



Sustainability Pillars

Our People



VTech cares for its employees and aims to provide a safe, inclusive and motivating working environment for its people. It also promotes a culture of integrity with human resources management policies in place to foster a caring atmosphere with mutual respect in the workplace.

Highlights

- Implementation of various precautionary measures in workplaces for our people to fight against COVID-19
- Number of participants in staff activities increased by 7.8% compared with FY2020
- Average training hours per employee increased by 16.8% compared with FY2020
- Promoted gender and racial diversity in our workplace



VTech aims to provide a safe, inclusive and motivating workplace for our people, and to foster a caring community and promote a culture of integrity 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 in mainland China are certified with the Occupational Health and Safety Management System (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 safe, inclusive and motivating workplace for our employees, foster a caring community and promote a culture of integrity 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 communication is an important element in achieving effective workplace management system. We encourage employees to voice their opinions through various

Sustainability Pillars



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.

Chinese Calligraphy Workshop

In the era of digital world, the demand for writing is already rare. To regain the fun of handwriting calligraphy and cultivate temperament, we organised a Chinese Calligraphy Workshop. The qualified and experienced instructor guided our colleagues to complete the unique calligraphy work.

Stamp Engraving Workshop

In order to experience traditional handicraft, we provided a Stamp Engraving Workshop where participants were guided by the instructor to make their own stamps. They learned how to use the carving tools and create their own designs of the stamps.

Well-being and Creative Activities

To maintain health and safety in our workplace during COVID-19 pandemic, VTech continues to encourage employees to participate in different sport activities. We sponsored our employees to join the Standard Chartered Hong Kong Marathon 2021. Our colleagues participated in the Sowers Action Challenging 12 Hours Charity Marathon 2021 V-Run. VTech was awarded the “Bronze Sponsor” for the event. VTech also made donation to the “Oxfam Trailwalker – Virtually Together” in support of our employees who had completed the race.

We implement health and wellness schemes through well-planned initiatives and promote a culture of wellness within the company to improve the physical and mental health of employees. In FY2022, we organised a series of activities for Wellness Month, including stretching classes to promote the culture of wellness. We invited a Registered Chinese Medicine Practitioner to give a health talk on Chinese Nutritional Therapy and acupressure massage, sharing tips for staying healthy during the pandemic. We continued to partner with the Hong Kong Society for the Blind in organising the Health Massage Day. The event not only boosted employee wellbeing, but also promoted an inclusive society by inviting the visually-impaired masseurs to provide massage services for our employees.

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 due to the pandemic. Therefore, we organised different festive activities during the special time to develop and maintain the sense of mutual belonging among our employees. An online festive food competition was held during the Chinese New Year. Lantern riddles, gaming and lucky draw events were also held to celebrate the Mid-Autumn Festival, National Day and other festivals.

The number of participants in our staff activities increased by 7.8% compared with FY2020.

VTech Staff Activities 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, a culture of integrity and develop a wide range of training programmes for our employees to instill and reinforce the Group's values of acting lawfully, ethically and responsibly.

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 individuals' knowledge and skills.

In FY2022, we organised a series of interactive workshops on essential skill set including creative problem solving and decision making, impactful presentation and project management. The workshops were delivered by qualified and experienced trainers who introduced a variety of practical tools, such as brainstorming methods that bring solution to business problems, presentation tactics to engage with audiences, as well as techniques to manage project risks and motivate team members. Through exercises, case studies and experience sharing during the workshop, participants were encouraged to apply the skills at work which enhance their performance and productivity. Training programmes in our China office included of promoting moral values and effective communication in the workplace.

To keep abreast with relevant laws and regulations on anti-discrimination, we invited a representative from Equal Opportunity Commission for a talk regarding the latest amendments on the Ordinances, the legal liability of employers and employees as well as ways to prevent discrimination and harassment in the workplace.

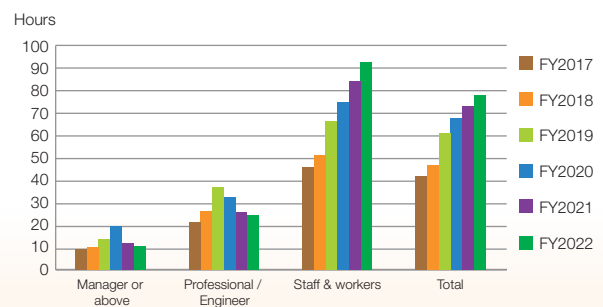
Global eLearning Platform

We have launched various online courses on Microsoft Office on our global eLearning platform, Percipio. The courses cover topics from basic to advance levels. Participants can enjoy the online learning by viewing videos of different modules and completing the test after each module.

