship

programme in FY2019, we decided to invite them to join our 2-year Management Trainee programme to fast track their career. During the 2-year programme, the trainees will work on different aspects of the business to expand their skill set. After the programme, they will have a chance to work in the department they feel they could excel in.

VTech has also established an internship programme for students in the US. The students are focused on a specialised project with the support of our staff. This internship programme allowed students to gain an understanding of expectations, workplace demands and how to effectively communicate in a team environment.

Internship Programme in China

Internship Programme in the U.S.

VTech Scholarship Programme

VTech Scholarship Programme was established in FY2018 to support the outstanding local undergraduates in their career development. In FY2020, we extended the programme to cover more local universities. HK$102,000 was awarded to 11 students from the Hong Kong Polytechnic University, the City University of Hong Kong, the Hong Kong University of Science and Technology and the Chinese University of Hong Kong.

VTech's Internships – Experience Sharing by the Students

Tiffany Ma (VCO/Legal & Compliance)

I was given the chance to explore and gain more knowledge about compliance matters of a listed company, including business registration form, the obligation to post announcements on website of Hong Kong Stock Exchange Limited, etc. I have learnt the importance of reviewing legal documents in details. Moreover, I have improved my communication skills through working with different departments for the annual shareholders' meeting. It is definitely an enjoyable and valuable experience!

Larry Ho (CMS/SBU2/PMT)

I have gained a deeper understanding of an electronics manufacturing company's daily operations. Through this internship, I have learnt a lot of practical skills and knowledge from different departments, which allow me to equip myself for future job opportunities. I have also completed some other tasks that I may not be able to experience in other companies, such as working and living in the Mainland, and being a production line worker, which are very interesting and memorable. This is really an unforgettable experience for me!

Nourish an Innovative Environment

In order to nourish an innovative environment and stay ahead of the latest trends and developments in the industry, VTech has supported various technology forums and participated in a number of trade associations around the world. We primarily engage as members and collaborate with the others on the industry projects to help develop the industry and technology standards.

Factory Exploration Tour

VTech is committed to inspiring the next generation by regularly engaging with students. In FY2020, we held a plant tour for students from the Dongguan University of Technology. During the tour, we showed them the production area and introduced our research and development and manufacturing processes. This tour has not only provided students an opportunity to gain a deeper understanding on our modern manufacturing process using advanced technologies but also stimulated their interests in scientific and technical careers.

Develop a Healthy and Green Community

VTech not only dedicates its efforts to minimising the environmental impacts from our operations, but also contributes in different community events to develop and promote a healthy and green lifestyle within VTech and the community. To support a sustainable lifestyle, we had established the organic farm in one of our manufacturing sites a few years ago, where employees could practise their urban farming techniques and enjoy the low carbon living experience during their break time. Moreover, we have continued to sign up the pledge for Earth Hour and partner with the Greeners Action in the Red Packets Recycling Scheme to encourage the recycling of materials. VTech has provided a wide range of outdoor activities and training programmes for our employees to enjoy life out of work, such as training programme taught by professional athlete trainers.

We have also invited experts from Green Sense to our office for our Green Workshop. Through the workshop, our participants have gained a deeper understanding of plastic pollution in our daily life.

Small changes in our habits around the factories and offices can help us to live a more eco-friendly lifestyle. We believe promoting recycling can have a positive effect on the environment. In FY2020, we continued to participate in "Lai See Reuse and Recycle Program 2020" which was organised by the Greener Actions. Additionally, we have placed clothes recycling bins in our manufacturing facilities in support of environmental protection and charities.

Trail Clean Up

We have partnered with Trailsweeper to educate our employees to become active agents in keeping our hiking trail clean and trash free. The trail clean-up programme provides an education platform to introduce Hong Kong's precious natural resources and biodiversity and instills an understanding that changing attitudes towards environmental protection is pivotal to building a green community.

Annual "Holiday Hold Em" Programme

In FY2020, VTech continued to hold the annual 8-week "Holiday Hold Em" programme for our US office with a focus on employee's health and well-being. We have provided a number of different programmes since the start of our programme, such as conducting Yoga and Tai Chi classes, offering weekly nutrition class and providing complimentary fresh fruit each day.

