



**2020**

**Environmental, Social and Governance Report**

# Contents

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# About This Report

## Overview

This report is the fifth Environmental, Social and Governance ("ESG") Report published by TCL Electronics Holdings Limited, which discloses our performance in compliance with laws and regulations, products and technological innovation, customer services, safe and green production, talent development and team building, responsible procurement and public welfare and charity. The reporting year aligns with our annual report, the latest of which ended on 31 December 2020.

## Addressing and representation

"TCL Electronics", "Company" and "We": TCL Electronics Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 01070), together with its subsidiaries (if applicable).

"TCL Communication": TCL Communication Technology Holdings Limited (an exempted company incorporated in the Cayman Islands with limited liability), and its subsidiaries (if applicable). TCL Electronics completed the acquisition of TCL Communication on 31 August 2020, and TCL Communication became a wholly-owned subsidiary of TCL Electronics since then. TCL Communication is the world's leading mobile device company. Its main products include mobile phones, tablet computers, mobile connectivity devices, wearable devices, and accessories. TCL Communication also provides users with Internet applications and services.

## Reference

This report was compiled in accordance with the Environmental, Social and Governance Reporting Guide ("Reporting Guide") published by the Stock Exchange as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

## Scope and boundary

Policies and information stated in this report apply to TCL Electronics and all entities in which we have over 50% interest. This covers all operations based in the People's Republic of China ("China") and other overseas countries and regions.

In 2020, we expanded the collection scope of ESG data. Compared with those in 2019, the ESG data of TCL Communication and the environmental metrics of manufacturing plants located in Inner Mongolia and Mexico were added. Moreover, the Company completed the disposal of Moka International Limited (primarily engaged in TV ODM business) in August 2020, so its ESG data will not be included in all information about TCL Electronics from this year on.

## Source of data and authenticity

The figures and case studies included in this report were primarily derived from our statistical reports and internal circulars. The board of directors of the Company ("Board") confirms that this report does not contain any false information or misleading statements, and is responsible for the authenticity, accuracy, and completeness of the report content. Unless otherwise specified, the currency amount in this report is measured in RMB.

## Board approval

This report was approved by the Board on 25 March 2021.



As a leading enterprise in the global TV industry, we continue to forge ahead with determination, constantly promote innovation to launch new products, and strive to furnish global customers with unparalleled user experience from innovative TV products. In 2020, TCL Electronics achieved stable business growth by actively enhancing its independent innovation ability, adhering to the global brand strategy, optimising the product mix and expanding key overseas markets. In 2020, the total sales volume of TCL TV was 23.93 million units, with a year-on-year increase of 15.9%. TCL Electronics has been included in the Hang Seng Corporate Sustainability Benchmark Index for two consecutive years, which fully reflects our outstanding performance in sustainable development.

## Message from the Chairman

We actively keep up with technology trends and explore the path of industrial development with the desire of promoting the diversification and innovation of the industry. We make continuous efforts in intelligent hardware, Mini LED backlight and quantum dot technology. We have launched multiple new products at home and abroad, including flagship X915 8K QLED TV, two rotatable smart screens, the world's first natural light eye-safe tablet "NXPAPER", 5G mm-wave tablets, several educational tablets and intelligent accessories. We have won the "8K QLED TV Gold Award 2019-2020", "PCMAG 2020 TV Readers' Choice" and "Best of IFA". Meanwhile, we are committed to creating a diversified R&D and talent demand system, working with universities and industry partners to continue to recruit outstanding talents for the technology industry. By the end of 2020, we have been granted 5,594 patents in total.

While bringing economic benefits to the enterprise and society, we always adhere to the business philosophy of "committed to social responsibility and being an excellent corporate citizen" and uphold the concept of sustainable development. Our products have passed a series of certifications, such as ISO9001 quality management system certification, IECQ-QC080000:2017 Hazardous Substance Process Management (HSPM) system certification and TL 9000 Quality Management System (TL 9000 QMS) certification. We strictly guarantee product quality and safety as a reliable company for consumers. In terms of energy conservation and consumption reduction, a total of 10 LCD TV products were included in the *List of Green Design Products of the Ministry of Industry and Information Technology* this year. Their energy efficiency index reached level 2 of China's Energy Efficiency Standard, and the renewable utilisation rate of our products was not lower than 65%. TCL Electronics, as a global benchmark enterprise, has been shortlisted for China's green product design for two consecutive years and received state subsidies.