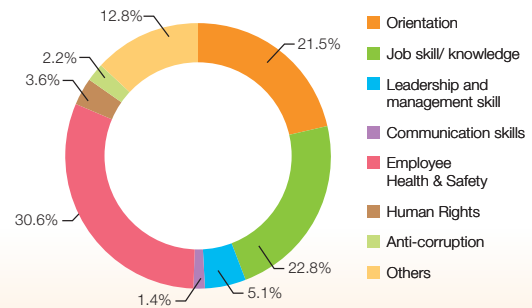
In FY2022, we continued to embrace the benefits of digitalization and launch new online trainings modules covering various topics, including performance management, growth mindset and mental health, so as to enhance staff knowledge and skills. Self-assessment quizzes were also provided for employees after reviewing the online learning materials.

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.

FY2022 Average Training Hours by Grade



FY2022 Training Hours by Type



Sustainability Pillars



Respect of Labour and Human Rights



Adhering to the Ten principles of the UN Global Compact, VTech is committed to respecting the labour and human rights of all our staff, which are clearly stated in our human resources management policies. Our Modern Slavery and Transparency in Supply Chains Statement, established in accordance with the UK Modern Slavery Act 2015, has reaffirmed our stance on upholding human rights across our operations and our determination in eradicating any unethical practices including slavery and human trafficking from our business.

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 are 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 vigilance 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. over 67,000 hours of human-rights-related training were provided to staff during the year. 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.

With our dedicated efforts on promoting diversity and inclusiveness in our workplace, we were awarded the Equal Opportunity Employer Gold Award by Equal Opportunities Commission under the Equal Opportunity Employer Recognition Scheme. We were also the Signatory of The Racial Diversity & Inclusion Charter for Employers, and were recognised as the Mental Health Friendly Supreme Organisation by Department of Health. We also received the Inclusive Organisation Logo under Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme, and were the Signatory of the Good Employer Charter 2020 and awarded as Family-Friendly Good Employer 2020 by Labour Department.

Our US office has developed and implemented policies to build a more diverse and inclusive workplace. During the recruitment process, personal information is redacted from resumes to eliminate unconscious bias. Flexible holiday policies are offered for colleagues to celebrate occasions that are most meaningful to them. Paid volunteer time encourages employees to help in underserved communities. Paid parental leave is inclusive of all family types.

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 41% of our workforce and held 25% 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 sites to better support the working mothers in VTech. 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.

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.

Racial Diversity and Inclusion

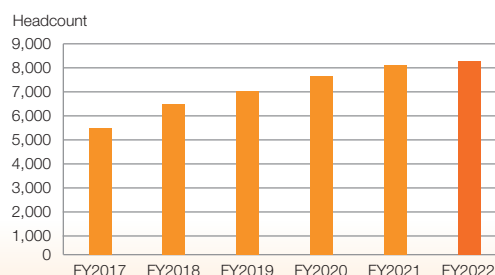
Creating a culture in which colleagues from different backgrounds feel included could result in better staff engagement and retention. A diverse workforce could also bring different viewpoints and perspectives to the company. In FY2022, we launched an online training on Racial Diversity and Inclusion. The training content included an introduction of the ethnic minorities in Hong Kong and a discussion on how to break through racial barriers to create a cultural friendly working environment. Through the training, participants understand how the unconscious bias and micro-behaviours may affect their interpersonal relationships and learn to respect each other's differences. We organised "Tea Time To Learn" and invited foreign team members to share the culture of their country of origin. Through the workshop, staff enjoyed cultural exchanges via two-way dialogues and had a deeper understanding on other nationalities.

VTech is committed to embracing an equal and supportive working environment for our employees. In VTech, 99.8% of our employees have been recruited by the Company with full time employment contracts and 97% of our senior management staff have been hired from the local area of the sites of operation in respective countries for supporting local employment. We also conduct annual performance appraisals with transparent performance evaluation system 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.

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 FY2022, 8,269 staff have worked at VTech for more than five years, increase of 7.9% compared with FY2020. 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



Sustainability Pillars



Environment for Our People



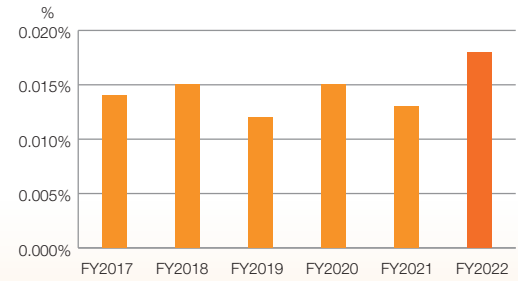
We are committed to not only upholding our responsibilities to put occupational health and safety as our top priority, but also committed to protecting our contractors, customers and the general public against health and safety risks. All our existing VTech assembly and plastic factories are certified with the Occupational Health and Safety Management System (ISO 45001). The system comprises a proactive hazard identification and risk assessment, as well as comprehensive control measures for continual improvement on organisational health and safety. In order to further reduce existing and potential risks in our operations, our EHS teams at all our manufacturing sites have conducted regular health and incident investigations to analyse any potential causes or impacts of workplace hazards, as well as monitored our safety practices among the functional teams.