Nature Education Experience Tour

We have organised a nature education experience tour with the help of Tai Po Baptist Church Social Service. Besides enhancing the understanding of the relationship between nature and food, the tour has provided a channel of communication between volunteers and children which could promote a caring community.

Key Performance Data

Items	GRI Indicator	HKEx Indicator	FY2014	FY2015	FY2016	FY2017	FY2018[12]	FY2019[12]	FY2020[12,13]
Portion of senior management hired from local community[9]	202-2		98%	98%	98%	98%	98%	97%	96%
Proportion of spending on local suppliers	204-1	B5.1	89%	94%	94%	88%	88%	86%	90%
Material used by weight or volume (1000 Tonnes)	301-1		79.3	86.1	86.0	97.6	100.5	94.7	92.3
Energy use[1] (GJ)	302-1	A2.1	587,365	605,227	568,648	566,497	579,211	587,240	607,694
Energy from Diesel[1] (GJ)	302-1	A2.1	7,218	3,768	1,047	–	–	–	5
Energy from Natural Gas[1] (GJ)	302-1	A2.1	41,583	39,180	35,050	28,415	25,466	23,792	28,514
Energy from Electricity[1] (GJ)	302-1	A2.1	538,860	562,279	532,551	538,082	553,745	563,448	579,175
Energy use[1] per production output (GJ per 1,000 unit)	302-3	A2.1	4.766	4.527	4.214	3.987	4.171[14]	4.108	4.448
Energy from Diesel[1] per production output (GJ per 1,000 unit)	302-3	A2.1	0.059	0.028	0.008	–	–	–	–
Energy from Natural Gas[1] per production output (GJ per 1,000 unit)	302-3	A2.1	0.337	0.293	0.260	0.200	0.183	0.166	0.209[15]
Energy from Electricity[1] per production output (GJ per 1,000 unit)	302-3	A2.1	4.373	4.205	3.947	3.787	3.987[14]	3.942	4.239[15]
Electricity used (Kwh)	302-1	A2.1	149,601,160	156,188,568	147,930,737	149,467,329	153,820,653	156,513,299	160,871,398
Electricity used per production output (Kwh per 1,000 unit)		A2.1	1,214	1,168	1,096	1,052	1,108[14]	1,095	1,177[15]
Water comsumption[2] (meter cube)	303-1	A2.2	2,503,745	2,415,255	2,033,109	2,022,160	1,638,354	1,560,742	1,573,647
Water comsumption[2] per production output (meter cube per 1,000 unit)		A2.2	20.3	18.1	15.1	14.2	11.8	10.9	11.5[15]
GHG emission Scope 1[3], (tonne of CO_2e)	305-1	A1.1, A1.2	4,750	4,002	3,851	1,932	2,514	1,603	1,212
GHG emission Scope 2[3] (tonne of CO_2e)	305-2	A1.1, A1.2	100,613	105,043	99,489	100,523	103,451	105,261	108,329
GHG emission Scope 1[3], per production output (tonne of CO_2e per 1,000 unit)	305-4	A1.2	0.039	0.030	0.029	0.014	0.018[14]	0.011	0.009
GHG emission Scope 2[3] per production output (tonne of CO_2e per 1,000 unit)	305-4	A1.2	0.816	0.786	0.737	0.707	0.745[14]	0.736	0.793[15]
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	307-1		0	0	0	0	0	0	0
Injury[4] cases	403-2	B2.1	113	115	84	59	59	46	39
Lost Hours[5]	403-2	B2.2	11,885	10,756	8,256	9,869	9,788	7,230	9,235
Work-related fatalities cases		B2.1	0	0	0	0	0	0	0
Work-related fatalities cases per employee (%)		B2.1	0%	0%	0%	0%	0%	0%	0%
Injury rate per employee[6]	403-2		0.004	0.004	0.003	0.002	0.002	0.002	0.002
Injury rate per employee[6] – male	403-2		0.005	0.005	0.005	0.003	0.003	0.003	0.002
Injury rate per employee[6] – female	403-2		0.002	0.003	0.001	0.001	0.002	0.001	0.001
Absentee rate[7] (%) – overall	403-2		0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Absentee rate[7] (%) – male	403-2		0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Absentee rate[7] (%) – female	403-2		0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Average training hours per employee	404-1	B3.2	19.3	22.7	29.1	41.4	47.4	61.8	67.7
Average training hours per employee – male	404-1	B3.2	19.3	22.5	28.8	43.6	50.0	64.3	70.3
Average training hours per employee – female	404-1	B3.2	19.3	23.1	29.5	38.0	43.5	57.9	63.7
Average training hours per employee –management[8] staff	404-1	B3.2	8.1	8.4	7.9	9.2	10.2	15.4	19.5
Average training hours per employee – Professional/Engineer	404-1	B3.2	6.7	9.7	14.2	21.0	26.0	38.3	32.5
Average training hours per employee – staff &workers	404-1	B3.2	21.2	24.9	31.8	45.6	52.2	67.1	75.2
Incidents of non-compliance with regulations on health and safety impact on products that result in a significant fine, penalty or warning	416-2		0	0	0	0	0	0	0

