

2018

SUSTAINABILITY REPROT



About this report

This report is the fourth sustainability report published by TCL Communication Technology Holdings Limited (“TCL Communication”) and is the third report prepared in accordance with The Stock Exchange of Hong Kong Limited’s “Environmental, Social and Governance Reporting Guide” (ESG) (Appendix 27 of the Main Board Listing Rules, hereinafter “the Guide”).

As the Guide recommends, the report was prepared based on the reporting principles of Materiality, Quantitative, Balance and Consistency as specified in the Guide.

This report gives an overview on how TCL Communication has managed our performance on various sustainability aspects, including stakeholder engagement, sustainability governance, product stewardship and responsibility, employee development and wellbeing, environmental protection and community investment in the 2018 calendar year. Unless otherwise specified, our reporting scope covers all operations of TCL Communication except the fixed line business.

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Message from the CEO



As a world leading provider of communication products manufacturer and internet service, TCL Communication specializes in offering smart products and service with premium user experience. Upholding the corporate mission, which is to create value for customers, provide opportunities for employees, bring benefit to the stakeholders, and shoulder responsibilities to the society, the company has always been proactively fulfilled its social responsibilities while expanding international business.

TCL Communication dedicated itself to build eco-friendly factory, to ensure people social care and development management, guaranty product safety by stringent quality and supply chain management system, as well as emphasize energy saving and environment protection. The company provides a sound working environment with full of potential employees, cares for their growth and long term development. Meanwhile, the company also undertake social service programs to help communities to realize sustainable development.

Cheng WANG

CEO

20 Aug 2019

Message from the GM



As a company that attaches great importance to corporate social responsibility, TCL communication has established an environmental management system, an occupational health and safety management system, and an enterprise social responsibility system, and all passed the certifications. The company has been constantly improving various management systems related to corporate social responsibility and fulfilling our corporate mission of taking responsibility for the society.

TCL Communication is willing to be a promoter of green practice and always looking for improvement on every aspect of social responsibility for our employees, and with our suppliers, customers, and partners. Some special focuses are done on female employee's management and equity.

For years, we have developed a strong plan for workers in global manufacturing center which was to improve their life, not only in working area but also in living environment. Besides, they have more opportunities to contact their family, more possible activities like sport sections to keep good health and so. In order to continue to improve their life and reduce unnecessary turn over, there are several channels of feedback in place.

The control of resources is a key subject for us. For example, we provide training to employees about water consumption. We fully understand that it is our duty to control resources and limit emission and waste.

Every year, we build a new plan which is looking for some key improvements, listening to customer's orientation and request. We also involve our key suppliers by looking into their practices, sharing good experience and following their progress.

All these activities are monitored at top level management inside the company and subjected to many customers' reviews and audits. One of our goals is to spread this spirit inside the company, to all employees.

As this never ends, every year we are looking for improvements, despite fierce competition. It is a long term strategy for TCL Communication and in line with similar objective at TCL Corporation level. We claim to be a responsible player in the industry and everyone in the company will have his contribution to this goal.

Xiaobin Lv

Senior Vice President and GM of Global Manufactory and Quality Center

20 Aug 2019

About TCL Communication

OUR BUSINESS

TCL Communication Technology Holdings Limited, a global mobile terminal manufacturer and internet service provider, was founded on March, 1999. Incorporated in Hong Kong. It provides globally its rich portfolio of product and service under three key brands – TCL, Alcatel and BlackBerry.

In 2018, TCL Communication's total sales volume of handsets and other products reached 33+ million units. According to telecommunication research firm IDC and company data, TCL Communication ranked top 10 among global phone manufacturer in 2018, and ranked #3 in shipment volume in North America & Australia in Q4.

TCL Communication owned a global factory located in Huizhou, and its capacity reaches 120 Million units per year. With possess a world leading SMT production line and MMI automatic testing system, the factory has become one of the largest and efficient single production sites in China, and the powerful, efficient global supply chain system can help to keep its advantages in both quality and cost. Meanwhile, TCL Communication has established a consummate management system, which has certificates of ISO9001, ISO14001, OHSAS18001, SA8000, TL9000 and GSV and meets the requirement of QC080000.

As a contributor to the 3GPP standardization effort, TCL Communication have been engaged actively since early 2015 in the prototyping of 5G technologies to prepare the introduction of our first 5G products in second half of 2019 in-line with the market demand for 5G wireless broadband access in North America and Europe markets.

As one of the representatives of 10 mainstream terminal manufacturers, TCL Communications took the lead in joining "5G Terminal Pioneer Program" which initiated by China Mobile. At the "GTI International Industry Summit 2019" (Global Development Initiative) with the theme of "5G within reach", Charles, The general manager of TCL Communications Global R&D Center, said: TCL will focus on industrial resources, seize 5G opportunities, and assist operator partners in 5G pilot and commercial projects.

OUR STRATEGY

As part of TCL Corporation, we have adopted the Mother Company’s “Double +” strategy, which refers to “Intelligence + Internet” and “Products + Services”. “Intelligence + Internet” refers to introducing smart products that interconnect through networks, resulting in a significant transformation in how we live and work; “Products + Services” refer to enriching users’ lives through devices and smart solutions that connect them.

The company has rapidly advanced the development of applications and services, focusing on mobile internet application, cloud services, third-party payments, tablets, Mobile Broadband (MBB) and wearable devices, and mobile devices to create a unique and smart open ecosystem.

To achieve this goal, TCL Communication relies on various non-financial capital, namely manufactured, human, intellectual, social/relationship and natural capital. Managing such capitals contributes to the long-term success of our “Double +” strategy.

Financial capital	Manufactured capital
<p>Maintaining a healthy financial status ensures undisrupted operation and continuous growth of the company, thus creating values for our customers, employees and stakeholders in the long run.</p>	<p>Our facilities, equipment and incoming materials are assets that generate profit so we work to protect them from climate change-related risks and incidents such as a fire.</p>
Human capital	Intellectual capital
<p>Our products are designed and manufactured by our employees. Innovative talents and skilled labor are essential to competitiveness and the quality of our products. As such, we offer a fair, fulfilling and exciting work environment for everyone. In particular, the safety of our employees is our top priority.</p>	<p>Innovation is a driver of our prosperity. To promote acquisition of new knowledge and innovation, a comprehensive training program is provided to all employees. Our strategy is to offer a platform that allows our employees to show their true colors, we maintain morale and strengthen our connections as a team. Protecting our own intellectual properties is also a priority for us.</p>
Social/relationship capital	Natural capital
<p>To be successful in the global market, we work to build trust and confidence with our customers and suppliers. Quality is only part of our offerings — we insist on distributing safe products with accessible after-sales services. Being a powerful buyer, and acting on behalf of our customers, we make efforts in promoting sustainable and ethical business practices across the supply chain.</p>	<p>TCL Communication is concerned with the sustainability of the environment. A healthy eco-system is fundamental to an enjoyable world, and a market which customers demand technology-enabled lives. Global warming and natural resource scarcity is increasingly a risk to mankind. As such, we are aware of how our products help to shape a low- carbon and resource-conserving economy. Consumption of natural capital is a cost to us.</p>

