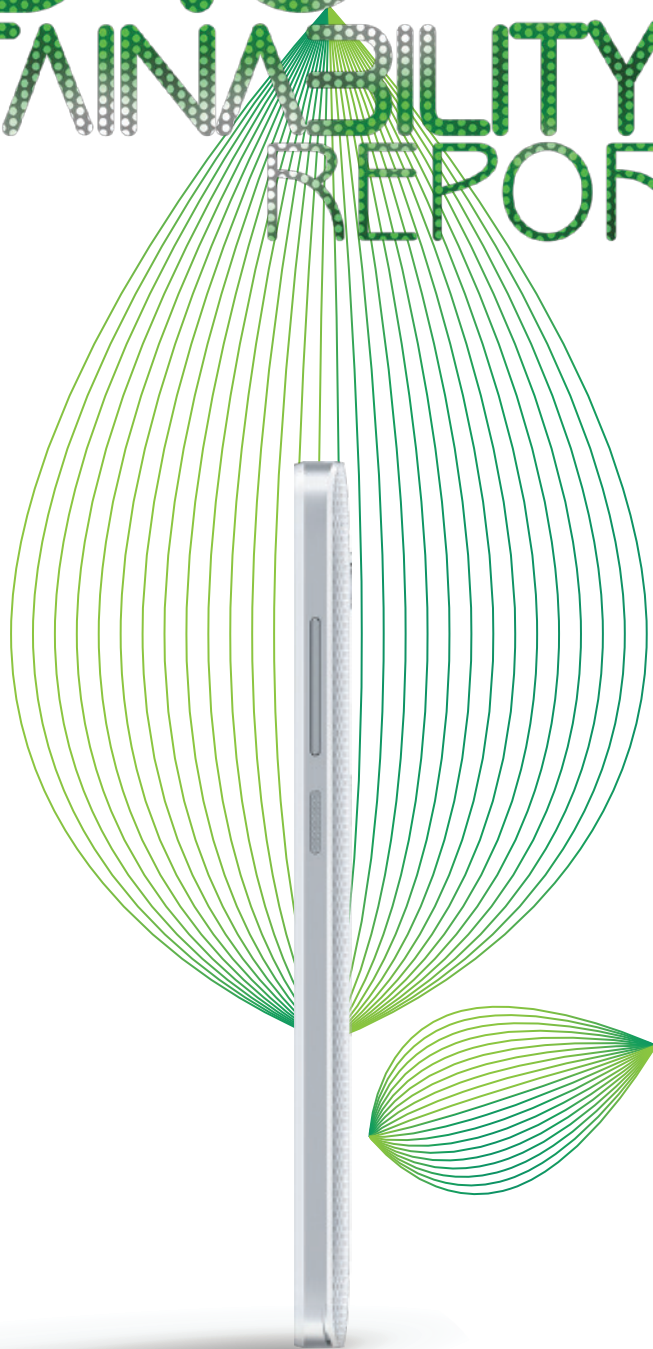


TCL Communication Technology Holdings Limited

2016 SUSTAINABILITY REPORT



创意感动生活
The Creative Life

TCL

About this report

This report is the second sustainability report published by TCL Communication Technology Holdings Limited ("TCL Communication") and is the first 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, TCL Communication entrusted an independent consultant to engage stakeholders to evaluate the company's impact on the economy, the environment and society as this report was being prepared. 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 2016 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.

Nicolas ZIBELL
CEO

26 April 2017

Message from the VP



From the beginning, quality department is leading the sustainability activity in TCL communication. We decided to do this because TCL communication is not only a major player in the industry but also we are a responsible company to the society and our customers.

In 2015, we published our first sustainability report. It was the first document to summarize all our activities around product and safety, human management, eco-rating and other sustainability activities. This report was well-received inside the company like our sales people but also from our key customers. In continuing our practice in communicating our sustainability performance, we are publishing our Sustainability Report in a second year. This time, the report is prepared in accordance with the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited. For that, we have improved a lot on data collection, reporting system, involvement cross-sites and cross-management level of the company.

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.

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.

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.

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.

Laurent LABBE

Vice President of the Company

26 April 2017

About TCL Communication

OUR BUSINESS

TCL Communication designs, manufactures and markets an expanding portfolio of mobile devices and other products worldwide under three key brands — Alcatel, TCL and Blackberry. Its portfolio of products is currently sold in China and over 160 countries throughout North America, Latin America, Europe, the Middle East, Africa and Asia Pacific.

According to the international telecommunications research firm IDC and company data in 2016, TCL Communication ranked 8th among global handset manufacturers, 10th among global smartphone manufacturers and 6th among all tablet manufacturers. TCL Communication is committed to providing customers with smart devices and the ultimate user experience.

Our global factory, which has a capacity of 120 million units per year, is located in Huizhou, China. We own nine global R&D centres located in Silicon Valley, Paris, Shanghai, Beijing, Ningbo, Huizhou, Shenzhen, Chengdu and Hong Kong. TCL Communication has established a consummate quality management system, which has ISO9001/TL9000, ISO14001, OHSAS18001, SA8000 and GSV certification and meets the requirements of QC080000.

From 2015 onwards, TCL Communication has invested in the research and development of 5G technology in collaboration with partners such as SEQUANS COMMUNICATION and the Hong Kong Applied Science and Technology Research Institute (ASTRI). In addition to the Shanghai Research Centre, last year TCL Communication established a 5G Innovation Lab in Paris, France and implemented a User Equipment Demonstration System (UED). With the UED system, TCL Communications and its partners can quickly and easily verify the potential of 5G technical solutions. This greatly enhances the efficiency of research and development.

At the beginning of this year's Mobile World Congress (MWC 2016), TCL Communication performed a live demonstration of the Device-to-Device Communications (D2D) solution with ASTRI. This symbolised our entry in to a new era of 5G application research. In the second half of 2016, TCL Communications signed a collaboration memorandum on 5G research with Supélec and Eurecom, a telecommunications research firm in Nice, France. Joint laboratories will be established in order to attract more talent to join and accelerate the development and application of 5G.

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 services, cloud services, third-party payments, tablets, BigPad and wearable devices, and mobile devices to create a unique and smart open ecosystem. TCL Communication aims to become a global smart terminal company supported by a sustainable 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
Maintaining a healthy financial status ensures uninterrupted operation and continuous growth of the company, thus creating values for our customers, employees and stakeholders in the long run.	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 fire.
Human capital	Intellectual capital
Our products are designed and manufactured by our employees. Innovative talents and skilled labour 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.	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 colours, we maintain morale and strengthen our connections as a team. Protecting our own intellectual properties is also a priority for us.
Social/relationship capital	Natural capital
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.	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.