In the face of COVID-19, TCL Electronics was actively committed to pandemic prevention, demonstrating its corporate responsibility and accountability. TCL Electronics immediately set up an emergency task force for pandemic prevention and control to ensure the health and safety of our employees and smooth resumption of work and production. In the meantime, as a responsible global corporate citizen, TCL Electronics took the initiative to provide overseas suppliers with pandemic prevention supplies and shared excellent domestic pandemic prevention measures and pandemic contingency plans of factories to offer sufficient logistics support to overseas partners. In terms of social welfare and charity, TCL Electronics donated a total of RMB 199,000 during the reporting period.

The pandemic is a double-edged sword, which not only has an adverse impact on all walks of life but also poses opportunities for development. TCL Electronics will seize the opportunity and remain true to the original aspiration. By strengthening independent research and innovation and adhering to low-carbon and green development, TCL Electronics will help contribute to China's goal of becoming carbon neutral by 2060, and deliver a smarter and better future with more comfort to all stakeholders.

# Performance highlights in 2020



**HKD 50.95** billion

Turnover HKD 50.95 billion representing a year-on-year increase of 40.2%<sup>1</sup>.



**HKD 1.63** billion

R&D investment



**17.91** million

The average number of monthly active users of smart TVs.



**23.93** million

The annual sales volume of TCL TVs was 23.93 million units, representing a year-on-year increase of 15.9%.



**34,155**

As of 31 December 2020, the total number of global employees was 34,155, of which female employees accounted for 38.0%.



**2,096.75** kilogrammes

The greenhouse gas emission intensity was 2,096.75 kilogrammes of carbon dioxide equivalent per million HKD revenue.



**Two consecutive years**

TCL Electronics has been included in the Hang Seng Corporate Sustainability Benchmark Index for two consecutive years.

<sup>1</sup>Continuing operations in 2020 do not include the disposed ODM business, and include TCL Communication's performance from September to December. In 2020, total revenue (if including discontinued operations) reached HKD 57.7 billion, a year-on-year increase of 22.9%

# SUSTAINABILITY GOVERNANCE

TCL Electronics has always adhered to the concept of sustainable development, and carried out the work focusing on seven issues including environmental protection, employment promotion, protection of employees' rights and interests, health and safety, fair operation, consumer relations, and community participation and development. At the same time, it has strengthened the perfection and improvement of corporate governance structure to deliver value for stakeholders.

TCL Electronics was consecutively included in the Hang Seng Corporate Sustainability Benchmark Index in 2019 and 2020.



## Sustainability governance structure

Under the leadership of the Board, TCL Electronics carries out the work in relation to corporate sustainable development and actively integrates the connotation of sustainable development into corporate operation. The ESG team of the Company is composed of five departments: Strategy & Execution Office, Finance Centre, Operation Centre, R&D Centre and Human Resource Centre, which are responsible for disclosure of ESG performance of the Company. To achieve its goal of sustainable development, TCL Electronics insists on improving its internal sustainable development governance structure, strives for proper management of the resulting impact on all stakeholders, and continuously creates value for stakeholders.



## Sustainability governance structure

Level of Sustainability Governance	Members	Responsibilities
<b>Leadership in sustainability</b>	Including senior management	<ul style="list-style-type: none"> <li>• Lead sustainability-related affairs</li> <li>• Formulate sustainability strategy</li> <li>• Allocate resources of the Company for sustainability work</li> <li>• Approve results of sustainability work</li> </ul>
<b>Management in sustainability</b>	Led by the Strategy & Execution Office from the headquarters and comprises heads of all departments	<ul style="list-style-type: none"> <li>• Manage sustainability work</li> <li>• Delegate sustainability personnel for implementation</li> <li>• Supervise the progress of sustainability work</li> <li>• Report to sustainability leadership</li> </ul>
<b>Sustainability taskforce</b>	Departments from the headquarters Domestic and overseas manufacturing bases and subsidiaries	<ul style="list-style-type: none"> <li>• Collect and communicate sustainability information</li> <li>• Implement detailed sustainability work</li> <li>• Report to the management in sustainability</li> </ul>

## Communication with stakeholders

The sustainable and healthy development of TCL Electronics is inseparable from the long-term support and trust of its stakeholders. We have built a good communication platform and attached great importance to the communication with all stakeholders, including employees, customers, suppliers, investors/shareholders, government and regulatory authorities, industry associations and chambers of commerce, philanthropic/community organisations and the media. By strengthening the communication with stakeholders, the Company constantly improves the transparency of corporate operation, actively understands and responds to the expectations and requirements of the stakeholders, strives to forge a closer relationship with the stakeholders and achieves mutually beneficial interaction.