Sustainability in our blood

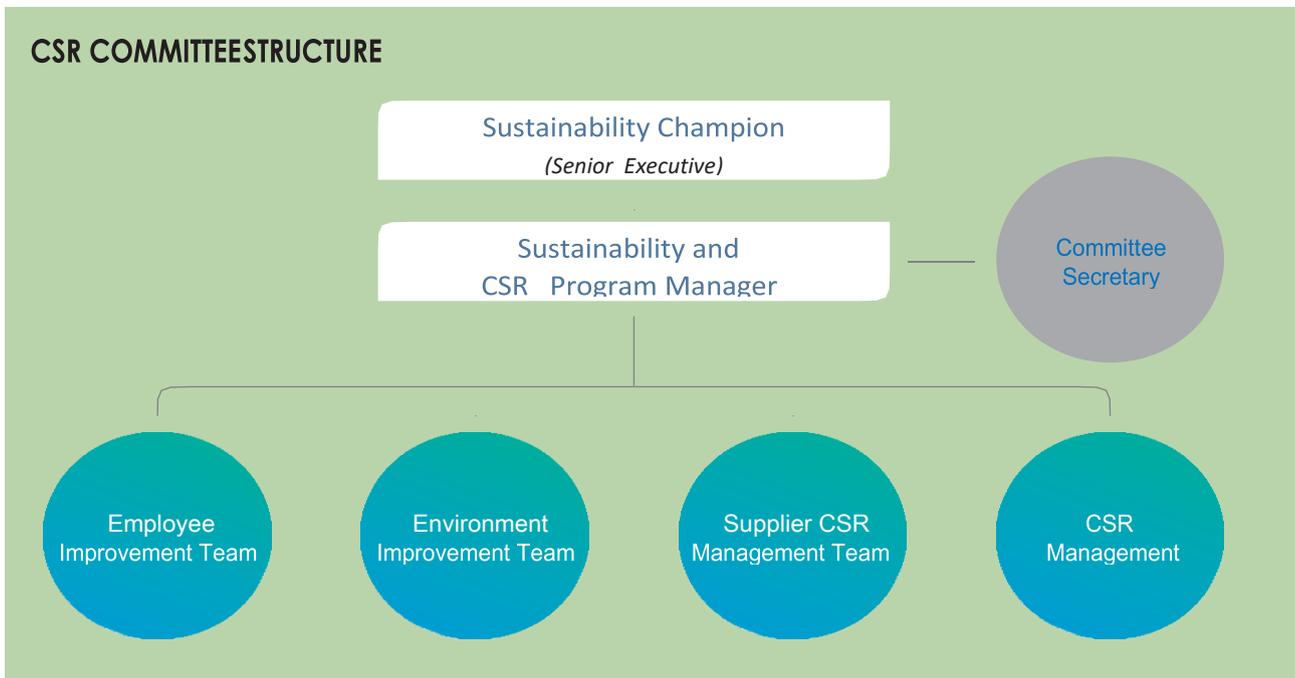
SUSTAINABILITY GOVERNANCE

Given how various forms of capital connect with our business strategy; our Board of Directors takes full responsibility for the formulation of our sustainability strategy and its incorporation into our core business strategy. We also aim to be as transparent as possible on how our strategy is executed so the Board is also responsible for the authenticity of the content of our report. Besides, the top-down approach enables execution of sustainability-related policies, procedures and programs.

Under the leadership of the Board, a Corporate Social Responsibility (CSR) Committee was established in 2015. It is responsible for

- Set the tone of TCL Communication's sustainability commitment
- Formulate the sustainability strategy
- Evaluate the effectiveness of sustainability programs
- Identify sustainability risks and determining the respective internal controls
- Communicate our sustainability performance to key customers
- Oversee the preparation of the sustainability report

The Committee is led by Lv Xiaobin, Senior Vice President of TCL Communication and General Manager of Global Manufacture and Quality Center. There are four sub-teams in the Committee, each of which is led by a senior employee. The four sub-teams are the Employees Team, the Environment Team, the Supply Chain CSR Management Team and the CSR Leadership Team.



CSR Training and Promotion

In order to improve the management level and performance ability of CSR, be better prepare to the CSR in the future, TCL communication CSR executives actively participated in relevant training organized by TCL group which covering The best practice training of CSR in electronic industry, ISO 14064 training, etc.

CSR need all staff be included, and to strength the awareness in company, TCL communication use “Wechat Official Account”, “internal magazine” to publicize our CSR performance and progress, popularize relevant knowledge.



ROBUST MANAGEMENT SYSTEMS

BECHS Management System

TCL Communication utilizes a comprehensive Business Ethics, Environment, Corporate Responsibility, Health and Safety (BECHS) Management System based on recognized third-party certified standards, including ISO9001/TL9000, ISO14001, SA8000 and OHSAS 18001. The system is fully integrated into our blueprint for continuous operational improvement. In 2012, the Supplier Code of Ethics was introduced and our supplier audit program was officially launched. We have passed the TUV audit of new version for all system except OHSAS18001 which planned to transfer to ISO 45001:2018 in 2020.

Achievement in EcoVadis rating

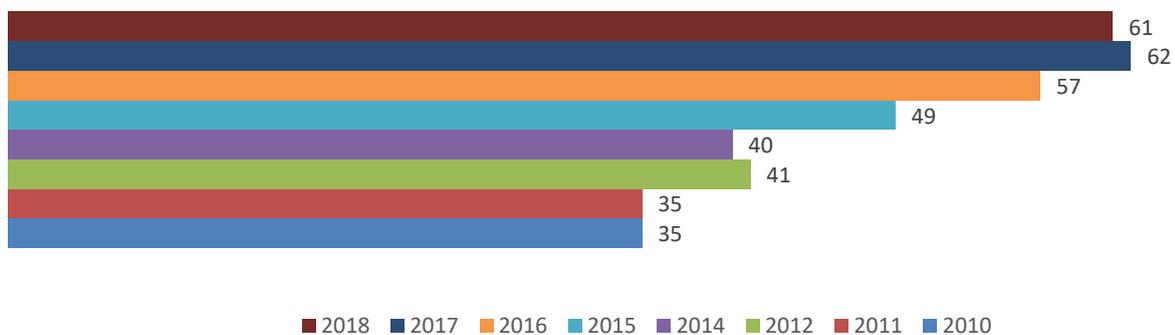
EcoVadis operates the first collaborative platform providing Supplier Sustainability Ratings for global supply chains. As a responsible supplier to major international brands and retail giants, we have participated in the EcoVadis rating program since 2010. The rating reflects our performance on green operations, product stewardship, employment practices, human rights, ethics and sustainable procurement aspects, and also the existence of policies, actions and performance disclosure on these aspects. Such information affects the buying decisions of existing and potential customers.

TCL Communication has been rated based on the supporting documents provided and standpoints published by other rating agencies, NGOs and local authorities.

The latest rating was publicly available in October 2018.

In 2018, our Ecovadis level is **SILVER**

EcoVadis rating of TCL Communication.



Sustainability in our blood

Awarded by JAC joint audit cooperation

GREAT PERFORMANCE IN CORPORATE SOCIAL RESPONSIBILITY



In a spirit of:



Sustainable Development



Social Reputation



Collaboration



Transparency & Timely Closure of improvement

Joint Audit Cooperation (JAC) is an association of telecom operators aiming to verify, assess and develop the Corporate Social Responsibility (CSR) implementation across the manufacturing centers of important multinational suppliers of the Information Communication Technology (ICT) industry. Currently the association encompasses a total of 17 global mainstream Telecom Operators.

PRIORITY AREAS

We are pleased that both our internal and external stakeholders have recognized our sustained effort in addressing environmental, employee, operation, business partner and social needs, particularly in our responsive and proactive approach to sustainability development. There are some key areas in which our stakeholders expect us to further enhance our approach to sustainability:

Key sustainability topic areas	Highlights of Expectations	Our approach
<p>TCL Communication's Sustainability Strategy</p>	<ul style="list-style-type: none"> Stakeholders would like to obtain TCL Communication sustainability information/reports regularly with goals for sustainable development plan 	<p>In this Sustainability Report, we have outlined the relevance of sustainability to our business, and discussed the way to respond to sustainability risks and opportunities ahead. In the future, we will continue to communicate this information regularly on our global website and push e-mails.</p>
<p>Supply Chain Management</p>	<ul style="list-style-type: none"> Be transparent on sustainability performance of TCL Communication's supply chain 	<p>Suppliers' sustainability performance is evaluated through our own new supplier instruction and audit program. We will communicate with our customers to further explore their specific needs to information on our supplier evaluation results. On the other hand, suppliers will be invited to client-organized seminars so that suppliers can learn directly from our clients their expectation to sustainability performance.</p>
<p>Sustainable Product Design</p>	<ul style="list-style-type: none"> Continuous development of sustainable and innovative products 	<p>We will continue to develop product that are more energy efficient and made from recyclable materials.</p>

Sustainability in our blood

Materiality analysis results

A range of environmental, social and governance issues are generated by our business. Materiality assessment is carried out to priorities the significance of each issue according to stakeholders. The materiality assessment is conducted mainly based on the stakeholder engagement survey. The following significant issues have been identified:

The Environment	Employment and Labor Practices
Resource Conservation Waste Management Energy Efficiency Sustainable Products Greenhouse Gas Emissions Water Usage	Labor Standard Health & Safety Staff Care Working Environment Training and Development
Operating Practices	The Community
Product Quality & Safety Product Innovation Intellectual Property Customer Care Customer Privacy Supply Chain Management Conflict Mineral Anti-corruption	Community Investments

In this report, we have identified 20 material issues and thus the disclosure of our management and performance of the sustainability issues will be reported under the relevant chapters.

OUR PRODUCTS



Our products

Our products and services are our vehicles of living out our purpose of enhancing customer experiences and improving their quality of life through technology. We design and build products for an impact — so that everyone can enjoy the benefits of connected devices. Product safety is a pre-requisite to achieve this purpose. Our quality system is well operated to ensure that every product shipped is up to the required safety standards. Recognizing how our products shape the world, such as how they affect our energy consumption patterns and they become hazardous when they reach the end of their lives, we are mindful to limiting the life-cycle environmental footprint of our products. We work to minimize the use of materials, and promote a circular economy that closes the loop.