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

Setting the tone of TCL Communication's sustainability commitment

Formulating the sustainability strategy

Evaluating the effectiveness of sustainability programs

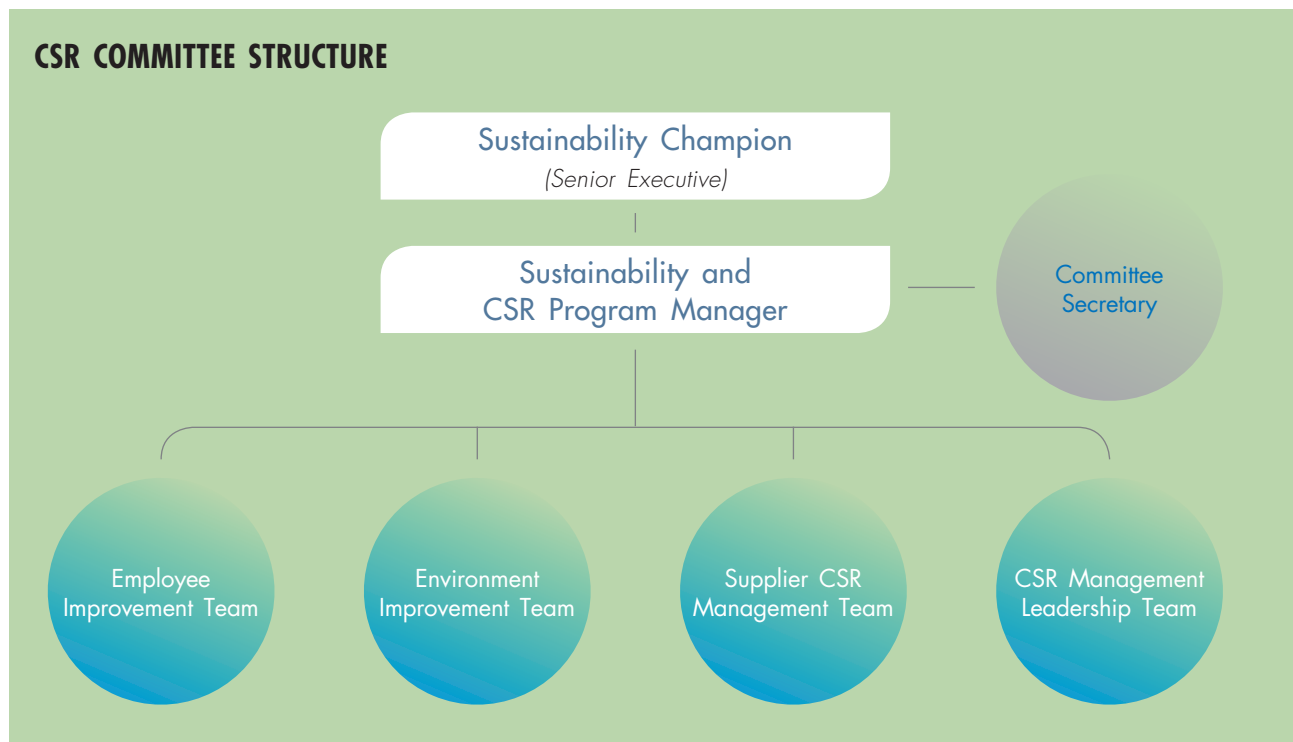
Identifying sustainability risks and determining the respective internal controls

Communicating our sustainability performance to key customers

Overseeing the preparation of the sustainability report

The Committee is led by Lv Xiaobin, Senior Vice President of TCL Communication and General Manager of Global Manufacturing Centre. 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 COMMITTEE STRUCTURE



ROBUST MANAGEMENT SYSTEMS

BECHS Management System

TCL Communication utilises a comprehensive Business Ethics, Environment, Corporate Responsibility, Health and Safety (BECHS) Management System based on recognised 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.

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.

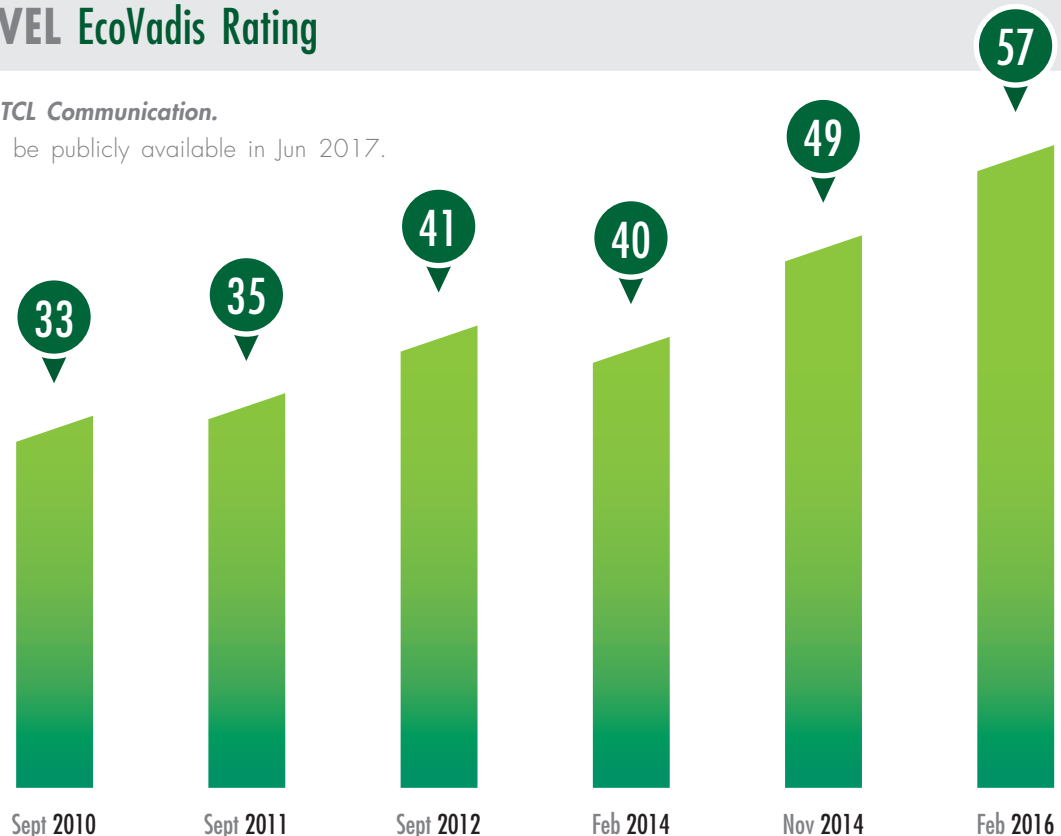
As our BECHS Management System matures, our rating has improved year-by-year.

In 2016, we achieved the

SILVER LEVEL EcoVadis Rating

EcoVadis rating of TCL Communication.

The latest rating will be publicly available in Jun 2017.