### Communication with stakeholders

**Employees**    **Directly-employed employees**

TCL Electronics, by providing well-developed benefits and equal development opportunities, continuously absorbs diversified talents and provides enhanced training for employees so that employees can grow and develop rapidly.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>E-mails, employees' meetings, and employee activities</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Benefits and remuneration of employees, protection of basic rights and interests, smooth career development paths, personnel training mechanism, work-life balance, personal health and safety, and corporate communication channels</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Provide market-competitive compensation, benefits, learning and promotion opportunities, provide a good working environment, and develop a transparent employee management mechanism</p>
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**Customers**    **Customers who purchase and use products and services**

TCL Electronics fully explores and seriously meets the requirements of every customer, continuously improves customers' satisfaction, and provides them with convenient, safe, high-quality and efficient products and services.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>Service hotline, complaint and suggestion mailbox, questionnaire survey, customer interview, official Weibo and WeChat public accounts, and information disclosure</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Provision of cost-effective products and quality services, enhancement of product quality and service level, customer privacy protection, after-sales service and warranty, product packaging and design, and low-carbon and environmentally-friendly products</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Strengthen the protection of customer privacy, enhance all-round quality control, innovate service methods, diversify and innovate products, and use green technology to manufacture products</p>
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**Suppliers**    **Material suppliers, service consultants and others**

TCL Electronics actively cooperates with suppliers to require them to comply with relevant management systems and reduce environmental and social risks in the supply chain.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>Organise regular suppliers' meetings and working meetings, and conduct daily communication and regular assessments</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Mutual support, common progress, and transparent and honest cooperation</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Build a responsible supply chain, jointly develop and improve products, and provide IT training</p>
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**Investors/shareholders**    **Existing shareholders and potential investors**

TCL Electronics actively provides shareholders with good and sustainable economic returns.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>Information disclosure, shareholders' meetings, results announcement conference, non-deal roadshow, investor conference and investor conference call</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Disclose financial statements and information transparently, strengthen risk management and control, and create economic value</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Improve corporate governance and investor relationship management, improve operational transparency, maintain business and profitability growth, and continuously improve our position in the industry</p>
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**Government and regulators**    **Local government and regulators where TCL Electronics is registered, publicly listed and operates**

TCL Electronics firmly guarantees legal compliance in its daily operation, and thoroughly implements various policies and regulations of the government and regulatory authority.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>Regular visits, policy communication with the government and regulators, meetings and exchanges</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Comply with laws and regulations, pay taxes according to laws, operate in compliance with regulations, support local development, promote local employment, and protect the local environment</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Implement regulatory policies, pay taxes in accordance with the law, and take the initiative to shoulder social responsibilities</p>
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**Industry associations and chambers of commerce**    **Business consortia of TCL Electronics' industry peers; the chambers of commerce in which we participate**

TCL Electronics actively exchanges with industry associations and chambers of commerce to achieve a benign commercial atmosphere.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>Industry seminar, forum and collaborative research</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Promotion of industry development, company business category, product quality, and corporate social responsibility</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Strengthen multi-party business cooperation, promote industrial development, and explore new business models</p>
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**Media**    **Media which pay attention to TCL Electronics and publicly report on our operational and service performance**

Under the supervision of the media and the public, TCL Electronics improves the transparency of its operation, maintains its brand image in the public, and conveys positive energy to society.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>Press release, media interviews, and regular seminars</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Our services and products, financial performance, outlook, and corporate social responsibility</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Select brand ambassadors, place promotional advertisements and enhance marketing</p>
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**Philanthropic/community organisations**    **The philanthropic organisations TCL Electronics co-operates with and the community in our neighborhood**

TCL Electronics actively contributes to public welfare activities and community construction.

<ul style="list-style-type: none"> <li>Communication channels and methods</li> </ul> <p>Cooperation in public welfare activities, volunteer services, and property construction and management</p>	<ul style="list-style-type: none"> <li>Focus</li> </ul> <p>Promote local development, enhance community value, and support public welfare</p>	<ul style="list-style-type: none"> <li>The Company's response</li> </ul> <p>Actively participate in targeted assistance, carry out public welfare activities, and encourage employees to participate in voluntary activities</p>
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## Materiality analysis

TCL Electronics has further improved the management of ESG issue based on that in 2019. Focusing on the Reporting Guide, referring to the disclosure of the issues of outstanding peers, combining the focus on the industry of ESG rating agencies in the capital market, and considering this year's business development plan, we have constructed a list of material sustainability issues in 2020.