QUALITY PRODUCTS, SAFE PRODUCTS

Product quality assurance management

Quality is the lifeline for a company, the foundation for long-term development, TCL communication insist on the quality policy “Customer Focus, Best in class product quality, Continuous Improvement”. TCL Communication’s Quality Management System is certified to TL 9000 Standards. TL 9000 is the Quality Management Standard for Information and Communication Technology Sector based on the ISO9001 Standard. In order to response for TCL group “3063” quality strategy program, TCL communication formulate <TCL Communication quality incident management standard>, and set up NPS as one of quality KPI to improve user experience level.

In order to improve quality awareness in whole company, all of our R&D centers involved in the annual monthly quality activities for the first time in 2018, which including QCC contest, quality training, speech about quality. We will continue to further expand the scope and impact of the activity like providing specific training, standardize related process in 2019.



2018 quality activity output



QCC Excellent cases **13**



Quality speech **12**



Quality theme training **1**

Quality control starts at selection of suppliers. A comprehensive supplier selection and assessment process has been developed to ensure the quality of suppliers and their products. All suppliers have acquired ISO9001:2015 quality management system certification. Six-Sigma, MSA, SPC and APQP approaches are also adopted in controlling quality throughout the manufacturing process. An anti-static management system has been implemented. Our principle is “not to produce, deliver and accept defective products”.

We control and manage product reliability across the entire product life-cycle, including the project definition, research and development, production and maintenance stages. Reliability is integrated into the planning of research and development and quality control. By simulating and analyzing product malfunctions, we can identify deficiencies and continuously improve the reliability of relevant standardized modules. Most instrument calibration processes are carried out in our own measuring room or by experienced external measuring institutions. In order to understand and ensure the stability of our instruments, inspections and scientific analysis with MSA tools are conducted regularly.

Safe products

Our products comply with the local safety standards for every market we ship to. This includes CE for Europe, FCC for the US and CCC Mark for China. TCL Communication has rigid limits for the surface temperature of phones and conducts phone surface temperature tests under scenarios such as mobile calling, surfing the Internet, playing videos, running gaming applications, taking photos and charging.

To make sure our products conform to environment requirements, we observe REACH, RoHS and Halogen-Free requirements. Our manufacturing arm carefully monitors incoming raw materials and requires our suppliers to declare their compliance with RoHS Directive and Halogen-Free. Tests are arranged for REACH, RoHS and Halogen-Free compliance of our products with a third party certified by the China National Accreditation Service. In 2018, all products shipped to Europe met the RoHS requirement Directive and REACH Regulations. Certain halogen-containing substances, such as PolyVinyl Chloride (PVC) and Brominated Flame Retardant (BFR), have been known for their potential health risks. Some of our products are free from these substances. Our packaging and any paper manuals are printed with non-petroleum based ink, which is considered to be of lower health and environmental risk when accidentally inhaled or disposed of.

Our products emit radio waves. They are designed and manufactured to comply with the radiofrequency exposure thresholds recommended by the International Commission on Non-Ionising Radiation Protection and by the Council of the European Union.

Our products

PRODUCT ENVIRONMENTAL STEWARDSHIP

Communicating environmental performance of products

As we design and manufacture our products and respective packaging, we aim to minimize their impact on the environment. To us, our products may be impactful as energy is consumed and raw materials are extracted, and harmful substances may be released throughout their life-cycles. The environmental performance of all our products are evaluated through our eco-rating system, which is designed based on customers' requirements, the European regulations and end users' expectations. Common evaluation criteria of these eco-rating systems include selection of raw materials, environmental footprint during the manufacturing stage, and selection of packaging materials, energy efficiency and recyclability. Eco- ratings for all of our products are made available to customers on request.

Energy efficiency of phones

Our products are designed to achieve outstanding energy efficiency. For example, the AC-DC conversion efficiency for our chargers is improved to reduce energy loss. From 2016, chargers which are accessory of our products shipped to EU and NA reached Energy Efficiency Level VI determined by the US Department of Energy. The energy efficiency of our products has also met the California Energy Commission's requirement, where only compliant products can be sold according to the State Law.

Battery design

Unwanted phones impact the natural environment as they are disposed of. Electronic waste often contains toxic substances and shall be treated properly. Therefore, we design to limit the levels of mercury, lead and cadmium in our batteries. They are at safe levels and have met the Battery Directive requirement.

Packaging

TCL Communication is aware of the impact of disposal of packaging, given the quantity of products and the vast number of markets we reach. Our products are mainly packed in a carton commercial-unit (hereinafter 'CU') box, cavity trays made of paper or plastic and plastic bags. Our products are designed to limit the use of packaging materials and promote the use of sustainable materials.

Our CU boxes have been reduced in density while still maintaining the same strength. The weight and volume of the boxes have been reduced up to 16%, which helps to enhance goods transport efficiency.

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¹ According to the latest figure published by the UK Government, the carbon footprint of

In order to reduce the impact of waste packaging material which can be recycled and re-used to minimize the impact on environment, we took a serious measures in 2018:

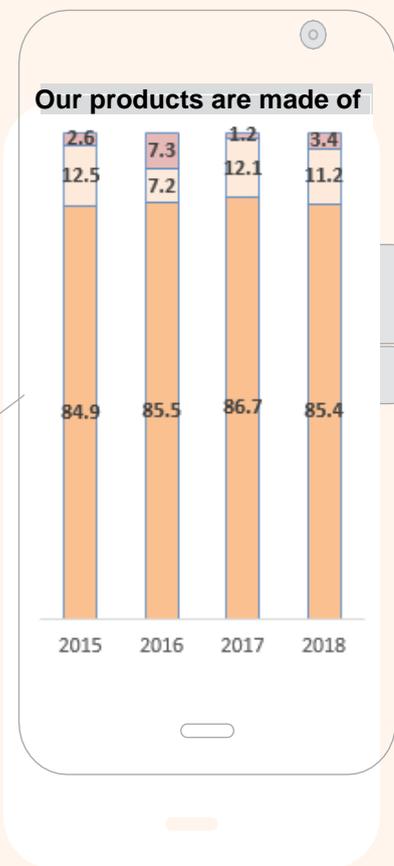
1. Replace the high-quality boxes with ordinary box to reduce the weight of cardboard.
2. Replace plastic with environmental protection paper for wedge.
3. Choose the package material with sustainable resource (for cardboard and paper)
4. Promote supplier to achieve FSC certification.



Our products

Phone recycling

In compliance with the Waste Electrical and Electronic Equipment Directive of the European Union, on average, **85.4%** of the materials used in our products are recyclable



In Europe, TCT delegate the collect, recycling and awareness programs of recycling to public eco-organism which receive our eco-taxes. These organisms are responsible for the collect and recyclability of the products..

In 2018, we focused on WEEE, battery, package eco-tax which contribute for recycling:

WEEE	
Country	Eco-tax (€)
Spain	12,995
Italy	3,654.29
France +Dom Tom	19,643.06
Germany	2,000. 00
Netherlands	1,216.63
Total	39,508.98

Batteries	
Country	Eco-tax (€)
Spain	19,667.32
Italy	6,032.11
France +Dom Tom	11,394,80
Germany	5,382.9
Total	31,082.33

Packaging materials Country	Eco-tax (€)
Spain	44,664.5
France +Dom Tom	12,812.31
Germany	9,321.60
Austria	2,069.36
Total	68,868.77

"1 BATTERY, 1 DONATION, FOR THE TELETHON"

As part of the Battery Directive of the European Commission, TCT delegates the collection of batteries in France to SERELEC. This organization organizes battery collection programs throughout the territory.

Since 2017, TCT actively participates in one of these programs: "1 BATTERY, 1 DONATION, FOR THE TELETHON"

This program combines environmental protection and help in the fight against rare genetic diseases.

TCT employees were enthusiastic about taking part in this action and brought back more than 10 kilos of batteries in 2017.

In 2018, we organized the communication of this program in all the companies close to ours. We have provided these companies with battery collection boxes and posters. In results, 22 kg of batteries collected in 2018.



The pillars of this program:

- ❖ Recyclability: 10kg of batteries collected in 2017, 22kg collected in 2018.
- ❖ Community investment: 22Kg equals to around 5665 euros donated to LE TELETHON
- ❖ Employee involvement.