Sustainability in our blood



Deutsche Telekom Best Practice in CSR Award

TCL Communication has joined Deutsche Telekom's Supplier Development Program since 2014. To recognize our commitment and achievement in employee care, energy conservation and green production, Deutsche Telekom presented TCL Communication the Silver Award for the Best Practice in CSR in April 2016. We have had good achievements in several KPIs assessed by the judging panel, including employee satisfactory rate, employee turnover rate, limitation to working hours, and supplier performance in sustainability.



As early as in 2008, our Global Manufacturing Centre in Huizhou had established a sustainability management system and also certified with the SA8000 standard. Being part of the Deutsche Telekom's Supplier Development Program, we established a corporate level CSR Committee to determine the agenda and direction of sustainability management for the company. The Award has been a great encouragement to the company and a motivation to more investment to enhancement of sustainability performance.

PRIORITY AREAS

Our stakeholder communications

In order to understand stakeholders' expectations on environmental, social and governance issues, this year apart from communicating with a specific group of stakeholders via the regular communication channels, our independent consultant engaged with more than 1,000 internal and external stakeholders through distributing questionnaires and conducting face-to-face interviews and phone interviews. Internal stakeholders engaged included our top management, staff from different countries, departments and levels; external stakeholders, included investors, customers, industrial association representatives, suppliers and community partners.

We are pleased that both our internal and external stakeholders have recognised 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
TCL Communication's Sustainability Strategy	<ul style="list-style-type: none"> Stakeholders would like to obtain TCL Communication sustainability information/ reports regularly with goals for sustainable development plan 	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.
Supply Chain Management	<ul style="list-style-type: none"> Be transparent on sustainability performance of TCL Communication's supply chain 	Suppliers' sustainability performance is evaluated through our own 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.
Sustainable Product Design	<ul style="list-style-type: none"> Continuous development of sustainable and innovative products 	We will continue to develop products that are more energy efficient and made from recyclable materials.

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

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. Recognising 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 minimise the use of materials, and promote a circular economy that closes the loop.

QUALITY PRODUCTS. SAFE PRODUCTS

Product quality assurance

TCL Communication's Quality Management System is certified to TL9000 Standards. TL9000 is the Quality Management Standard for Information and Communication Technology Sector based on the ISO9001 Standard.

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. The key components of our phones are supplied by renowned enterprises. All suppliers have acquired ISO9001: 2008 quality management system certification. A corresponding robust testing approach and standard has been set up for incoming electronic parts, metal components and plastic materials. We have adopted the 5M1E management approach for controlling quality of parts and used advanced equipment for testing. 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 analysing product malfunctions, we can identify deficiencies and continuously improve the reliability of relevant standardised 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. 80% of batteries for our mobile phones shipped to the United States are verified by the CTIA — The Wireless Association, have met the IEEE 1725 Standards for Rechargeable Batteries for Cellular Telephones. 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 2016, 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.

PRODUCT ENVIRONMENTAL STEWARDSHIP

Communicating environmental performance of products

As we design and manufacture our products and respective packaging, we aim to minimise 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. In 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

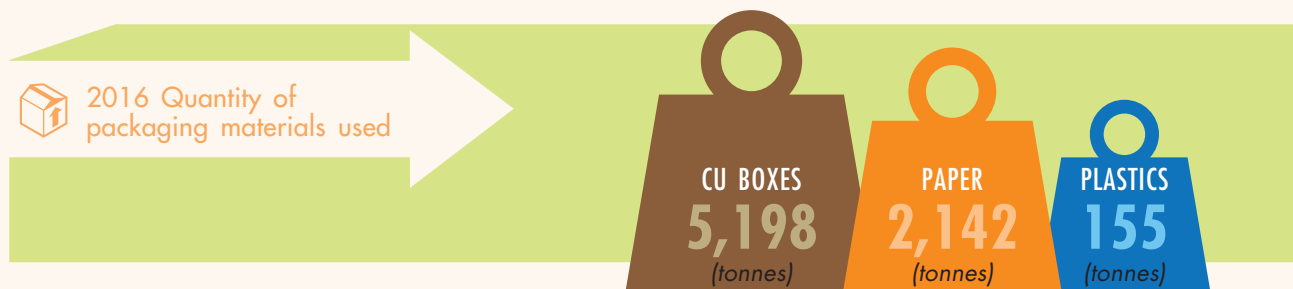
TCL Communication is aware of the impact of disposal of packaging, given the quantity of products and the vast number of markets we reach. Our products are mainly packed in a carton commercial-unit (hereinafter 'CU') box, cavity trays made of paper or plastic and plastic bags. Our products are designed 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. In late 2015, we decided to minimise the length of the printed user manual by keeping the content concise and the full manual is made available online. The paper used for printing quick guide was cut by half in 2016, which saved approximately 547 tonnes of paper or approximately 172 tonnes of carbon emissions if this quantity of paper ends up in landfills¹.

¹ According to the latest figure published by the UK Government, the carbon footprint of disposal of 1 tonne of paper to landfills is approximately 314kg CO₂-e.

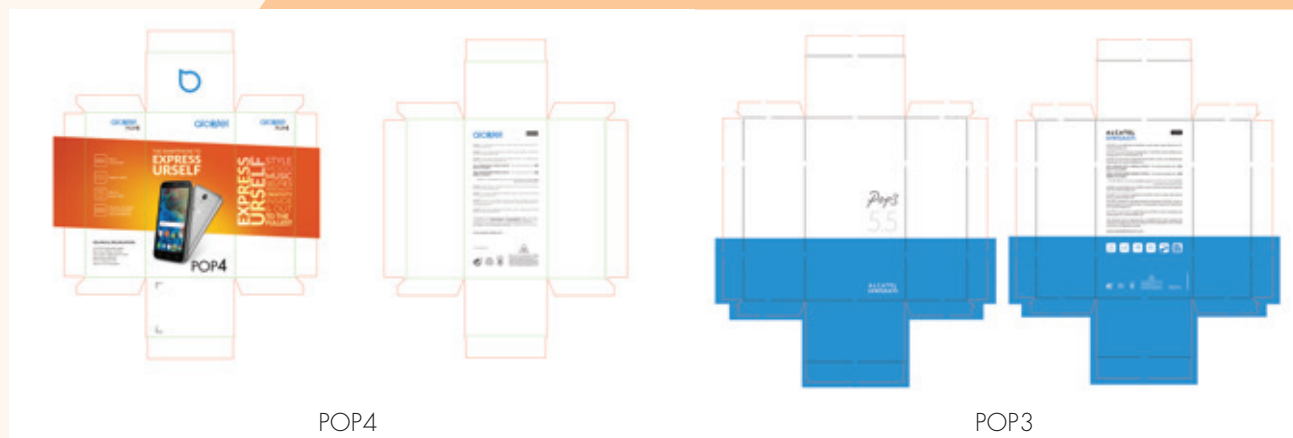
Our products

CU boxes for products shipped to Europe and Americas contain 80% post-consumer fibre and are fully recyclable. All paper packaging, including printed user manuals, is made of fibre from Forest Stewardship Council certified sources. To optimize consumption of paper for packaging, our CU box space utilization rate is set at 60% on average. Printed quick guides and product safety information for an EU key customer are made of paper with bamboo pulp content. Plastic cavity trays are made from recycled PET. All plastic packaging is 100% recyclable. All ink used in our packaging and manuals are soy ink.