Key Performance Data

Items	GRI Indicator	HKEx Indicator	FY2014	FY2015	FY2016	FY2017	FY2018[12]	FY2019[12]	FY2020[12,13]
Incidents of non-compliance with regulations on product and service information and labelling that result in a significant fine, penalty or warning	417-2		0	0	0	0	0	0	0
Sales of banned products	102-2		0	0	0	0	0	0	0
Total monetary value of significant fines for non-compliance with laws and/or regulations in the social and economic area	419-1		0	0	US$0.7 million[11]	0	0	0	0
Total number of non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	419-1		0	0	0	0	0	0	0
Cases brought through dispute resolution mechanisms for non-compliance with laws and/or regulations in the social and economic area	419-1		0	0	1	0	0	0	0
Total hazardous waste produced (in tonnes)		A1.3	N/A[10]	399.9	326.4	365.6	358.5	346.3	414.8
Total hazardous waste produced per production output (in tonnes per 1,000 unit)		A1.3	N/A[10]	0.003	0.002	0.003	0.003	0.002	0.003[15]
Total non-hazardous waste produced (in tonnes)		A1.4	N/A[10]	8,628	7,528	8,806	9,705	9,111	8,976
Total non-hazardous waste produced per production output (in tones per 1,000 unit)		A1.4	N/A[10]	0.065	0.056	0.062	0.070	0.064	0.066[15]
Total packaging material used for finished goods (tonnes)		A2.5	N/A[10]	29,593.0	30,510.3	34,579.8	34,470.3	33,022.1	32,849.1
Total packaging material used for finished goods per production output (tonnes per 1,000 unit)		A2.5	N/A[10]	0.221	0.226	0.243	0.248	0.231	0.240[15]
Number of countries where VTech operates	102-4		11	11	11	13	13	14	14
Total number of operations	102-7		18	20	20	22	24	24	27
Revenue	102-7		US$1,898.9 million	US$1,879.8 million	US$1,856.5 million	US$2,079.3 million	US$2,130.1 million	US$2,161.9 million	US$2,165.5 million
Total debt	102-7		Nil	Nil	Nil	US$1.7 million	Nil	Nil	Nil
Total equity	102-7		US$562.4 million	US$540.8 million	US$525.0 million	US$584.7 million	US$646.6 million	US$607.0 million	US$601.5 million
Average number of employees – Total	102-7	B1.1	30,949	29,502	27,412	27,217	26,065	26,048	26,078
Average number of employees – Male	102-8	B1.1	18,590	18,702	16,583	16,565	15,725	16,016	15,613
Average number of employees – Female	102-8	B1.1	12,359	10,800	10,829	10,652	10,340	10,032	10,465
Average number of employees – Asia Pacific – Male	102-8	B1.1	18,374	18,474	16,352	16,227	15,415	15,718	15,307
Average number of employees – Asia Pacific – Female	102-8	B1.1	12,165	10,610	10,630	10,348	10,062	9,757	10,207
Average number of employees – North America – Male	102-8	B1.1	133	141	144	206	181	170	173
Average number of employees – North America – Female	102-8	B1.1	97	97	104	172	153	149	131
Average number of employees – Europe – Male	102-8	B1.1	83	87	87	132	129	128	133
Average number of employees – Europe – Female	102-8	B1.1	97	93	95	132	125	126	127
Average number of full-time staff		B1.1	30,914	29,453	27,379	27,188	26,021	25,838	25,917
Average number of part-time staff		B1.1	35	49	33	29	44	210	161
Proportion of full time staff		B1.1	99%	99%	99%	99%	99%	99%	99%
Percentage of female employees in the workforce			40%	37%	39%	39%	40%	39%	40%
Percentage of female in management position			21%	21%	22%	25%	25%	26%	24%