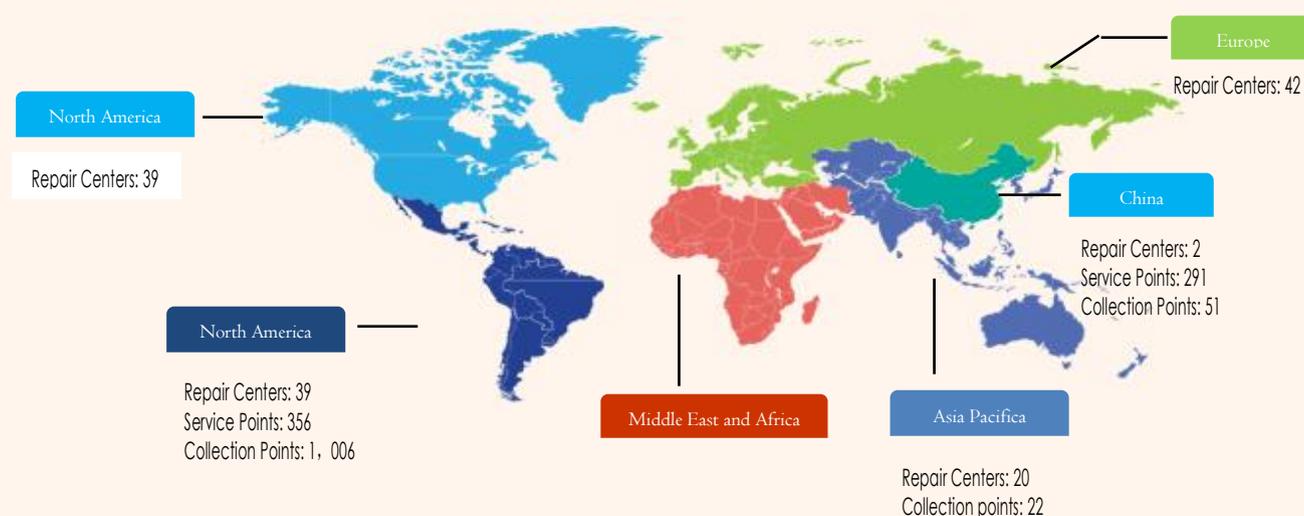
Our products

CUSTOMER CARE

Global product maintenance network

Providing accessible maintenance solutions to customers creates confidence in our products. We make sure all users of our products can access self-help solutions or our global customer care services. Our hotline service is accessible from all over the world and operates with more than 20 languages. We have 125 repair centers globally. Our phones and accessories are guaranteed based on local regulations. Call centers and our global repair center network are available in countries and regions where products are shipped. Where the repair centers are operated by business partners, their performances are monitored closely.

Global Repair Network



Our customer servicing performance indicators are determined based on TL9000 Standards². We are currently exploring opportunities to improve our performance on responding to problem reports on time:

Indicators	Smart Phones			Feature phones			Tablet		
	2018 Target	2018 Actual	Target achieved	2018 Target	2018 Actual	Target achieved	2018 Target	2018 Actual	Target achieved
Number of problem reports – critical	<1.78	0.67	✓	<0.254	1.46	○	<1.78	0.51	✓
Number of problem reports – major	<8.4	3.00	✓	<2.1	2.22	○	<8.4	3.54	✓
Number of problem reports – minor	<5.85	0.78	✓	<2.23	0.98	○	<5.85	2.87	✓
Percentage of major problem reports closed on time	>95.4%	81%	○	>95.6%	86.08%	○	>95.4%	75	○
Percentage of minor problem reports closed on time	>98.3%	100%	✓	>96.9%	100%	✓	>98.3%	100	✓
Percentage of overdue major problem report that were fixed	>85%	39%	○	>78.9%	29.6%	○	>85%	93.2	✓
Percentage of overdue minor problem reports that were fixed	>97.6%	100%	✓	=100%	100%	✓	>97.6%	94	○

² The names of indicators were revised for easier comprehension. They are originally referred as “Number of problem reports (NPR)”, “Fix Response Time (FRT)” and “Overdue Fix Response (OFR)”. For the derivation of the indicators, please refer to www.tl9000.org

Protection of customer privacy

Under many circumstances TCL Communication or Alcatel collects customers’ personal information. When customers create an account on our website or purchase our products online, the information including name, contact details, payment card information and identification document numbers is collected. Customer information may be shared with a third party if the use of personal information is necessary for provision of services to customers. Customer data, such as photos and contacts, can be stored on our server when they use our cloud service. TCL Communication employs technical and organization security measures to prevent personal information from loss and unauthorized access, copying, use, modification or disclosure. Customer information is protected during transmission by Secure Sockets Layer software, which encrypts information customer input. A team is dedicated to keeping customer information secure and testing for vulnerabilities. When a customer account is deleted, the respective personal information will also be permanently deleted. For details, please refer to our Privacy Policy available on our website.

As part of our commitment to protecting customer privacy, TCL Communication is implementing an Information Security Management System which is anticipated to be certified to ISO/IEC 27001:2013 standard by the end of 2019. Our focus of the vulnerability management is one of our focuses in managing information security. We are conscious in protecting the private information from cyber-attacks. On the other hand, Terminal Information Security is what we put emphasize on for product development. We invest in device security, security data management, notification on security related incidents and non-technical security. Due to very dynamic environment, new trends and technologies, TCL Communication is committed to respond proactively to these new changes of information security and customer privacy, and follow trends and developments in the security on the market.

Organization and System: In 2018, TCL Communication established information security organization structure and process system for customer and all our employees based on the requirements of GDPR regulations. Which will comprehensively improve the safety and privacy protection level of product, greatly reduce compliance risk and enhance brand confidence.



Training: In order to improve the information security awareness of our staff and professional knowledge or skills of relevant personnel, we launched on-line training about information security awareness covering all staffs and invite external professional institution to give GDPR training.



DO YOU KNOW ?

WHAT ARE PRIVATE DATA?

- The principles of data protection should apply to any information concerning an identified or identifiable natural person.
- The direct and indirect data are under the scope of the GDPR regulation.
- The GDPR is not only about USER’s data, it’s also included the management of the personal data of employees and professional contacts. Including the collect, reception, record, organization, conservation, adaptation, modification, extraction, consultation, communication, publishing, transfer, encryption, destruction of the data.

OUR SUPPLY CHAIN



Our supply chain

TCL Communication is committed to promoting responsible operation of the global electronics supply chain with our influence as a buyer. Integrating our sustainability standards into our procurement practices also helps us to preserve our reputation. We do our best to ensure our suppliers meet desirable environmental and social standards, and to link supplier's sustainability performance with their business and support. As of 31 December 2018, we had 344 tier 1 suppliers that supply raw materials or parts for our manufactured goods. 89% of these suppliers are based in Greater China. The rest are based in Korea, Japan, North America and Europe. Our supply chain, like any other electronics consumer goods manufacturer, is complex and has many tiers. Our supplier audit program focuses on enhancing the environmental and social performance of our tier 1 suppliers, and indirectly drives responsible behavior of their suppliers.

SUPPLIER MANAGEMENT STRATEGY

TCL Communication use "Survive of the Fittest" rule to management supplier by conduct periodic performance evaluation. Identify key suppliers and sign strategy contract and service agreement with them, conduct QBR with key suppliers regularly to assess the changes of their strategic direction and willingness to cooperate, financial risks, industry status, cost structure or industry price level, continuous cost optimization capability, capacity and supply capability, R&D capability and quality assurance capability. Which reduce our supplier chain risk.

SUPPLIER AUDIT PROGRAM

Requirement to suppliers

Meeting international recognized environmental and social responsibility standards is fundamental to selection of suppliers. Suppliers are required to follow the Responsible Business Alliance (RBA, previous named EICC) Code of Conduct, and comply with application laws and regulations. Our audit program reviews eight performance aspects of our suppliers, including labor rights, health and safety, environment, business ethics, supply chain security, conflict minerals, greenhouse gas emissions and overall management systems. The supply chain management team has the right to veto engagement of a particular supplier if its sustainability performance is not up to the desired standard or violate the red line like child labor both in new supplier authorized and AVL supplier regular audit process. We do our part to ensure our supply chain meets the respective supplier codes of a number of our key customers, who are also committed to creating an ethical supply chain.

All our suppliers are also required to sign our <Corporate Social Responsibility Notice>, <Environmental Declaration of Conformity> including RoHS, REACH, ozone depletion substance declaration, <conflict mineral statement>, Declaration of Compliance of Packaging Directives when they are instructed as our AVL supplier.