### The list of material sustainability issues in 2020



#### Corporate governance

- Transparency in information disclosure
- Compliance with laws and regulations
- Ability to create economic and social value sustainably
- Anti-corruption
- Respect to intellectual property



#### Community and economic development

- Paying taxes according to the law
- Facilitating industry development
- Public welfare and charity activities



#### Product responsibility

- Product safety and health
- Product and service quality assurance
- Product innovation
- Responsible marketing



#### Labour

- Protecting the legitimate rights and interests of labour
- Occupational health and safety
- Reasonable remuneration and incentives
- Respecting the diverse cultures and ways of living of employees
- Good training and development opportunities
- Employees' sense of belonging and recognition



#### Environmental protection

- Efficient use of resources
- Waste management
- Energy conservation and reduction of emissions
- Water management
- Recycling of scrapped products
- Responding to climate change



#### Industrial chain management

- Social responsibility in the supply chain
- Management of conflict minerals

# INJECTING IMPETUS INTO ECONOMY

The economic value brought by the products and services of TCL Electronics is the foundation for achieving sustainable development. The Company adheres to paying taxes in accordance with the law, consolidating and expanding overseas markets, and actively promoting local economic development. We strictly abide by the laws and regulations at home and abroad, and are committed to providing shareholders with good performance returns through a more honest internal environment and more comprehensive risk management. At the same time, TCL Electronics actively embraces the development trends, continuously promotes technological innovation in the industry, and joins hands with the industry chain to achieve synergetic sustainability.

Topics covered in this chapter	Category
Transparency in information disclosure	Corporate governance
Ability to create economic and social value sustainably	Corporate governance
Compliance with laws and regulations	Corporate governance
Anti-corruption	Corporate governance
Respect to intellectual property rights	Corporate governance
Paying taxes according to the law	Social and economic development
Facilitating industry development	Social and economic development
Social responsibility in the supply chain	Industry chain management
Management of conflict minerals	Industry chain management



## Promoting economic growth

TCL Electronics vigorously improves its product strength and brand strength, prioritises the independent innovation ability in corporate development, continuously increases R&D investment, accumulates intellectual property rights to enhance the enterprise's scientific and technological strength and make contributions to the innovation and development of the industry.

**15.9%**

In 2020, the overall sales volume of TCL TV increased by 15.9% over the corresponding period of last year.

**14.1%**

The sales volume of smart mobile, connective devices and services from September to December 2020 increased by 14.1% year on year.



## Paying taxes according to the law

The Company has always been paying taxes according to the law and operating in good faith as its management concept and has established a strict management process of financial accounting and a management system of paying taxes according to the law. TCL Electronics strictly abides by the Environmental Protection Tax Law of the People's Republic of China, which has been implemented since 2018. All production bases in mainland China pay environmental protection tax in full and on time according to the actual situation and actively carry out the work of improving quality and efficiency and cleaner production to contribute to the construction of ecological civilisation.

## Strengthening overseas markets

TCL Electronics adheres to its global branding strategy and gains leading competitive strength by actively capturing overseas key market opportunities and optimising the product mix. While expanding overseas business, we employ local people as our staff to drive local economic development. Except for a small number of Chinese managers, the employees of our overseas factories and sales branches are all local, which effectively improves the local employment level.

In 2020, TCL TV sales volume and market share of TCL TVs ranked third around the globe, where

the Company maintained its competitive edge in the North American markets with a year-on-year increase in the sales volume of its TVs in 2020 by

**25.4%**

the Company maintained its rapid growth momentum in the European markets with a year-on-year increase in the sales volume of its TVs in 2020 by

**66.0%**

the Company continued to expand its sales channels in emerging markets with a year-on-year increase in the sales volume of its TVs in 2020 by

**19.4%**

## Complying with laws and regulations

We deepen responsibility management and strictly abide by the laws and regulations in domestic and overseas places of business to ensure that our business development meets the local compliance requirements and stringently prevent the occurrence of violations of regulations or disciplines. The Company attaches great importance to science and technology, strengthens the management and maintenance of intellectual property rights, and is committed to providing shareholders with good returns and promoting the long-term development of the enterprise.

In 2020, there were no concluded legal cases regarding corrupt practices in TCL Electronics.

### Strictly observing business ethics

TCL Electronics always adheres to business ethics to resist all kinds of business fraud and acts against fair competition, and strictly abides by the Criminal Law of the People's Republic of China, Law of the People's Republic of China on Anti-Unfair Competition, Company Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery (Order No. 60 of the State Administration for Industry and Commerce of the People's Republic of China), and the Law of the People's Republic of China on Anti-money Laundering and the code provisions of Corporate Governance Code of the Listing Rules to prohibit and prevent all kinds of bribery, extortion, fraud and money laundering and protect the legitimate rights and interests of itself and others.

We attach importance to the improvement of the integrity system and integrity education, carry forward the Company's anti-corruption culture, and immediately stop any dishonest person who tramples on the corporate culture and damages the Company's interests.

### The anti-corruption management system of TCL Electronics

#### Anti-corruption system

We have published the Notice on the Code of Conduct for the Procurement and Business Personnel of TCL Communication, Code of Anti-Corruption, Accountability Management Measures and other anti-corruption norms to clarify anti-corruption behaviours and make strict requirements on employees in terms of abuse of authority, bribery, gifts, commercial hospitality, etc.