Note:

1. *Energy value for fuels are obtained from GRI G3 Guide*
2. *Water consumption data includes water usage data from manufacturing facilities in China and offices in China and overseas*
3. *VTech's GHG objectives and targets are set and tracked relative to a base year of FY2014.*
4. *Injury types accounted for include: Vehicle Accident, Falling Object Injury, Machines Entanglement, Cutting Injury, Falling from heights, Collapse Injury, Burnt injury, Chemical injury, Collision injury, Electric shock*
5. *Total working hours that workers cannot attend work due to injuries in manufacturing operations*
6. *The frequency of injuries relative to the number of employees. Minor (first-aid level) injuries are included.*
7. *Number of days the employees are absent from work over total hours scheduled to be worked*
8. *Staff with grade above supervisor level*
9. *The location of operation sites*
10. *VTech started to collect relevant Data from FY2015*
11. *On 8 January 2018, US FTC announced the settlement with VTech for the cyber-attack incident in FY2016. Without admit any liability, VTech paid a civil penalty of US$0.7M.*
12. *The report scope was expanded with the acquisition of our high precision metal tooling and parts (Metal) factory for enriching the vertical integration of our CMS.*
13. *The report scope was expanded with the acquisition of our production facilities in Malaysia*
14. *The unfavourable change in the company performance data per production output was due to the expanded scope as described in note 12 above as the components output of the Metal factory were not included in the per-production-output data calculation.*
15. *The unfavorable change in the company performance data per-production-output was due to the continued vertical integration, and/or change of product mix and/or the negative impact of COVID-19.*
16. *Certain data for prior years were restated for fair comparison of the performance data.*

Associations List

Associations VTech belongs to	Involvement
British Toy & Hobby Association	C
Dutch Toy Association	C
French Toy Association	C
Toy Association Belgium	C
China Toy & Juvenile Products Association	C
Australian Toy Association	M
German Toy Association	M
Spanish Toy Association	M
Toy Industry Association – United States	M
Shenzhen Toys Association	M
Dongguan Toys & Juvenile Products Association	M
Canadian Toy Association	M
DECT Forum	S
ULE Alliance	S
EcoVadis	M
Wi-Fi Alliance	M
Sedex	M
Hong Kong Opto-Mechatronics Industries Association	M
The Chinese Manufacturers Association of Hong Kong	M
The Hong Kong General Chamber of Commerce	M

M = regular member
C = member of committee
S = strategic participation

GRI Content Index

This report was prepared in accordance with the Core requirements of GRI Standard and Stock Exchange ESG Guide. The General Standard Disclosures, Material Topic Disclosures, and Stock Exchange ESG Guide reference are presented below with either linkage to the reported section(s) or direct answer.

GRI Content Index

General Standard Disclosures		
GRI Indicator	**Description**	**Location and Notes**
GRI 102: General Disclosures 2016		
Organisational Profile		
102-1	Name of the organisation	About this Report
102-2	Activities, brands, products, and services	Page 4
102-3	Location of headquarters	About this Report
102-4	Location of operations	Page 4
102-5	Ownership and legal form	Page 4
102-6	Markets served	Page 4
102-7	Scale of the organisation	Page 4
102-8	Information on employees and other workers	Page 4
102-9	Supply chain	Pages 33-34
102-10	Significant changes to the organization and its supply chain	About this Report
102-11	Precautionary Principle or approach	Page 24
102-12	External initiatives	Page 4
102-13	Membership of associations	Page 63
Strategy		
102-14	Statement from senior decision-maker	Page 2
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Pages 24-25
Governance		
102-18	Governance structure	Page 5
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 11
102-41	Collective bargaining agreements	Employees covered by collective bargaining agreement is managed and monitored at local level. VTech considers the percentage on consolidated level is not relevant
102-42	Identifying and selecting stakeholders	Pages 10-11
102-43	Approach to stakeholder engagement	Pages 10-11
102-44	Key topics and concerns raised	Page 11