Declaration document	Supplier declares to
Corporate Social Responsibility agreement	<ul style="list-style-type: none"> • Comply with labor, occupational health and safety, and environmental regulations • Avoid the use of child and forced labor • Provide reasonable remuneration, promotion, dismissal and retirement arrangements • Limit working hours to the statutory level and arrange rest days. All overtime work must be performed on a voluntary basis • Secure freedom of association and right to collective bargaining • Maintain safety in the workplace and dormitories • Not engage in corruption • Regularly evaluate if they are compliant with the above requirements
Environmental Declaration of Conformity	<ul style="list-style-type: none"> • Deliver products where all material are compliant with requirements stated in RoHS Directive (2011/65/EU, 2002/95/EC) • Deliver packaging materials that are compliant with the requirement set out in the Packaging Directive (94/62/EC) • Deliver battery products that are compliant with the requirement set out in the Battery Directive (2006/66/EC)
Conflict Mineral Statement	<ul style="list-style-type: none"> • Prohibit to use of conflict minerals
Security Agreement	<ul style="list-style-type: none"> • Agree to follow the security arrangements of TCL Communication's operational sites during visits

Supplier sustainability risk management process

Our supplier audit program is led by the Quality Management Systems Department, which also initiates and performs on-site audits. The Global Sourcing team and the Supplier Quality Assurance Department are also involved in the annual audit planning, where the latter supports on-site audits and focuses on coordinating corrective actions.

Following the Responsible Business Alliance (RBA, previous named EICC) audit practices, all new suppliers are required to complete a self-assessment form on their sustainability performance with supporting documents. TCL Communication will set up audit plan by yearly based on trade volume, manufacture process which related to high EHS and CSR risk and audit result in past years.

Audit activities include but are not limited to management interviews, staff interviews, documentation review, on-site inspection and conclusion meetings. Suppliers who are not compliant with our requirements shall submit corrective action plans.

As part of the auditing activity, to help our suppliers to improve their sustainability performance, TCL Communication provides guidance on root cause analysis, devising corrective and preventive actions for suppliers. In addition, we offer training programs to suppliers on our sustainability requirements.

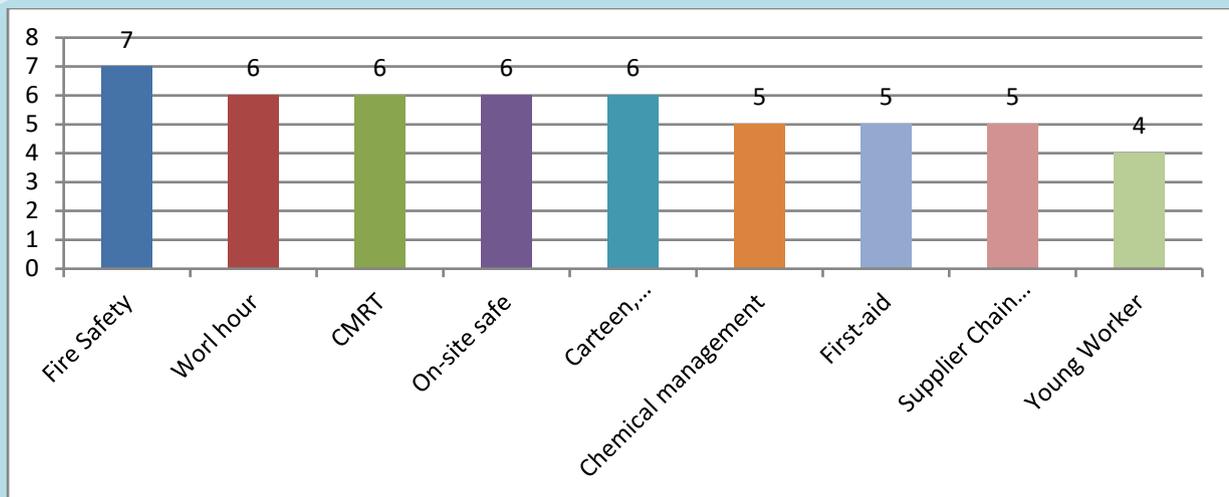
Our supply chain

From 2012 to 2018, we totally conducted 102 on-site audit covering 98 suppliers, and in 2018 we implemented 8 on-site audits. And there a supplier got 85.11 after years' improvement which with only 65.75 in last audit.

Supplier audit in 2018

Finished 8 suppliers CSR audit, average score is 84.61. 148 findings with 77.8% close rate in end of 2018. All red light findings are closed.

Top 10 findings for 8 suppliers



Conduct code for relevant personnel

In order to ensure the company's sustainable and healthy development, clear development obstacles, resolutely oppose corruption, resolutely rectify the business management activities in violation of business ethics and market rules and the impact of fair competition in unfair transactions, In 2017, we signed the integrity agreement with our stakeholders, which clearly regulated the conduct code during business activities, violating which may lead to fine or even terminate cooperation. And to strengthen the self-discipline awareness and business personnel, cultivate good professional ethic and behavior, we announced <Code of Conduct of Sourcing and Business Personal> in 2018. Which including code for Position Authority, Bribery, Giving & Received Gift, Business Entertainment, and any misconduct, malpractice, or irregularities can be reported to official email tct.ia@.com.

CONFLICT MINERALS

TCL Communication has procedure to reasonably assure product produced by them shall not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo (DRC) or adjoining countries (Republic of the Congo, South Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, and Central African Republic). These mineral including but not limited to: Tantalum (Ta), Tin (Sn), Gold (Au), Tungsten (W). Our conflict mineral statement, updated and signed in 2018, is available on TCL Communication and Alcatel's official website.

112 suppliers provide or update their conflict mineral reports with the latest version and qualified by our quality team in 2018. 70% suppliers have endorsed our Conflict Mineral Statement.

GROWING WITH SUPPLIERS

As we identify any sustainability risks of our suppliers and call for corrective actions, our approach is to collaborate with suppliers to explore solutions, instead of requesting change without guidance. Suppliers are also our technical partners, who help us to realize implementation of new technologies. Meetings with suppliers are held every month to maintain a smooth dialogue and facilitate mutual inspiration.

GREEN OPERATION

Our operational sites

Our global factory, which has a capacity of 120 million units per year, is located in Huizhou, China. The factory is one of the largest of its kind in China. We have our own R&D centers located around the world. We are responsible for managing our environmental footprint during our production process, and for the health and safety of the more than 6,200 employees who work at our sites.

ENVIRONMENTAL PROTECTION

The major activity of our Global Manufacturing Centre (GMC) is assembling electronic products. Electricity is our major source of energy. Waste generated is mostly non-hazardous by quantity. Air pollutants and sewage are emitted at a non-significant level. We observe and comply with the applicable environmental regulations of China. In 2018, we were not subject to any fines due to violation of environmental regulations.

Conserving resources



TTCL Communication has made investments to enhance energy efficiency. We installed all LED light fixtures at Shenzhen Xili Buildings. LED light fixtures operate at low wattage with high efficiency and a long lifetime. Assuming a daily use of 12 hours, the LED lights can achieve annual energy savings of over 280 MWh. We have also adopted a solar-powered hot water system for dormitories at GMC. Almost 50% of the energy consumed for dormitory water heating can be saved. Quantity of transformers is decreased from 8 to 5 which saved 4800KVA per month.



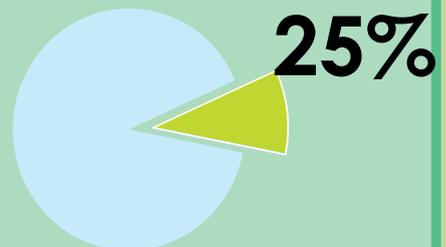
Lighting and air-conditioning ZONES are designated in our offices. Each department has its own switches to control lights and ventilation in working areas, and is responsible for turning them off when they are not in use. We emphasise the responsibility of meeting room users and facility managers to switch off unused lights and air-conditioning.

The room temperature

is fixed at **26°**



Wastewater as a by-product of drinking water purification used to be discharged through municipal sewerage. Such wastewater accounted for around 25% of the total incoming municipal water.