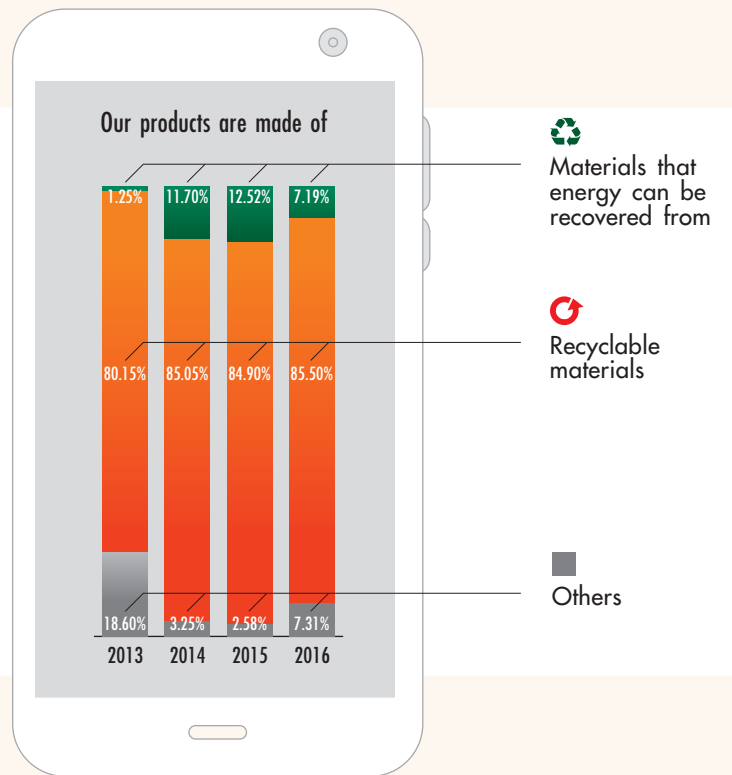
Reducing the packaging for the latest Alcatel POP4 mobile phone

As compared to the predecessor model POP3, the packaging material used for POP4 models has been reduced. The surface area per box was 680cm² for POP3 and was 516cm² for POP4. 40 tonnes of paper has been avoided by reducing the size of CU boxes. Using smaller CU boxes and avoiding the use of plastic trays for POP4 reduce transport costs and carbon emissions. 48.4 tonnes of plastic has been saved in 2016 by eliminating the plastic trays from POP4 packaging.



Phone recycling

In compliance with the Waste Electrical and Electronic Equipment Directive of the European Union, on average, **85.5%** of the materials used in our products is recyclable



Alcatel partners with local recyclers in various locations. In Europe, in compliance with the WEEE Directive, Battery Directive and Packaging Directive, TCL Communication has set up mechanisms for collecting obsolete handsets, post-consumer packaging and batteries.

In 2016, we have collected obsolete handsets, packaging materials and batteries in following quantities:

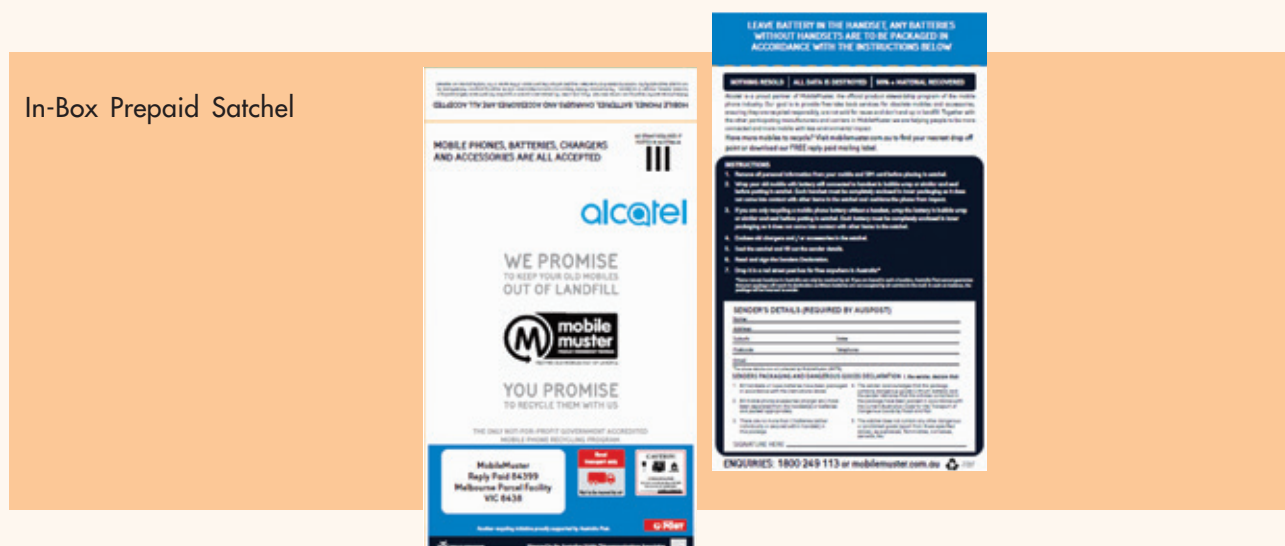
Obsolete handsets	
Country	Quantity collected (tonnes)
Spain	200
Italy	178
France and overseas France	125
Germany	77
Netherlands	30
Total	610

Batteries	
Country	Quantity collected (tonnes)
Spain	35
Italy	27
France and overseas France	21
Germany	14
Total	97

Our products

Packaging materials	
Country	Quantity collected (tonnes)
Spain	80
France and overseas France	49
Germany	34
Austria	8
Total	171

In Australia, we partner with MobileMuster, the official product stewardship program of mobile phone industry. Through this partnership, we are committed to ensure obsolete mobiles and accessories are recycled responsibly instead of being sold for reuse or end up in landfills. In-box prepaid satchels are provided to end users, who can mail the obsolete handsets for free to MobileMuster for handling.