General Standard Disclosures		
GRI Indicator	**Description**	**Location and Notes**
Reporting practice		
102-45	Entities included in the consolidated financial statements	VTech Major Subsidiaries
102-46	Defining report content and topic Boundaries	Page 12
102-47	List of material topics	Page 13
102-48	Restatements of information	Page 62
102-49	Changes in reporting	Page 62
102-50	Reporting period	About this Report
102-51	Date of most recent report	About this Report
102-52	Reporting cycle	About this Report
102-53	Contact point for questions regarding the report	Back Cover
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	Pages 64-67
102-56	External assurance	About this Report
Material Topic Disclosures		
Economic		
GRI 201: Economic Performance 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Page 4
103-3	Evaluation of the management approach	Page 4
201-1	Direct economic value generated and distributed	Page 4
GRI 202: Market Presence 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 51-52
103-3	Evaluation of the management approach	Pages 51-52
202-2	Proportion of senior management hired from the local community	Key Performance Data
GRI 204: Procurement practice 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 33-34
103-3	Evaluation of the management approach	Pages 33-34
204-1	Proportion of spending on local suppliers	Key Performance Data
Environmental		
GRI 301: Materials 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 43-44
103-3	Evaluation of the management approach	Pages 43-44
301-1	Materials used by weight or volume	Key Performance Data

Material Topic Disclosures		
GRI Indicator	**Description**	**Location and Notes**
GRI 302: Energy 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 40-42
103-3	Evaluation of the management approach	Pages 40-42
302-1	Energy consumption within the organisation	Pages 41-42, Key Performance Data
302-3	Energy intensity	Pages 41-42, Key Performance Data
GRI 303: Water 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Page 42
103-3	Evaluation of the management approach	Page 42
303-1	Water withdrawal by source	Pages 42-43, Key Performance Data
GRI 305: Emissions 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 40-42
103-3	Evaluation of the management approach	Pages 40-42
305-1	Direct (Scope 1) GHG emissions[1]	Key Performance Data
305-2	Energy indirect (Scope 2) GHG emissions[2]	Key Performance Data
305-4	GHG emissions intensity	Key Performance Data
GRI 307: Environmental Compliance 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 36-44
103-3	Evaluation of the management approach	Pages 36-44
307-1	Non-compliance with environmental laws and regulations	Key Performance Data
GRI 308: Supplier Environmental Assessment 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 33-34
103-3	Evaluation of the management approach	Pages 33-34
308-2	Negative environmental impacts in the supply chain and actions taken	Pages 33-34
Social – Labour and Human Right Policy		
GRI 402: Labour/Management Relations 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Page 47
103-3	Evaluation of the management approach	Page 47
402-1	Minimum notice periods regarding operational changes	Depending on the circumstance, there is no fixed minimum notice regarding operational change. However, to the extent possible, we do inform our colleagues well in advance the intention and details of the change. Prior to such change, we will conduct briefing for employees to collect their feedback and try to put relevant notice within a month's time.

Material Topic Disclosures		
GRI Indicator	**Description**	**Location and Notes**
GRI 403: Occupational Health and Safety 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 52-53
103-3	Evaluation of the management approach	Pages 52-53
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 52, Key Performance Data
GRI 404: Training and Education 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 49-50
103-3	Evaluation of the management approach	Pages 49-50
404-1	Average hours of training per year per employee	Page 50, Key Performance Data
Social – Product Responsibilities		
GRI 416: Customer Health and Safety 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Page 31
103-3	Evaluation of the management approach	Page 31
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Key Performance Data
GRI 417: Marketing and Labeling 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 29-30
103-3	Evaluation of the management approach	Pages 29-30
417-2	Incidents of non-compliance concerning product and service information and labeling	Key Performance Data
Social – Community Impact		
GRI 419: Socioeconomic Compliance 2016		
103-1	Explanation of the material topic and its Boundary	Pages 12-13
103-2	The management approach and its components	Pages 24-25
103-3	Evaluation of the management approach	Pages 24-25
419-1	Non-compliance with laws and regulations in the social and economic area	Key Performance Data