Using water-saving toilets. Reducing the water pressure and water output of hand washing faucet

Our operational sites

Green House Gas Emission (tons CO₂-e)³	2018
Scope 1 (Direct emissions from company vehicles, refrigerants and labor activities)	2,610.89
Scope 2 (Indirect emissions associated with purchased electricity)	32,455.60
Total (Scope 1 and scope 2 only)	35,065.49
Carbon footprint per product shipped (kg CO ₂ -e/item)	0.003

Energy consumption⁴	2018
Direct consumption of unleaded petrol (L)	43,977
Direct consumption of diesel (L) ⁵	168,243
Direct consumption of natural gas at canteen of GMC (m ³)	134,601
Direct electricity consumption (MWh)	35,553.94
Total energy consumption (MWh)	37,457.73
Energy consumption per product shipped (kWh/item)	3.269

Water consumption (m³)⁶	2018
Water consumed at GMC	158,643
Water consumed at other operational sites	79,837
Total water consumption	238,470

Waste management

Hazardous waste is property stored at a designated storage facility far from our operational site. A qualified third party, Huizhou TCL Environmental Technology Limited, collects and treats the waste twice per month. All hazardous waste shipping records are available to the government and the general public. Where cleaning agents are strongly acidic, open-mouth plastic buckets which were used for liquid storage have been replaced by acid-proof buckets with the volume doubled. This has enhanced the safety of waste liquid treatment.

TCL Communication implements cleaner production, adopt clean energy, and apply advanced technology and equipment to improve the level of production monitoring, simplify production process, improve material conversion rate and yield, reduce and replace the use of toxic and harmful substances, reduce the production of toxic and harmful substances

The majority of the non-hazardous waste generated from the Global Manufacturing Centre is unwanted packaging which consists of paper and plastics. All unwanted carton boxes are sent for recycling. Plastic waste is segregated. Plastic materials that are of market value will be sold to recyclers, and the rest is transferred to waste transfer stations.

Our canteen at Huizhou Global Manufacturing Centre generates 500kg food waste per day. This food waste is delivered to chicken farms for chicken-feeding by a qualified third party. TCL Communication has tracked the destinations of the food waste and confirmed that all of it is used as swine feed instead of for illegal purposes.

³ The boundary of the carbon footprint figure stated covers our operations in China and Europe. Product shipped refers to all types of products except products for fixed line.

⁴ Unless otherwise specified, the boundary of the energy consumption figure stated covers our operations in China and Europe. Product shipped refers to all types of products except products for fixed line.

⁵ Please note that this figure includes direct consumption of diesel by our operations in China only.

⁶ The boundary of the water consumption figure stated covers our operations in China only.

Waste	2018
Quantity of hazardous waste disposed (tons)	19.95
Quantity of non-hazardous waste sold for recycling (tons) (GMC only)	
Paper (tons)	1,366
Plastics (tons)	372.88
Ferrous metal (tons)	46.35
Non-ferrous metal (tons)	1.2
Electric wires (kg)	90.9

HEALTH AND SAFETY

The safety of employees and security of our assets are our priorities. In our testing laboratories, we have testing procedures to protect our employees against extreme temperatures and acidity, inhalation of particulates and mechanical injuries.



Our production lines are equipped with foot cushions to relieve the pain from standing for too long. Benches have also been installed so that workers on the production lines can take a break.

We provide our employees with clean restrooms and access to drinking water. Our dormitories are kept hygienic and safe to live in. Medical support by qualified medical specialists is available on-site.

Our operational sites

Our employees are required to observe and follow our safety requirements at work, wear appropriate personal protective equipment and require their peers to do so. All employees are granted the right to call for suspension of operation, or refuse to work due to health and safety concerns. Training is essential to help employees identify and mitigate health and safety hazards at work and respond to and help others in an emergency. Safety training is provided to employees at different ranks, including new recruits, those performing special duties, team leaders, safety professionals and middle management and above. Specific safety training is provided to employees assigned to new duties or returning from a long-term absence. Apart from formal training, we have organized safety awareness activities for employees throughout the year. Drills are arranged for cases of fire, chemical leakage, nitrogen leakage, gas leakage, elevator problems, natural hazards and food poisoning.

For mental health support, we have implemented an Employee Assistance Program since 2014. Mental health talks and an employee support hotline are arranged in collaboration with an external party. Part-time counselors are employed in our GMC. Psychological talks and assessments are delivered to new recruits.

Safety indicators ⁷	2018	2017	2016
Number of casualties	0	0	0
Lost Time Injury Frequency Rate ⁸	0.09	0.50	0.46
Lost Time Rate ⁹	2.25	23.3	19.0

Health Examination

We arranged free health examination for employees in 2018, and have different examination programs specially designed for male and female so as to achieve better effect. For those in need, they can also choose to pay to have certain programs. For example, we have different programs for married and unmarried women for them to choose.



⁷ The indicator stated covers our operations in China and Europe (95% of the total workforce). We are expanding our reporting boundary of safety indicators to cover all operations.

⁸ Lost Time Injury Frequency Rate = (Number of lost time injuries x 1,000,000)/(Total hours worked in the accounting period)

⁹ Lost Time Rate = (Number of lost hours due to injuries x 1,000,000)/(Total hours worked in the accounting period)

OUR PEOPLE

Our people

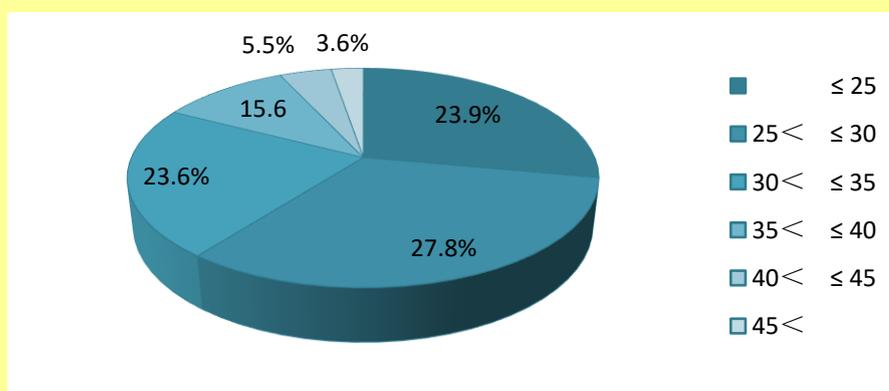
TCL Communication is grateful to the more than 6,200 employees who have devoted themselves to our vision as a creative and respectable business. As their employer, we are committed to our responsibility for the prosperity of over 6,200 families. This includes not only offering employees fair wages and benefits, but also enriching their lives through training and leisure activities, and keeping them safe at work. Providing a desirable working environment is also a key part of our strategy.

Number of employees of TCL Communication

Retaining our talented and skilled employees is how we maintain an energetic team that drives innovation and produces high quality products.

	As of December 31	
	2018	2017
Total	6,215	6,805
Breakdown by gender		
Male	2,545	2,838
Female	3,670	3,907
Breakdown by grade		
Management grade	438	478
Professional grade	3,089	3,532
Operational grade	2,688	2,795
Temporary staff	0	0

Age distribution of TCL Communication employees¹¹



¹⁰ Figures reported exclude number of employees based in North America. The number of employees based in North America is around 1–2% of our total workforce.

¹¹ Figures reported exclude the APAC team, which accounts for less than 1% of the total workforce.

DESIRABLE WORKING CONDITIONS

TCL Communication protects the rights of employees, and offers a desirable living and working environment. We strictly follow local labour regulations where we operate, and follow international labour standards. Our requirement to upholding labour rights extends to our suppliers. Our Employment Management Procedures ensure the company will not employ any persons who are aged below 16. Should any child labor be identified, it is our policy to terminate employment, and offer support to his or her education, until he or she reaches 16 years old. For employees who are aged between 18 and 16 years, we limit their working hours to 8 hours per day. They are forbidden from working at night, and cannot take duties with considerable safety risks. To make sure our employees all reach the lawful age, we have strict age verification process. Despite the interviewer's interview and ID card check, we also have an interview system which can read the ID number and tell if he reached the regulated age or not. If not, his information cannot enter our personal system and he won't be employed.

Our company does not engage in or support the employment of any persons who are forced to work due to debt bondage or exploitative contracts. Any labor who are victims of human trafficking are not engaged. Collection of deposits or confiscation of identity documents from employees is not allowed. Our employees are in a transparent contract relationship with us on a fair and voluntary basis.

Our employment management policy is regularly reviewed, in order to ensure it follows the latest international labour standards, and meet the expectations of our customers and other stakeholders. Besides, suggested by our customers, to support the United Nation's He For She program, which aims to realize gender equality, we added this requirement in our supplier audit to deliver the gender equality propose to our suppliers.

Our Attendance, Mobility, Leave and Overtime-work Management Procedures ensure our compliance with the applicable local regulations on working hours and rest periods. Our employees, regardless of job nature, work 8 hours a day and 40 hours a week. Overtime work is performed on a voluntary basis, and is restricted to 3 hours a day, 12 hours a week and 36 hours a month. Payment for overtime work is offered following regulatory requirement. Upon fair negotiation between the union and the company, working hours can be modified for a short period of time. Based on applicable labour regulations, all employees are entitled to enjoy statutory, annual, maternity/paternity, sick and other compassionate leave. A one-day break is mandatory after working for six consecutive days.