#### Undertaking for anti-corruption

TCL Electronics requires all employees to sign the Undertaking of Personal Integrity to make a personal commitment:

- New employees are required to sign the Undertaking of Personal Integrity and receive unified propaganda and education at the time of induction training;
- New cadres are required by TCL Electronics to sign the Undertaking of Personal Integrity when they are promoted;
- The employees in positions vulnerable to corruption are organised to sign the Undertaking of Personal Integrity in public every year;
- The employees not in positions vulnerable to corruption are required to sign the Undertaking of Personal Integrity every three years.

#### Anti-corruption education

TCL Electronics continues to promote anti-corruption culture through regular and special anti-corruption education and publicity

- Place the publicity information in the mini-bulletin boards in the elevators and washrooms;
- Carry out anti-corruption education through diverse methods, including staff emails, interaction on corporate WeChat official account and publicity in the office area;
- Make short videos on anti-corruption and play them during all training and meeting intervals;
- Carry out integrity questionnaire survey every year and raise employees' awareness of anti-corruption through questionnaire;
- Conduct anti-corruption training for all employees.

### Supplier integrity management

In respect of the anti-corruption management related to the supplier, TCL Electronics clearly states in the Procurement Agreement that the supplier shall not, under any name whatsoever, entertain or give gifts to the buyer's personnel, secretly give them kickbacks, commissions, securities, physical objects and other forms of benefits, or collude with the buyer's personnel. In addition, we have clarified the prohibition of abuse of power, bribery, gifts, and commercial hospitality in our policies to make clear norms and guidelines for the behaviours of employees and suppliers.

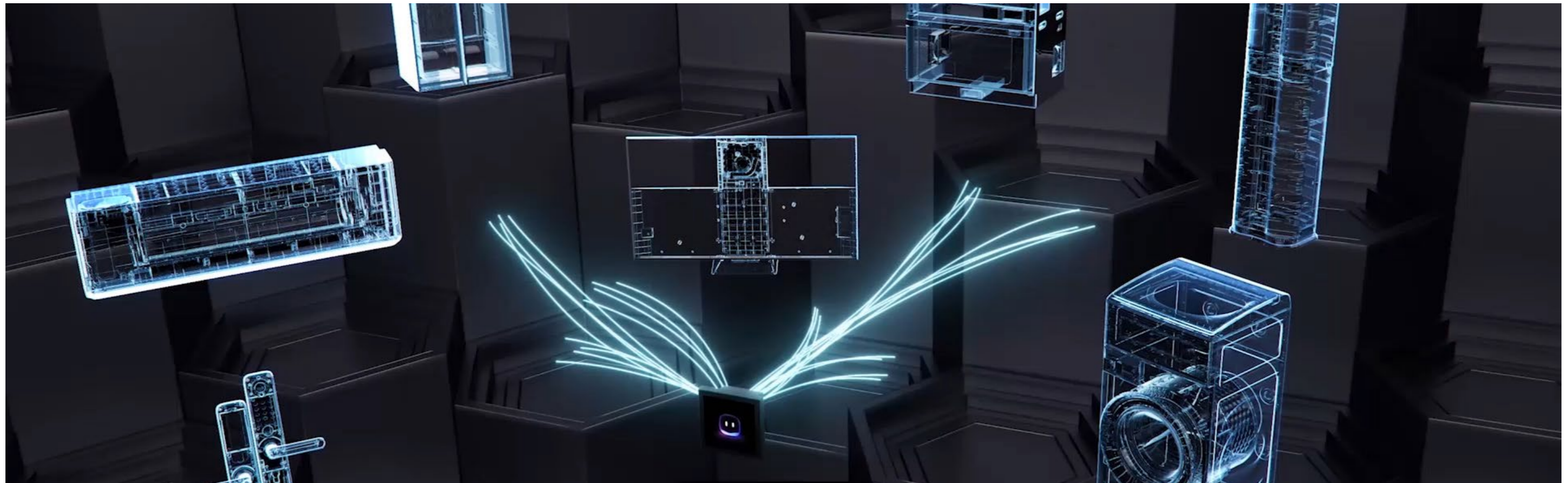
In case of any violation related to commercial bribery, TCL Electronics will immediately cease the performance of the contract with the supplier and may require the supplier to pay 20% of the total contract amount as liquidated damages. We have the right to immediately terminate the contract and reserve the right to report the case to the judicial authority for investigation. At the same time, TCL Electronics enters into the Integrity Agreement with each supplier when signing the contract to further resist commercial bribery and unfair competition.