1 *Direct (scope 1) – GHG emissions come from sources (physical units or processes that release GHG into the atmosphere) that are owned or controlled by the organization.*
2 *Indirect (Scope 2) – GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling and steam consumed by the organisaton.*

Stock Exchange ESG Guide Index

Aspects	Disclosure		Location and Notes
A. Environmental			
A1. Emission	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note:* – *Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.* – *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.* – *Hazardous wastes are those defined by national regulations.*	Pages 36-37
	KPI A1.1	The types of emissions and respective emissions data.	Page 42, Key Performance Data
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Data
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 44, Key Performance Data
	KPI A1.4	Total non-hazardous waste produced (in tonnes), and where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Data
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Pages 16, 41-42
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets(s) set and steps taken to achieve them.	Pages 43-44
A2. Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note:* *Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	Page 40
	KPI A2.1	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).	Pages 41-42, Key Performance Data
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume per facility).	Page 42, Key Performance Data
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Pages 16, 41-42
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Page 42
	KPI A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	Key Performance Data
A3. The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Pages 36-37
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Pages 35-46
A4. Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those may impact, the issuer.	Pages 37-40
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Pages 37-40
B. Social			
Employment and Labour Practices			
B1. Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 47 Pages 50-51
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Data
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	We maintain average staff turnover rate at or below 12%
B2. Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Pages 52-53

Aspects	Disclosure		Location and Notes
B2. Health and Safety	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Page 52, Key Performance Data
	KPI B2.2	Lost days due to work injury.	Key Performance Data
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Pages 52-53
B3. Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* *Training refers to vocational training. It may include internal and external courses paid by the employer.*	Pages 49-50
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Page 50
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Page 50, Key Performance Data
B4. Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 50
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 50
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Pages 50-51
Operating Practices			
B5. Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Pages 33-34, 37
	KPI B5.1	Number of suppliers by geographical region.	77% suppliers are local suppliers
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Pages 33-34
	KPI B5.3	Description of practices used to identity environmental and social risks along the supply chain, and how they are implemented and monitored.	Pages 33-34
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Pages 33-34, 36-40
B6. Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pages 26-32
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key Performance Data
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Page 29, Key Performance Data
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Page 25
	KPI B6.4	Description of quality assurance process and recall procedures.	Pages 29-30
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Page 25
B7. Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Page 25
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Zero case
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Pages 24-25
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Staff: Pages 25, 50 Director: A training is provided by qualified professional to the directors on the topic Foreign Corrupt Practices Act in FY2020.
Community			
B8. Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 54
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Page 54
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Pages 54-60

TCFD Index

In FY2020, VTech starts to disclose climate-related initiatives using the TCFD's framework. The information on how we assess and manage climate-related risks and opportunities, as well as strategies for mitigating risks and realizing opportunities are provided to our stakeholders under four thematic areas – governance, strategy, risk management and metrics and targets.