Once the obsolete phones are collected, they are dismantled and sorted into batteries, printed circuit boards, handsets, chargers/accessories, plastics, metals and cardboard packaging. Materials recovered from the parts are as follows:

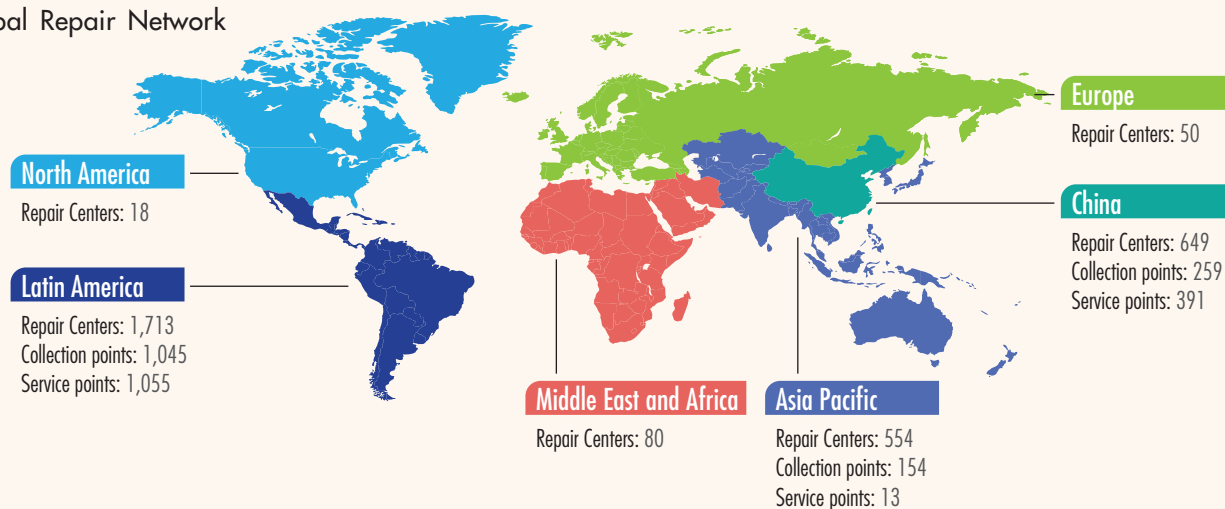
Parts	Materials recovered
Lithium ion and nickel metal hydride batteries	Cobalt, lithium and nickel
Nickel cadmium batteries	Nickel, cadmium and copper
Circuit boards	Gold, silver, copper and lead
Plastic casing	Plastic pallets
Copper wiring	Copper
Other accessories	Plastics, ferrous metal and non-ferrous metal
Packaging	Plastics and paper

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 3,064 repair centres globally. Our phones and accessories are guaranteed based on local regulations. Call centres and our global repair centre network are available in countries and regions where products are shipped. Where the repair centres 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		
	2016 Target	2016 Actual	Target achieved?	2016 Target	2016 Actual	Target achieved?
Number of problem reports – critical	<0.11	0	✓	<0.233	0	✓
Number of problem reports – major	<1.72	2.36	○	<1.2	1.8	✓
Number of problem reports – minor	<12.1	2.86	✓	<0.965	1.1	○
Percentage of major problem reports closed on time	>95.6%	51.9%	○	>97.2%	77.5%	○
Percentage of minor problem reports closed on time	>99.9%	95.1%	○	=100%	86.8%	○
Percentage of overdue major problem reports that were fixed	>89.2%	54%	○	>97.3%	31.3%	○
Percentage of overdue minor problem reports that were fixed	>94.9%	100%	✓	>83.3%	100%	✓

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

Our products

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 organisation security measures to prevent personal information from loss and unauthorised 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 2017. 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.

DO YOU KNOW ?

How to make your battery last longer and therefore save energy for our planet

- Adjust the brightness of screen to an appropriate level.
- Automatic updates require a constant connection to the server and consume energy. You may consider manually updating your mailbox, news and weather information or extending the update interval.
- Exit background-running applications if they will not be used for some time.
- Deactivate Bluetooth, Wi-Fi and GPS when not in use.



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 2016, we had 398 tier 1 suppliers that supply raw materials or parts for our manufactured goods. 98% 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 behaviour of their suppliers.

SUPPLIER AUDIT PROGRAM

Requirement to suppliers

Meeting international recognised environmental and social responsibility standards is fundamental to selection of suppliers. Suppliers are required to follow the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, and comply with application laws and regulations. Our audit program reviews eight performance aspects of our suppliers, including labour 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. 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 agreement, RoHS Declaration of Compliance, ozone depletion substance declaration, conflict mineral statement, Declaration of Compliance of Packaging Directives and security agreement.

Declaration document	Supplier declares to
Corporate Social Responsibility agreement	<ul style="list-style-type: none">• Comply with labour, occupational health and safety, and environmental regulations• Avoid the use of child and forced labour• 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

Declaration document	Supplier declares to
RoHS Declaration of Compliance	<ul style="list-style-type: none"> • Deliver products where all materials are compliant with requirements stated in the 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)
Environment Agreement	<ul style="list-style-type: none"> • Agree to abide by the Management Standard for Environment-related Substances of TCL Communication, which includes compliance with the RoHS, Packaging and Battery Directives, REACH requirement, halogen-free requirement, conflict mineral requirement and requirement on limited use of other specific hazardous substances
ODS Declaration of Conformity	<ul style="list-style-type: none"> • Prohibit the use of CFCs, HCFCs, Halons, methyl bromide, HBFCs, Methyl chloroform, carbon tetrachloride and bromochloromethane
Conflict Mineral Statement	<ul style="list-style-type: none"> • Prohibit 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 Electronics Industry Code of Conduct (EICC) audit practices, all new suppliers are required to complete a self-assessment form on their sustainability performance with supporting documents. In 2016, we included 21 suppliers in our on-site audit program based on trade volume. The scope of on-site audits depends on the risk level evaluated through self-assessments.

The audits cover 8 main areas

Management
system

Labour
rights

Business
ethics

Health
and
safety

Environment
management

Site
security

Use
of conflict
minerals

Greenhouse
gas
emissions




Our supply chain

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. The relationship with any suppliers will be terminated when they are found to have employed child labour, or are not able to fulfil corrective action plans in a predefined timeframe.

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. In 2016, new requirements were introduced to our suppliers which are communicated in the form of training materials and are circulated in the supplier quarterly meeting or 1–2 months before onsite-audits. Any clarifications required are made by phone or email.

In 2016

“working hours management”, “personal protective equipment and fire safety” and “conflict mineral compliance” comprised three focused areas in our supplier audit program.

1	Working hours management	2	Personal protective equipment and fire safety	3	Conflict mineral compliance
<p>As compared to an average of 60.41 hours of work per week in 2015, the average working hours per week of suppliers audited on-site in 2016 decreased to 57.71 hours.</p> 		<p>The percentage of suppliers audited on-site complying with our requirements to management of personal protective equipment increased from 23.81% in 2015 to 80.95% in 2016. To date, among the non-compliance findings in 2016, 84.62% were corrected and closed.</p> <p>The percentage of suppliers audited on-site complying with our requirements to management of fire safety increased from 19.05% in 2015 to 90.48% in 2016. To date, among the non-compliance findings in 2016, 87.23% were corrected and closed.</p> 		<p>Among the suppliers audited on-site in 2016, 8 met our requirements regarding management of conflict mineral use. 11 met the requirement upon taking corrective action and 2 are still non-compliant and we are working closely with these suppliers on corrective action.</p> 	

To date, 68% of the findings of our on-site audit program are closed, including all red light critical findings that required immediate corrective action from suppliers.