Our wage level meets the local minimum wage requirements and follows the market rate. Remuneration for employees is composed of base salary, performance bonus, skill bonus and disciplinary bonus. Remuneration for employees at the same rank may differ due to their performance. Other benefits include social, medical and business travel insurance, housing funds and various subsidies.

Protecting the health and safety of our employees at work and in our dormitories is our priority. We identify safety hazards, offer protective equipment and have established an emergency response mechanism. Please refer to the chapter of "Health and Safety" for details.

We strictly conform to all laws and regulations regarding protection to women. For example, we offer one-hour lactation leave every day, and a maternity leave for at least 178 days as the Guangdong regulations require. Gynaecological examination is arranged for married female workers. Women's health consultants visit the GMC once every two months and health information is delivered to female workers during their lactation period. A nutrition care program has been arranged for pregnant workers as well. Chairs are provided to pregnant workers on the production line.

Our people

RESPECTING LABOUR DIGNITY

TCL Communication does not engage in or support harassment, abuse and discrimination in hiring, remuneration, access to training, promotion, termination, or retirement based on race, national or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age or any other condition that could give rise to discrimination. We do not interfere with the exercise of a person's right to observe tenets or practices, or to meet needs relating to race, social origin and religion. Employees reserve the right to report these cases anonymously to the workers' representative, who will in turn report to management.

"Magic Girl" Hui Yao



Hui Yao, administrator in TCL GMQC warehouse management department who joined the team in 2014. After 4 years, she became a skilled master. In 2017, she attend company skill contest named "Skills Bright Sword, Who and Competition" and won a silver and bronze medal, what's more, she was the only female worker who won the prize in this project. She can not only guide the team to carry and load carefully, but also check the product quickly. Meanwhile, she likes sports, be good at cooking, achieved her wonderful life and excellent work with her tenacity and delicacy.

BUILDING THE TCL COMMUNICATION FAMILY

We want our employees to feel like they are part of a family. Open dialogue is the foundation of building the TCL Communication family. Management and workers maintain a dialogue through regular meet-ups, suggestion box submissions, WeChat and internal broadcasting, policy consulting day.

We excel to safeguard our employees' freedom of expression and association. The GMC Union was set up to represent and protect the benefits of employees. Any employees, regardless of race, gender, rank, religion and level of education can apply as a member of the Union. On the other hand, employees reserve the right to vote for employee representatives, under support of the Union.

The Care Fund has been established to financially support TCL Communication employees and their kin in any unfortunate events such as serious illness and injury. We treat our employee as our family, our companion, and 9,000RMB was issued to 3 families in need and 61,478RMB from our factory in 2018

Sports are promoted among our employees. TCL Communication has organized soccer, basketball and badminton tournaments. These are big events for our employees and our senior management presented in the award presentation ceremony. We sponsor employee sports interest groups which organize other sporting events. Gifts are given for celebrating festivals, such as the Lunar New Year, Mid-Autumn Festival, Dragon Boat Festival, Women’s Day and Children’s Day, to express our appreciation and care to employees. To celebrate Children’s Day, employees’ family members are invited to take part in the games day organized at our sites. This also presents an opportunity for our employees’ children to see their parents’ work. Gifts are also given for birthdays, marriages and births. We held the town hall meeting in 2018, during which the top director will present our company’s current situation, future development, managers of different departments shared their work, what they have learned, and future plan. The meeting ended up with a question and answer session for employees.



Rich and colorful culture activities



Our people

In our major operational sites in China, nursing facilities, yoga rooms, gym rooms, showers and libraries have been set up for our employees. We are committed to providing a desirable living environment to our residential workers as well. We have facilities such as gyms, snooker rooms, TV rooms, dancing rooms and Wi-Fi in our dormitories.

Annual turnover rate



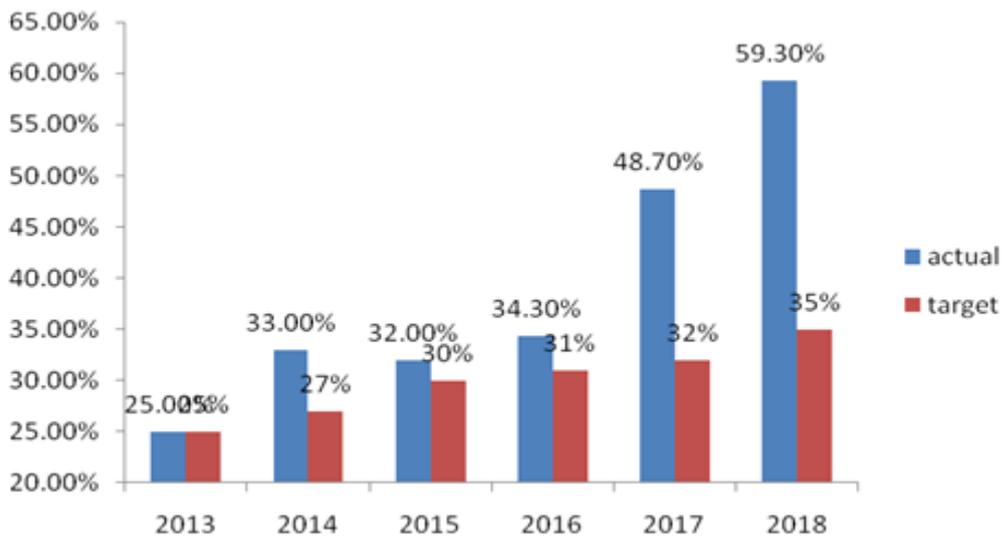
Annual turnover rate for non-manufacturing employees in 2018

	Monthly turnover rate
Overall	11.41%
Breakdown by gender	
Male	8.3%
Female	3.11%
Breakdown by age	
≤25	5.95%
26–30	3.15%
31–35	1.44%
36–40	0.56%
41–45	0.22%
≥46	0.22%

Average monthly turnover rate for manufacturing employees in 2018

The satisfaction

of employees based in our Global Manufacturing Centre



TRAINING AND DEVELOPMENT

The ‘Eagle Training Series’ is a set of training programs designed to develop leadership skills and nurture core managers for TCL Communication. Apart from leadership skills, we implement qualification training programs, technical training programs and on-the-job training programs for our professional grade employees at respective business units. Certain internal qualification is required for promotion and Qualification Training is designed to help our employees to acquire advanced job skills as a prerequisite for promotion. Technical training programs are initiated by business units in the form of sharing of professional experience. On-the-job training helps familiarize new hires with the procedures and skills of specific duties, and identify safety hazards at work. An online learning platform has been created to provide courses addressing fundamental occupational skills for all types of employees.

Online and face-to-face orientation training is provided to all new hires to enhance their understanding of the company and TCL culture.

2018 Average training hours per employee¹²

Overall **32_H**



¹² The boundary of the average training hours per employee stated covers our operations in China and Europe only.



Our people

“Eagle” Training and Development series

The “Eagle” Training and Development series is designed for employees who perform management roles in the company. The series incubates the leadership and management skills of our current and future managers. Eagles are the kings of the sky. Through the Eagle series, we hope our managers can become high-flyers in the industry.

Employee rank	Training program	Training focus
Mid-level management	Elite Eagles Program/Soaring Leadership Program/Mighty Eagle Program	Enhancing the strategic mindset and nurturing business acumen. The training curriculum lasts for 18–24 months.
Mid-level management	Flying Eagles Program/HeroPlus Leadership Program	Enhancing leadership skills and business management skills through lectures and workshops. The training curriculum lasts for over a year.
Frontline managers and new managers	To be Idol/Take-off Project/ Young Potential Project	Enhancing leadership skills and other capabilities as a manager in 6–12 months.
Newly recruited degree holders	Rookie Eagles Program	One-year on-the-job incubation program which includes boot camps and mentorship. The program has nurtured more than 1,500 new graduates from 2011–2016.

“Sea Eagle” given me opportunity and challenger to fly

“Sea Eagle” training is one of series in TCL “Eagle” training program, which is aim to create an oversea talent echelon for TCL and help TCL to train global business layout.

Hao Chen, who comes from quality department, is also one of the trainees in the third “Sea Eagle” training in TCL group and the only qualified trainee got the chance to go oversea from TCL Communication. During the training, he not only broadened his knowledge, but also got a comprehensive understanding of the industrial layout of TCL. After the training, he was arranged to the third-party factory to act as on-site technical support in Dallas, USA. With optimistic personality and rich work experience, he quickly adapted to the life and work in oversea.