### Channels to declare interests and blow the whistle on corruption

TCL Electronics has set up a channel for stakeholders to actively declare their interests. Employees can timely and actively declare their relatives' positions in the Company or suppliers in the office automation system (OA system). Furthermore, we have set up OA homepage, telephone, written/E-mail, interview and other ways to provide smooth whistle-blowing channels for employees, suppliers and the public. After receiving a report, the recipient will immediately report the complaint to the Audit Department for handling. If the employee thinks the handling is inappropriate or unsatisfactory, he can appeal to the superior management. If he is still dissatisfied, he can submit the complaint to members of the executive committee or CEO of TCL Electronics to ask the management to make corresponding handling decisions.

The whistle-blowing channels of the Company are under the unified management of the Audit Department. Specialised personnel are assigned to record and regularly check the information reported. At the same time, the information of the whistle-blower is strictly confidential. Once any department receives reports of improper behavior, fraud and violation of regulations, the department shall immediately report the information to the Audit Department and shall not it to any third party except for the Audit Department or the HR Department.





## Respect to intellectual property rights

TCL Electronics has established the Intellectual Property Rights Protection and Management Procedures and has set corresponding standards in terms of new product project approval, procurement, production, sales and after-sales to protect intellectual property rights in the entire process of product management. In 2017, we passed the GB/T29490 intellectual property rights management system certification. TCL Electronics has established an organisational structure for intellectual property management, and the Legal Department has set up a professional team to provide comprehensive legal support for intellectual property, litigation, investment and financing as well as compliance.

In the Procurement Agreements entered into with its suppliers or contractors, TCL Electronics clearly states the requirements for intellectual property rights protection and requires suppliers to ensure that the products or services they provide to TCL Electronics do not infringe upon the intellectual property rights and other legitimate rights and interests of any third party. Regarding the materials that need to be designed by the outsourcer, it is also stipulated in the contract that the outsourcer shall ensure that all ideas shall not infringe upon others' legitimate rights and interests. If the product infringes upon the intellectual property rights or causes the infringement upon the intellectual property rights of a third party, the supplier shall negotiate on the infringement upon intellectual property rights, and actively cooperate with TCL Electronics in settling legal disputes.

### Case: TCL Communication encourages technological innovation and protects intellectual property rights

TCL Communication has formulated the Incentive Measures on Patent to reward the collectives and individuals who have made contributions to promoting technological innovation. In terms of preventing the infringement upon and violation of intellectual property rights, TCL Communication analyses and compares the products in the places where the intellectual property rights are licensed and effective. If any infringing product is found, TCL Communication will safeguard rights in compliance with laws and regulations to protect the Company's intellectual property rights from being infringed upon. At the same time, it will also analyse and compare its products with others' intellectual property rights. If it discovers the possibility of infringing upon others' intellectual property rights, it will strive for licensing or design around the patent.

### Number of patents obtained by TCL Electronics in 2020<sup>2</sup>

**5,594** pcs

Accumulated number of licensed patents obtained

**1,115** pcs

Number of licensed patents obtained in 2020

<sup>2</sup>In 2020, due to the acquisition of TCL Communication, the number of patents increased significantly.

## Multi-win operation

Through the establishment of a sound system and process, TCL Electronics standardises the management of suppliers, deepens the strategic cooperation with suppliers and works together with suppliers to promote the fulfilment of social responsibility by the value chain. In addition the Company actively participates in the exchanges among peers, takes the initiative to cooperate with partners from all walks of life, and attaches importance to the industry-university-research cooperation. The Company also takes part in the formulation of standards and is committed to promoting technological innovation and industry development.

### Supply chain management

TCL Electronics has formulated management systems such as the Management Process of Supplier Introduction and Elimination and the Standards for the Review of the Social Responsibility of Suppliers to comprehensively standardise the management process of supply chains and the engagement of all suppliers. The Component Department of the production bases first investigates and initially evaluates the basic information about suppliers. If the evaluation results meet the requirements of TCL Electronics, we will formally review the companies and manufacturing plants of the suppliers. In this process, TCL Electronics requires suppliers to provide multiple documents and qualification information and enters into Quality Agreement, Integrity Agreement, Anti-terrorism Security Cooperation Agreement and Social Responsibility Undertaking Letter of Subcontractors and Suppliers with all suppliers to regulate suppliers' behaviours through regulations and contract terms.

While strictly reviewing suppliers, TCL Electronics constantly improves the professional ability of management personnel through the combination of internal and external training and optimises the process to enhance the level of information management. In 2020, to effectively promote the information-based processes, TCL Electronics carried out the training about the information-based system twice, with 25 attendees, and professional ability training three times with 79 attendees.