CONFLICT MINERALS

TCL Communication forbids the use of raw materials or parts that contain tantalum, tin, tungsten and gold extracted from conflict zones (collectively named as 'conflict minerals'), and requires our suppliers to provide support that proves their products are free from conflict minerals. Our conflict mineral statement, signed in 2013, is available on TCL Communication and Alcatel's website. 70% suppliers have endorsed our Conflict Mineral Statement, and the rest of the suppliers have provided qualified conflict mineral reports. For suppliers that fail to provide qualified conflict mineral reports, their rating will be lowered accordingly and they will not be allowed to supply materials for products shipped to key markets and key customers.

In 2016, we communicated the status of conflict mineral compliance in our supply chain to our major customers.

DO
YOU KNOW
?

Conflict minerals

Defined by the US Secretary of State, conflict minerals are cassiterite (tin ore), columbite-tantalite (tantalum ore), gold and wolframite (tungsten ore) mined in the Democratic Republic of the Congo (DRC) and adjoining countries. Armed groups engaged in mining operations in this region are believed to subject workers and indigenous people to serious human rights abuses and are using proceeds from the sale of conflict minerals to finance regional conflicts. Manufacturers of electronic products are major consumers of these minerals. As a responsible brand, TCL Communication has dedicated significant efforts to eliminating any direct or indirect support across its supply chain for such human rights abuses.

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 realise implementation of new technologies. Meetings with suppliers are held every month to maintain a smooth dialogue and facilitate mutual inspiration.

Around 60% of suppliers responded to our satisfactory survey in 2016. The satisfactory score in 2016 was 4.73 out of 5. Our efforts in anti-corruption and communication with suppliers are well regarded. Suppliers showed concern to how we support our business growth. This is becoming a key area that we are working on in supply chain management.

STRIVING FOR 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 also own 9 global R&D centres located in Silicon Valley, Paris, Shanghai, Beijing, Ningbo, Huizhou, Shenzhen, Chengdu and Hong Kong. We are responsible for managing our environmental footprint during our production process, and for the health and safety of the more than 11,000 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 2016, we were not subject to any fines due to violation of environmental regulations.

Conserving resources



TCL Communication has made **investments to enhance energy efficiency**. We have invested around 3 million RMB to install 19,437 LED light fixtures at GMC. 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 1,000 MWh. We have also invested 4.3 million RMB in a solar-powered hot water system for dormitories at GMC. Almost 50% of the energy consumed for dormitory water heating can be saved. At Huizhou, our staff commuter buses have run on electricity since 2016, saving 72L of diesel per day.

7.3 million RMB
in total investments



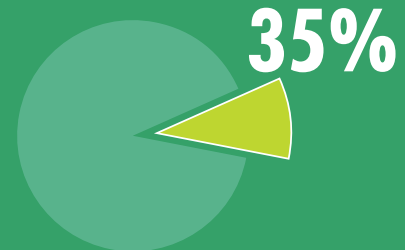
Lighting and air-conditioning zones are designated in our offices. Each department has its own switches to control lights and ventilation in working areas, and is responsible for turning them off when they are not in use. We emphasise the responsibility of meeting room users and facility managers to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

The room temperature
is fixed at

26°C



Wastewater as a by-product of drinking water purification used to be discharged through municipal sewerage. Such wastewater accounted for around 35% of the total incoming municipal water.



This is now utilised for landscaping and to reduce the demand for municipal water.

Our operational sites

Carbon footprint (tons CO ₂ -e) ³	2016
Scope 1 (Direct emissions from company vehicles, refrigerants and labour activities)	2,602
Scope 2 (Indirect emissions associated with purchased electricity)	36,394
Total (Scope 1 and scope 2 only)	38,996
Carbon footprint per product shipped (kg CO ₂ -e/item)	0.59

Energy consumption ⁴	2016
Direct consumption of unleaded petrol (L)	64,446
Direct consumption of diesel (L) ⁵	27,330
Direct consumption of natural gas at canteen of GMC (m ³)	156,680
Direct electricity consumption (MWh)	41,069
Total energy consumption (MWh)	43,657
Energy consumption per product shipped (kWh/item)	0.66

Water consumption (m ³) ⁶	2016
Water consumed at GMC	194,552
Water consumed at other operational sites	57,237
Total water consumption	251,789

Waste management

Hazardous waste is properly 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. We also generate liquid hazardous waste during laboratory testing but at an insignificant amount. 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.

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 1.8 catties of food waste per day. This food waste is delivered to swine farms for swine-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	2016
Quantity of hazardous waste disposed (tons)	12.29
Quantity of non-hazardous waste sold for recycling (tons) (GMC only)	
Paper (tons)	1,334
Plastics (tons)	2,971
Ferrous metal (tons)	62
Non-ferrous metal (tons)	2
Electric wires (kg)	256

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.

We have invested 17 million RMB in setting up the security system, which adopts advanced access control, infrared security and visitor appointed systems. 19 million RMB was invested in an advanced firefighting system that is capable of gas leakage detection and reporting. A 24-hour fire-monitoring facility has been set up. 6 million RMB was invested in basic safety facilities in our campuses. In 2014, our Huizhou facility received the “Level Two Safety Production Standardisation” award from the Guangdong Provincial Government at a high rating of 92.3 points. It has also passed Global Security Verification by Intertek, recognising our effort in creating safe working environment for our employees.

We have invested 4.8 million RMB in a ventilation system for soldering and reflow soldering, thus keeping the indoor air quality at a healthy level for our employees. 1.3 million RMB was invested in a central water purification system for providing safe drinking water. In our testing laboratories, certain equipment employs infrared sensors and will not operate if it detects the safety doors of the testing room as open. Based on the health and safety risks for each duty performed, our employees are equipped with essential personal protective equipment. For example, protective earplugs, safety goggles, insulating gloves and face masks are provided to workers in GMC and technicians performing laboratory testing duties. We offer a free body check to our employees, where specific checks will be arranged for employees performing certain assembling tasks. A comprehensive occupational health and safety management approach has been established to protect our employees at work.



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.

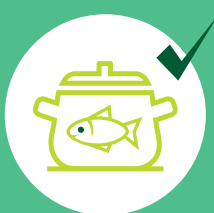
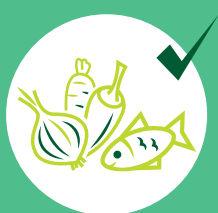
Our operational sites

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 organised 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 counsellors are employed in our GMC. Psychological talks and assessments are delivered to new recruits.