TCFD recommendation	Disclosure	Reference
Governance: Disclose the organization's governance around climate-related risks and opportunities.		
(a) Describe the board's oversight of climate-related risks and opportunities.	At VTech, our RMSC established by the Board comprises executive Directors, an independent non-executive Director, the TEL President, the Group CFO, and the Company Secretary and Group Chief Compliance Officer and oversees climate change-related issues, and provides vision and strategic direction through its regular meetings on a biannual basis. The RMSC is also responsible for reviewing our sustainability strategies and improvement activities, assessing how the policies are implemented in achieving the sustainability goals and targets, and monitoring the performance progress.	Pages 5, 22-23
(b) Describe management's role in assessing and managing climate-related risks and opportunities.	Our RMSC has also formed the Sustainability Sub-Committees which has the strategic and operational responsibility to manage sustainability issues while implementing the policies and measures to achieve strategic vision and direction approved by RMSC. The Sub-Committee comprises key employees from the Company's different product lines and relevant departments, including Group Chief Financial Officer, TEL President, Vice President of ELP, Managing Director of CMS, and the Sustainability team. It is responsible for monitoring the progress of our sustainability activities compared with targets in their responsible product lines and functions, evaluating and determining the sustainability investments from economic, environmental and social aspects, and sharing new and significant industry sustainability concerns with the committee members quarterly. We recognize that climate change is a serious risk, and, as a result, our Sustainability Plan 2025 is set and approved by the RMSC, to ensure our continuous improvement programmes and approaches on sustainability would be carried out effectively and consistently.	Pages 6, 36-37
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.		
(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	In the short (0-1 year) and medium (1-5 years) terms, interruptions in the supply chain due to extreme weather events, climate-related new regulatory requirements and reporting obligations, changing customer behavior and increased stakeholder concern are identified as potential risks whereas adaptive capacity enhancement, development of low emission goods and services via R&D, and sustainable use of energy and resources are considered opportunities. In the long term (5 years+), it will be essential to adopt a more energy efficient production and distribution processes, and continuously mitigate GHG emissions.	Pages 38-40
(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	The climate-related risk and opportunities have affected our products and services, supply chain, R&D, and other operations. Therefore, VTech is striking to combat climate change and reduce carbon emission, and have been continuously working on minimizing our impact on the environment.	Pages 38-40
(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	VTech established the Sustainability Plan 2025 to ensure our continuous improvement programmes and approaches on sustainability would be carried out effectively and consistently. We will continue to explore energy saving opportunity and reduce GHG emissions.	Pages 20, 38-40
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.		
(a) Describe the organization's processes for identifying and assessing climate-related risks.	The climate-related risks are identified and assessed by the Sustainability Sub-Committee and related operation departments, and further reviewed by the RMSC. The committee is responsible for putting in place policies, procedures and frameworks for the identification and management of risks.	Pages 38-40

TCFD recommendation	Disclosure	Reference
(b) Describe the organization's processes for managing climate-related risks.	Risks are formally identified and recorded in the risk register for key operations. The risk register is updated regularly and risk exposure and mitigation performance are reviewed biannually. The RMSC held two meetings during the financial year to review the Group's business and sustainability risk management and internal control systems and their effectiveness.	Pages 22-23
(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate-related risks are considered throughout the entire company-wide risk identification, assessment, and management processes.	Pages 22-23
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	We have established our Sustainability Plan 2025 as a metric for managing the risks and opportunities posed by climate change. Results are reported every year.	Page 20
(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1: 1,212 tonnes of CO_2-e Scope 2: 108,329 tonnes of CO_2-e	Key Performance Data
(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In our Sustainability Plan 2025, we have set GHG emission target – to reduce GHG emission per production output in assembly factories and plastic factories by 10% compared with FY2020 respectively, as well as targets on water usage and energy usage. For details, please refer to our Sustainability Plan 2025 on page 18-21.	Pages 18-21, Key Performance Data

Certifications in Manufacturing Facilities

TEL Products	
ISO 9001/TL 9000	Quality Management System
ISO 14001	Environmental Management System
IETP	ICTI (International Council of Toy Industries) Ethical Toy Program
ISO 45001	Occupational Health and Safety Management System
SA 8000	Social Accountability
Work Safety Standardisation	Work Safety Standardisation
ELPs	
GSV	Global Security Verification
ISO 9001	Quality Management System
ISO 14001	Environmental Management System
ISO 17025	Laboratory Accreditation Certificate by China National Accreditation Service for Conformity Assessment (CNAS)
IETP	ICTI (International Council of Toy Industries) Ethical Toy Program
OHSAS 18001	Occupational Health and Safety Management System
Work Safety Standardisation	Work Safety Standardisation
CMS	
ISO 9001	Quality Management System
ISO 13485	Medical Devices Quality Management System
ISO 14001	Environmental Management System
IATF 16949	Automotive Quality and Management System
ISO 45001	Occupational Health and Safety Management System
SA 8000	Social Accountability
QC 080000	Hazardous Substance Process Management System