### Supplier review and assessment

TCL Electronics formulated the Regulations on the Management of Supplier Review. The review of suppliers is divided into four categories: the review of new suppliers and new supply category, the routine annual review, the changes and special review. New suppliers shall be firstly selected by the General Procurement Department and then submitted to the Component Department for further review. Once the Component Department completes the review, TCL Electronics grades the quality management, hazardous substance process management (HSPM) and financial management of suppliers. If either quality management or hazardous substance process management of a supplier is unqualified, the supplier is evaluated as unqualified, and the final results are presented in a review checklist. TCL Electronics will give the unqualified new suppliers a 3-month rectification period. After three months, they need to be reviewed according to their willingness to cooperate.

The content of suppliers' quality review comprises 137 items in 11 categories, including R&D, raw material control, production process control, system of corporate and social responsibility, supply guarantee, compliance with laws and supply chain security.

In the daily evaluation of suppliers, TCL Electronics adopts the evaluation method of quality, cost, delivery and service (QCDS). QCDS rating is the assessment method where TCL Electronics conducts comprehensive evaluation and rating on the monthly quality (Q), cost (C), delivery (D) and service (S) of each supplier. Through quantitative assessment, the supplier with a low rating can identify its deficiencies and correct them on time, and TCL Electronics can strengthen the cooperation with excellent suppliers. In 2020, TCL Electronics and its suppliers carried out training on the collaboration of supplier relationship management system and supplier life cycle, with a total of 28 key suppliers trained.

### Review results and subsequent handling methods of the suppliers of TCL Electronics

#### Unqualified suppliers

- The score of the suppliers who fail to pass the routine review shall be deducted according to the Regulations on the Management of the Grade Evaluation of Non-Screen Suppliers.

#### Qualified suppliers

- The supplier is defined as a class I supplier if its score of quality management is above 85, and medium risk of hazardous substance process management is above 70 and high risk of hazardous substance process management is above 85.
- The supplier is defined as a class II supplier if its score of quality management ranges from 75 to 85, and medium risk of hazardous substance process management are from 60 to 70 and high risk of hazardous substance process management are from 75 to 85.
- The supplier is defined as unqualified if its score of quality management is below 75.

## Build a responsible supply chain

In 2019, TCL Electronics issued the Notice on the Implementation of the Social Responsibility Certification in the Supply Chain to enable the supply chain to pass the social responsibility certification and provide guidance and support for suppliers. Certification standards are widely recognised in the industry, such as Responsible Business Alliance (RBA) Code of Conduct, Social Accountability 8000 International Standard (SA8000) and Sedex Members Ethical Trade Audit (SMETA). The certification is linked with the rating of suppliers. The certification contents cover the requirements of labour, health and safety, environment and others. By the end of 2020, eight suppliers in the supply chain of TCL Electronics obtained the RBA certification.

TCL Electronics integrates responsibility performance into the whole process of supply chain management. During the introduction and annual Review of suppliers, TCL Electronics will review the hazardous substances contained in the products of suppliers following the European Union's Restriction of the Use of Certain Hazardous Substances in Electric and Electronic Equipment (RoHS) to ensure that the products meet the requirements of health, safety and compliance. When TCL Electronics enters into a contract with a supplier, the contract terms include the Social Responsibility Undertaking Letter of Subcontractors and Suppliers, which requires the supplier to make a commitment on its ESG performance. The daily management and review of suppliers also include the review and evaluation of their labour-management, work safety, environmental protection and other aspects. Suppliers with poor performance will trigger different degrees of rectification, punishment, or the mechanism of cooperation termination.

## Management measures on hazardous substances of the suppliers of TCL Electronics

The Control Standards of the Content of Hazardous Substances in Product Materials of TCL Electronics conforms to the latest relevant laws and regulations at home and abroad and the requirements of customers. The management requirements for suppliers include:

- Urge the suppliers to strengthen the control of hazardous substances, formally and explicitly inform the suppliers that they shall be equipped with X-ray fluorescence spectrometers to conduct environmental testing for incoming materials and products.
- Make an environmental review plan for suppliers and conduct a special environmental review for suppliers at risk.
- Formulate and strictly control the implementation of regulations to increase the frequency of environmental testing from IQC for materials at risk. If it is found and confirmed that the hazardous substances in materials exceed the standard, it shall be handled in strict accordance with the relevant environmental protection agreement.
- In the process of introducing suppliers, the suppliers are required to enter into an Environmental Protection Agreement. If no agreement is provided, the supplier is forbidden to be introduced.
- Add deduction items in QCDS, and deduct points of the suppliers who do not provide raw material test reports in time to enhance the replacement rate.

TCL Communication actively promotes halogen-free control in the supply chain, requiring that equipment and packaging shall not contain any harmful substance identified in the H300 or H400 series of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). If the equipment contains coatings or paints, aqueous solvents instead of any other solvents shall be used.