Safety indicators ⁷	2016	2015	2014
Number of casualties	0	0	0
Lost Time Injury Frequency Rate ⁸	0.46	0.42	0.67
Lost Time Rate ⁹	19.0	34.6	24.6

Our factory owns and manages the canteen. A procedure to manage incoming raw materials as well as supplier performance has been set up to **ensure food provided to employees is safe.**



⁷ For 2014 and 2015, the boundary of the safety indicators stated covers the GMC only (47% of the total workforce). For 2016, 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

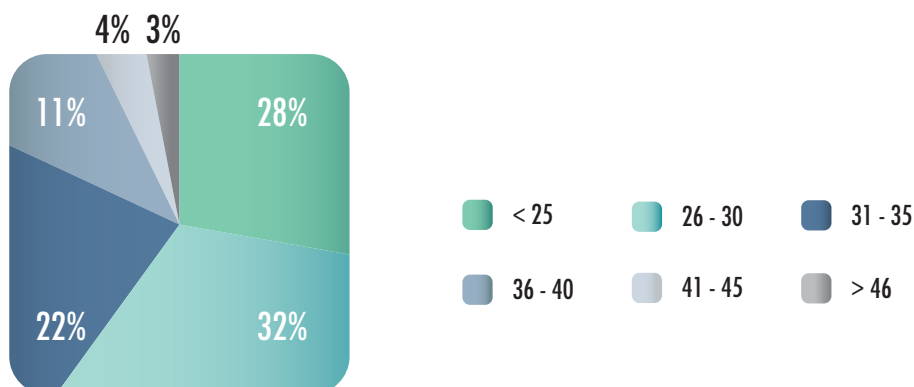
TCL Communication is grateful to the more than 11,000 employees who have devoted themselves to our vision as a creative and respectable business. As their employer, we are committed to our responsibility for the prosperity of over 11,000 families. This includes not only offering employees fair wages 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 Communication¹⁰

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	
	2016	2015
Total	11,638	14,541
Breakdown by gender		
Male	7,168	9,193
Female	4,470	5,348
Breakdown by grade		
Management grade	1,009	864
Professional grade	5,840	8,081
Operational grade	4,789	5,537
Temporary staff	0	59

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 labour 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 below 18, 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.

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 labour 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 stakeholders.

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.



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.

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. In 2016, around 300,000 RMB was raised, and 235,175 RMB was issued to 17 families in need.

To build our employees' sense of belonging, we have arranged leisure events, festival gifts and other benefits for our employees. We show our appreciation to our employees through awards. Our Innovation Contest is in its second year and the prize money has increased each year. 39 innovative proposals that enhance our business have been collected. Employees are encouraged to take part in the 35th Anniversary celebration events of TCL Group, which included speaking and essay competitions. To facilitate exchanges between the headquarters in China and operations in other regions, internal publications are also prepared in English.

Sports are promoted among our employees. TCL Communication has organised 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 organise 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 organised 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 organised 411 events across our operational sites in 2016, compared to 289 in 2014.

CASE STUDY



The Power of Walking

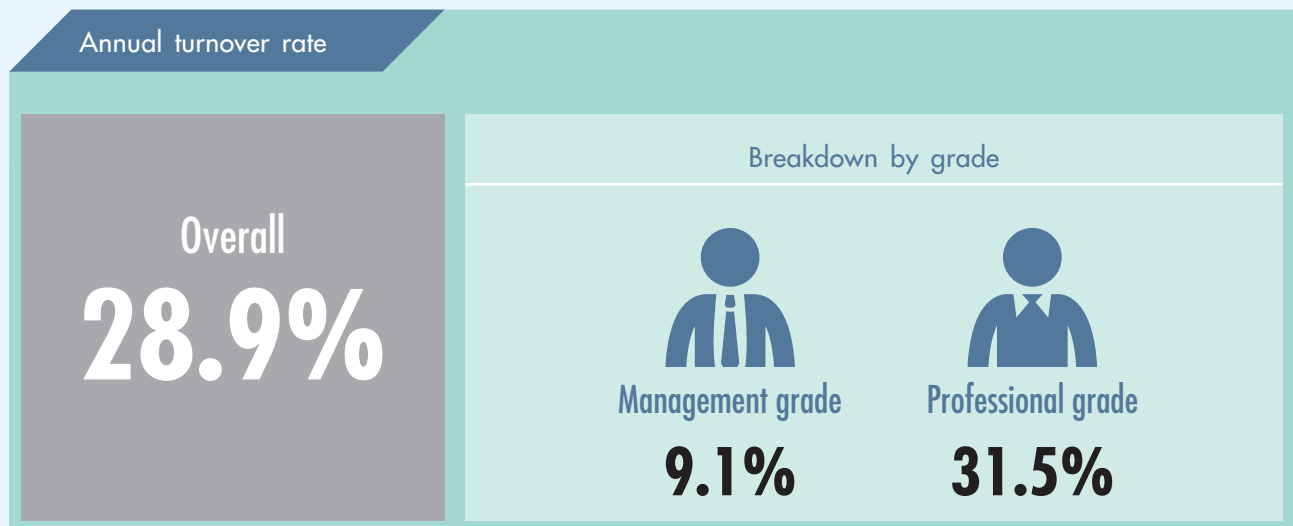
Through walking, we strength our wills in reaching our goals. It has been a tradition for TCL Communication to organize long-distance walking activities to boost our team spirit and get ready for the next challenge. In 2016, a number of "Eagle Walk" events were held in Guangzhou, Shanghai, Beijing, Wuhan and Huizhou. The management team together with over 3,000 employees participated the walks. Every participants has walked for at least 15km.

In the kick-off ceremony, Juliet Wu, Executive Director of the TCL Corporation emphasized the "Eagle Walk" spirits — Team and coordination, Persistence and breakthrough, Target and will, Action and power to execute. Walking for long distance in limited time was a tough experience to the teams but they had had a deep reflection to "Unity is Strength". And what important was teamwork in facing challenges. After these events, our employees were more pumped and got ready for facing challenges ahead in 2017.



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.