Environmental and Safety Standards

TEL Products

Environmental Standards of TEL Products	
RoHS2	Restrictions of Hazardous Substances
Directive 94/62/EC & 2004/12/EC	European Parliament and Council Directive on Packing and Packaging Waste
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
WEEE	Waste Electrical and Electronic Equipment
Energy Star ® eco-label	Certified Energy Saving Products
Blue Angel eco-label	German standards of low-radiation and energy efficiency with benefits to the environment
Safety Standards of TEL Products	
UL 60950	Safety standards for US Market
EN 60950	Safety standards for European countries
CCC	China Compulsory Certification
UL	Underwriters Laboratories

ELPs

Environmental Standards of ELPs	
RoHS2	Restrictions of Hazardous Substances
Directive 94/62/EC & 2004/12/EC	European Parliament and Council Directive on Packing and Packaging Waste
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
WEEE	Waste Electrical and Electronic equipment
CP65	California Proposition 65
Safety Standards of ELPs	
CCC	China Compulsory Certification
ASTM-F963-17	Standard Consumer Safety Specification for Toy Safety
CPSIA	Consumer Product Safety Improvement Act
EN71	European Standard Safety for Toys
ISO 8124	Safety of Toys
CCPSA	Canada Consumer Product Safety Act

CMS

Environmental Standards CMS products	
RoHS2	Restrictions of Hazardous Substances
Directive 94/62/EC & 2004/12/EC	European Parliament and Council Directive on Packing and Packaging Waste
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
WEEE	Waste Electrical and Electronic equipment
Energy Star ® eco-label	Certified Energy Saving Products
CP65	California Proposition 65
Safety Standards of CMS Products	
CCC	China Compulsory Certification
CE	Conformance European
CQC	China Quality Certification
CSA	Canadian Standards Association
ETL	Electrical Testing Laboratories
GS	German Safety
KC	Korea Certification
UL	Underwriters Laboratories
NEMKO	Norges Elektriske Materiell kontroll
PSE/JQA	Product Safety of Electrical Appliance & Materials from Japan Quality Assurance Organisation
MET	Maryland Electrical Testing
UL 60950	Safety standards for US Market
EN 60950	Safety standards for European countries
KTL	Certificate from Korea Testing Laboratory
ENEC	European Norms Electrical Certification
VDE	Verband Deutscher Elektrotechniker
TUV Rheinland	Technischer Überwachungs-Verein Rheinland

VTech Major Subsidiaries

Hong Kong

VTech Telecommunications Limited
VTech Electronics Limited
VTech Communications Limited
Perseus Investments Limited
Valentia Investment Limited
VTech Finance Limited

People's Republic of China

VTech (Dongguan) Telecommunications Limited
VTech (Dongguan) Electronics Limited
VTech (Dongguan) Communications Limited
VTech (Dongguan) Plastic Products Co., Ltd.
VTech (Dongguan) Electronics Industrial Co., Ltd.
VTech (Qingyuan) Plastic & Electronics Co., Ltd.
VTech Electronics Industrial (Shenzhen) Co., Ltd.
VTech Telecommunications (Shenzhen) Limited

Australia

VTech Telecommunications (Australia) Pty Limited
VTech Electronics (Australia) Pty Limited

Canada

VTech Technologies Canada Ltd.

France

VTech Electronics Europe S.A.S.

Germany

VTech Electronics Europe GmbH
VTech IAD GmbH
Snom Technology GmbH

Netherlands

VTech Electronics Europe B.V.

Spain

VTech Electronics Europe, S.L.

United Kingdom

VTech Electronics Europe Plc

United States

VTech Electronics North America, L.L.C.
VTech Communications, Inc.
LeapFrog Enterprises, Inc.

Malaysia

VTech Communications (Malaysia) Sdn. Bhd.
VTech Telecommunications (Malaysia) Sdn. Bhd.

Singapore

VTech Communications Trading (Singapore) Pte. Ltd.

A Chinese translation of the sustainability report is available on www.vtech.com/tc/sustainability.
If there are any discrepancies between the Chinese translation and the English version of this report, the English version shall prevail.
可持續發展報告的中文譯本可於www.vtech.com/tc/sustainability 下載。
本報告之中文譯本與英文本如有任何歧義，概以英文為準。

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