In order to foster and nurture a positive company culture of health and safety, our EHS teams at manufacturing sites have established a comprehensive and intensive training programme to increase the awareness of workplace safety. This programme includes 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.

Our EHS teams are also responsible for building effective and open two-way communication channels for our staff to report work-related hazards and share constructive feedback so that staff are involved and consulted in the health and safety policy establishment.

The overall average health and safety training hours per employee increased by 20.1% compared with FY2020. In FY2022, our lost hour rate per working hour was 0.018% 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.

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 Measures and Training

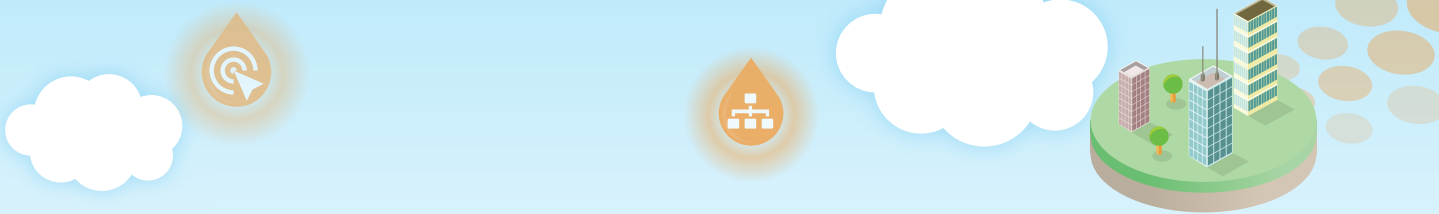
To effectively improve our EHS practices and prevent accidents, the EHS teams review the work-related injuries and investigate the root cause of the incidents. Corrective actions are proposed and implemented by responsible person, and monitored periodically by the EHS teams.

In FY2022, safety measures implemented included installing infrared sensors which shut down the machine if they detect a worker standing too close to the machine. We have implemented EHS safety assessment for newly purchased equipment. New equipment has to pass internal assessments on site safety, equipment safety, occupational safety and health, and environmental pollution. Safety hazards that cause potential harm to our staff, property and processes are identified and mitigated prior to work. To prevent safety incidents, we ensure standard operation procedures are strictly followed, adequate personal protective equipment and specific pre-job training are provided to workers. Warning labels are displayed in appropriate areas visible to workers.

Workers direct involvement is crucial in building a safety culture. Apart from online training programmes provided at our e-learning platform, we closely engaged our employees on health and safety by organising safety campaigns at our site in Malaysia. These included placing safety suggestion boxes at the site to encourage workers to make recommendations improving safety conditions, holding safety short video competitions and exhibitions in which workers took the lead in promoting safety culture to their colleagues with their creative videos and posters. Safety announcements were made frequently via the centralised broadcast system and communication applications, providing the latest safety information.

We invited a Registered Social Worker and Education Officer from The Mental Health Association of Hong Kong to organise a workshop on “Key to Mental Health” to promote mental well-being and create an inclusive and friendly working environment.





Precautionary Measures Against COVID-19

Our employees' health and safety is always our top priority. VTech has adopted various precautionary measures to prevent the outbreak of COVID-19 in the workplaces.

In Hong Kong office, we have continued to adopt flexible working hours and work-from-home arrangement when necessary. We have also monitored body temperatures for visitors and staff who enter the workplace, and encouraged staff to reduce or postpone all non-essential overseas travelling. We have also distributed the COVID-19 rapid antigen test kits to our staff based on their exposure risks.

A comprehensive set of preventive measures and guidelines have been put in place at all VTech factories in China and Malaysia. We have provided health protection and personal hygiene guidelines to our workers, monitored their physical condition while they are working in the factories, and maintained social distance in the canteens and dormitories. We encourage our employees to be vaccinated for better protection.

Work from home arrangement has also been in place for overseas staff during lockdown environment.

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. We have upgraded the recreational facilities at our ELP factory with more basketball courts, badminton courts and performance area for recreational and leisure purposes. In addition, the CMS New Product Introduction Centre designed with CSR ideas was opened in FY2021. It provides staff with a modern style of working environment, including a comfortable pantry for staff to take a rest and enjoy their lunch. In CMS dormitory, we set up a greenery roof to utilise the empty space, which cools the building, and offer enjoyable space for staff to gather during leisure time, plant vegetables and share the harvest with the team.