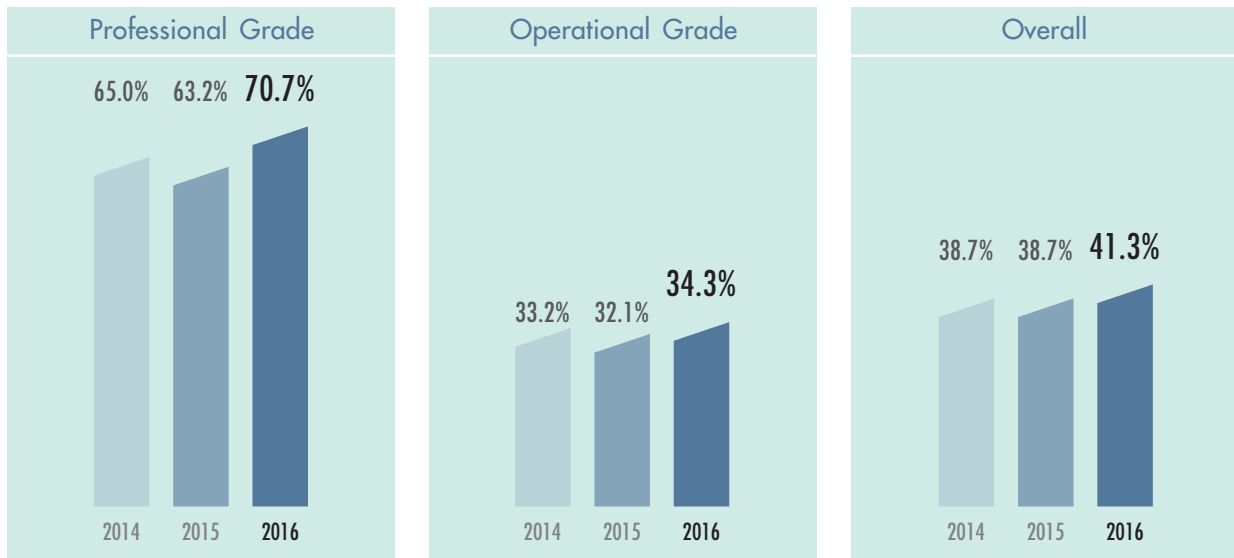
Annual turnover rate for non-manufacturing employees in 2016

	Monthly turnover rate
Overall	8.5%
Breakdown by gender	
Male	9.2%
Female	7.2%
Breakdown by age	
≤25	9.0%
26–30	9.1%
31–35	7.8%
36–40	3.8%
41–45	2.0%
≥46	1.4%

Average monthly turnover rate for manufacturing employees in 2016

2014–2016

The satisfaction rate of employees based in our Global Manufacturing Centre

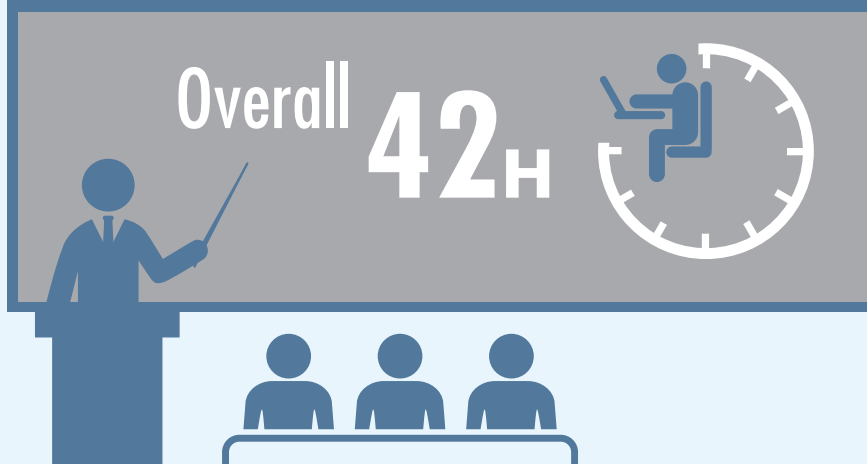


TRAINING AND DEVELOPMENT

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 familiarise 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.

2016 Average training hours per employee¹²



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

Our people

CASE STUDY



"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
Top 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.

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. Any 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 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, 2016, over 5,000 patents were registered in China and 700 patents were registered in other regions. 1,800 patents in China and over 300 patents in other regions have been licensed to TCL Communication.

In 2016, there were no legal cases regarding corrupt practices brought against TCL Communication or our employees

Community outreach

For every phone collected for recycling in Europe, TCL Communication donates 1 Euro to Medicines Sans Frontiers. In 2016, a donation of around 9,190 RMB was made. Through this campaign, we aim to promote recycling and recovery of mobile phones. We are continuing with this initiative.

Votre smartphone a toujours été à vos côtés.

Il ne mérite pas de finir au PLACARD !



Du 04 au 08 Juillet
Semaine du recyclage solidaire

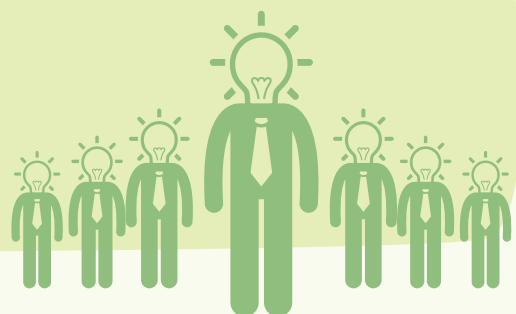
1 téléphone recyclé = 1 € pour 

Ramenez vos téléphones mobiles et tablettes, toutes marques confondues, dans les box de collecte situés au Capitole, à l'entrée du RIE et en haut des escaliers.


En savoir plus
csr@alcatelonetouch.com

Opération organisée par **alcatel**
en collaboration avec **ECO-SYSTEMES** et le **CAPITOLE**

Our employees in Europe are encouraged to suggest ideas on social innovation projects in hope to raise awareness to community care. 7 employees whose suggestions were selected for implementation in 2017 have received an award.



Community outreach



We have donated over 1,000 unwanted phones to the MAXXI Museum in Italy. Architect Zaha Hadid made use of these phones to build a statue for exhibition.

商界展關懷

caringcompany^{2015/16}®

Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

In 2016, TCL Communication was awarded the "Caring Company" logo by The Hong Kong Council of Social Services.

An outlook



TARGET IN 2017

Baseline: all indicators have been measured and monitored in 2016

Improvement:

- | | |
|------------------------|--|
| • LifeCycle Assessment | it has been defined as key objective in 2017 in CSR Committee |
| • Information Security | ISO27001 achievement in 2017; merge into current 6 in 1 Quality System |
| • Modern Slave | situation disclosure (including supply chain management and survey) |

New Idea (new concept trial)

- Business Continuity Management

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	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Desirable working condition Respecting labour dignity Building the TCL Communication family
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	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	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

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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

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Aspects, General Disclosures and KPIs	Descriptions	Related chapters in this report
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	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

* There was no case of product recall due to health and safety reasons in 2016.

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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 2016 of TCL Communication Technology Holdings Limited. We are very eager to learn from your feedback and suggestions, which will help us to better fulfil 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report has provided a complete view to TCL Communication's sustainability performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report is helpful in comparing TCL Communication against other similar companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The information presented is true and accurate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The presentation is clear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report was published on time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report is well designed and published	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. How would you rate the following chapters?

	Excellent	Very good	Good	Average	Poor
Message from the CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
About TCL Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability in our blood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our supply chain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our operational sites	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our people	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community outreach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
An outlook	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 | <input type="checkbox"/> | Supplier | <input type="checkbox"/> |
| Employee | <input type="checkbox"/> | Media | <input type="checkbox"/> |
| Shareholder/investor | <input type="checkbox"/> | 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