“Accountability” Training

In order to make the sense of accountability "Being the Master" truly convey to every employee and play the role of gear driving, TCL Communication CEO Kevin introduced the concept of "Accountability Spirit" and "Accountability Management Model" at the staff communication meeting. In December 2018, TCL Communication "Accountable Classroom" was launched in all sites. In 2019, we will carry out a series of "Accountable" thematic activities: the Star of Accountability, Accountability knowledge contest, opinion working mechanism, etc. to further enhance the efficiency of organizational collaboration and decision-making.

UPHOLDING OUR VALUES

TCL Communication observes the Code of Ethics of TCL Corporation. We do not tolerate any employee abusing the powers attached to his or her office for any personal gain by either accepting or soliciting interests from others in the form of gifts of all kinds, kickbacks, stock, stock options and other forms of benefits. Any offender shall be removed from office and dismissed with immediate effect. Unpaid bonus and unreleased long-term incentives shall be withdrawn and cancelled forthwith. An interests illegally obtained shall be recovered to TCL Communication.

Everyone is encouraged to report any activities conducted by our employees that violate our Code of Conduct by sending emails to tct.ia@tcl.com. The TCL Communication's Internal Audit Team, in collaboration with representatives of the TCL Corporation, shall launch an investigation any reported case. We joined the Sun Alliance Organization together with TCL Group, and took part in group's training.

To cultivate good professional ethics and behaviors, secure the company's sustainable development, and correct unjustifiable actions against business ethics and market rules, aligned with TCL corporate values, TCL communication released <Code of Conduct of Sourcing and Business Personnel> which covered Position Authority, Bribery, Giving & Received Gifts, Business Entertainment.

We are a business that values creativity and believe that respect for intellectual property rights promotes healthy market competition and innovation. On one hand we protect our own intellectual property rights, on the other we observe other companies' patents, and avoid infringing on their intellectual property rights, intentionally or unintentionally. A patent management system and patent reward scheme has been established. Inventions of any employees of TCL Communication will be registered as an intellectual property of the company, and in turn we reward our employees for their contribution. As of December 31, 2018, over 2,800 patents were granted in China and 220 overseas patents were granted in other regions.

In 2018, there were no legal cases regarding corrupt practices brought against TCL Communication or our employees

Community outreach



Since 2017, TCT started a partnership with the French charity association "Pour La Vie" which realizes the dreams of children suffering with Duchenne Muscular Dystrophy, an incurable disease. In June 2017, the company donated more than 6,000 fresh products from its stock (smartphones, basic mobile phones, connectivity devices) to the association. A specific action 100% sponsored by TCT is planned for 2018.

In June 2018, Leo forgot the wheelchair, medication, illness...for a week, he was just a child like any other. Just a football fan with sparkles in the eyes !



On April 2018, we have been honored to receive at our France office, some of our children who have realized their dreams in 2017 thanks to the partnership between POUR LA VIE and TCL.



Do you know?

Duchenne muscular dystrophy (DMD) is a genetic disorder characterize by progressive muscle degeneration and weakness. It is one of nine types of muscular dystrophy.

“We found the association POUR LA VIE with the aim to offer to the children with DMD dreams and hope, and thus the mental strength to fight against this still incurable disease.

--- Pascal Laurie, POUR LA VIE co-founder.



In December 2018, TCT employees were invited to participate in the contest for “Le rire Medecin”. In addition shine the eyes of sick children, this initiative brought smile (and red noses) in TCT employees’ face and share some fun in our teams.

The pillar of this program:

- ❖ Community investment: 2500 euros
- ❖ Enjoy. Now
- ❖ Promotion of the association & the brand
- ❖ Employees’ involvement.



2.1k

Likes received



306

Comments received



200

Pictures sent



Volunteer Activities from TCL Mobile

There’s a Volunteer Association which is under the Trade Union of TCL Mobile Communication Limited. Till 2018, it’s composed of 73 employees from different departments, positions who are enthusiastically devoted to public welfare activities. The association is to serve people in need help inside and outside the company, such as: loving donations to support the lives of poor elderly people and giving finance aid to students, visiting and consoling the widowed elderly and children in nursing homes, schools, military and police barracks, and participating in large-scale public welfare activities to maintain order, donation and so on.

And in 2018, this team actively participates in or leads activities as before. One of the activities that aid the students and teachers with donation, books, clothing, and daily necessities in Changhai Hope Primary School Hubei. This program was well appreciated by the parents and school leaders.



2018 achievements

- ⊗ Times: 19
- ⊗ Participants: 143
- ⊗ Hours: 2202
- ⊗ Donations: 23,950RMB and books, clothing and daily necessities

An outlook



TARGET IN 2019

Improvement:		
Item	Target	Deadline
• Anti-corruption	Conduct on-line training for all staff	2019.Q4
• Information Security	ISO27001 certification achievement and setup related information security system	2019.12
• Ethic Code update	Update ethic code based on RBA (called EICC before)	2019.Q3

Appendix

HKEX ESG REPORTING GUIDE INDEX

HKEX's Environmental, Social and Governance Reporting Guide

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report
Aspect A1: Emissions		
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.	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Conserving resources
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Conserving resources
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Waste management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Waste management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Resource conservation
KPI A1.6	Description of how hazardous and non-hazardous waste is handled, reduction initiatives and results achieved.	Waste management

HKEX's Environmental, Social and Governance Reporting Guide

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Product environmental stewardship Environmental protection
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).	Resource conservation
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Resource conservation
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resource conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Reduction in packaging
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Product Environmental Stewardship
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Product Environmental Stewardship

Appendix

HKEX's Environmental, Social and Governance Reporting Guide

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report
Aspect B1: Employment		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>Desirable working condition</p> <p>Respecting labour dignity</p> <p>Building the TCL Communication family</p>
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Our people
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Building the TCL Communication family
Aspect B2: Health and Safety		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Health and safety
KPI B2.1	Number and rate of work-related fatalities.	Health and safety
KPI B2.2	Lost days due to work injury.	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety

HKEX's Environmental, Social and Governance Reporting Guide

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Training and development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and development
Aspect 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.	Desirable working condition
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Desirable working condition
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Desirable working condition
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our supply chain
KPI B5.1	Number of suppliers by geographical region.	Our supply chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier audit program Conflict mineral

Appendix

HKEX's Environmental, Social and Governance Reporting Guide

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report
Aspect B6: Product Responsibility		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Our products
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Products. Safe Products*
KPI B6.2	Number of product and service related complaints received and how they are dealt with.	Customer care
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Upholding our values
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Products. Safe Products
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protection of customer privacy

HKEX's Environmental, Social and Governance Reporting Guide

Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report
Aspect B7: Anticorruption		
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.	Upholding our values
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.	Upholding our values
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Upholding our values
Aspect 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.	Community outreach
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Community outreach
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Community outreach

Feedback Form

Thank you for your time in reading the Sustainability Report 2018 of TCL Communication Technology Holdings Limited. We are very eager to learn from your feedback and suggestions, which will help us to better fulfill our sustainability performance and make improvements in our work. Please respond to the following questions and email them to tct.csr@tcl.com to share your thoughts.

1. Overall, how would you rate our report?

Excellent
 Very good
 Good
 Average
 Poor

2. How much do you agree with the following statements?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The content of the report is relevant to me as a stakeholder					
The report has provided a complete view to TCL Communication's sustainability performance					
The report is helpful in comparing TCL Communication against other similar companies					
The information presented is true and accurate					
The presentation is clear					
The report was published on time					
The report is well designed and published					

3. How would you rate the following chapters?

	Excellent	Very good	Good	Average	Poor
Message from the CEO					
About TCL Communication					
Sustainability in our blood					
Our products					
Our supply chain					
Our operational sites					
Our people					
Community outreach					
An outlook					

4. What other topics do you think we should include in our next report?

5. Do you have any other comments on our report?

6. Which of the following best describes you? (can select more than one option):

- | | | |
|--------------------------|-------------------------|--------------------------|
| Customer | Supplier | <input type="checkbox"/> |
| Employee | Media | <input type="checkbox"/> |
| Shareholder/investor | Other (Please specify): | <input type="checkbox"/> |
| Government and Regulator | | <input type="checkbox"/> |

Without your consent, we will not use your personal data for marketing purposes or disclose it to any other person. If you would like to receive our reply, please provide us with your contact details:

Name: _____

Phone: _____

Company: _____

Email: _____

Thank you again for your support in our sustainability work. Please return the completed form or send us your inquiry regarding sustainability matters. We encourage you to email us your response for considering the environmental impact of printing this feedback form.

Email: tct.csr@tcl.com