### Case:TCL Communication builds a responsible supply chain

TCL Communication develops a strict supplier selection and review mechanism. Conformity to the internationally recognised environmental and social responsibility standards is the basis for the selection of suppliers. Annual review, on-site review and other forms of review are adopted to conduct regular performance evaluation and review of such eight aspects as labour rights, health and safety, business ethics, supply chain security, conflict minerals, greenhouse gas emissions, and supplier management system to ensure that suppliers meet the desired environmental and social standards and link suppliers' sustainable development performance with their cooperation relationship.

Besides, TCL Communication firmly opposes corruption and resists all violations of business ethics, market rules and fair competition. It formulates the Code of Conduct for Purchasing and Business Personnel to clarify violations such as bribery, receiving gifts and dereliction of duty, establishes a reporting and complaint mechanism to increase supervision, and enhances employees' self-discipline awareness through anti-corruption training and assessment. TCL Communication focuses on technical cooperation and exchange with suppliers. Through holding suppliers' conferences, it maintains communication with suppliers and solves potential sustainable development risks and technical problems, and works with suppliers to build a responsible supply chain. In 2020, TCL Communication carried out 7 suppliers' corporate social responsibility audits.

## Non-use of conflict minerals

TCL Electronics actively responds to the requirements of RBA and GeSI (Global e-Sustainability Initiative) by entering into a Statement on Restricted Substances and an Undertaking Letter of Guarantee for the Non-Use of Conflict Minerals with its suppliers. In the statement, the suppliers are required to guarantee that all packages, parts and/or finished products which are provided to TCL Electronics and/or its related companies do not contain the restricted substances listed in this statement and to provide written evidence, such as Checklist of Raw Materials and Third-Party Test Report, to ensure that TCL Electronics will not use conflict minerals<sup>3</sup>. If a supplier is known to be using conflict minerals, TCL Electronics will immediately stop the use and procurement of such conflict minerals and require the supplier to submit a written explanation. If any supplier violates consciously, TCL Electronics will terminate the cooperation with the supplier.



### Case:TCL Communication strictly prohibits the use of conflict minerals

TCL Communication formulated Conflict Mineral Announcement and published it on its official website, requiring suppliers to sign the Declaration: No Use Conflict Minerals and use the latest RMI\_CMRT<sup>4</sup> template of product level to investigate the use of conflict minerals by related suppliers. Besides, TCL Communication required suppliers to update their reports annually. All applicable smelter information received from suppliers is included in the RMI\_CMRT Report of TCL Communication. Based on the supplier information collected during the reporting period, all minerals in the supply chain come from smelteries or refineries that meet the certification procedures of responsible minerals.

<sup>3</sup>Conflict minerals: metals derived from illegal mining activities or profits used to finance armed activities.

<sup>4</sup>Report template of conflict minerals is issued by RMI (Responsible Minerals Initiative).

### Promoting industry development

TCL Electronics not only participates in the formulation of industry standards and norms and carries out industrial technology cooperation and exchanges, but also is committed to building R&D and talent cultivation systems with different levels and needs. It hopes to promote the industry to be greener, more innovative and diverse through its sustainable development.

### Industry cooperation and communication

TCL Electronics promotes the breakthrough of platform and technology through cooperation to achieve multi-win operation. We have entered into strategic cooperation agreements with many enterprises for a global layout. In 2020, TCL Electronics held two big product launch events, a spring launch event and a 5G 8K smart screen launch event to share the latest products and technologies with relevant parties. In addition, we participated in 8 exhibitions at home and abroad, including the 2nd Universal Display Expo (UDE), International Consumer Electronics Show (CES) and China Import and Export Fair in spring and autumn.

### Assisting in the standard formulation

TCL Electronics continues to promote the establishment of industry standards and outputs its own experience in R&D, production and sales to industry standards. In 2020, we participated in the preparation and revision of multiple national and industrial standards, interpreted and output guidance documents and introduced the latest standards into products in time to ensure that our products meet regulatory requirements and that we provide consumers with reliable, safe and comfortable products.

### Publication of standards which we participated in the formulation in 2020

Standard properties	Standard names	Standard No.	Implementation date
Alliance standard	Technical Specification for High-Dynamic-Range (HDR) Video	CUVA 005—2020	4 September 2020
National standard	Minimum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Flat Panel Televisions and Set-top Boxes	GB24850-2020	1 November 2020
Group standard	Assessment Requirements for Forerunner Standard- Televisions	T/CECA-G 0055—2020	1 September 2020

### Industry-university-research cooperation

TCL Electronics is committed to building a diversified R&D and talent demand system, promoting university-industry cooperation and providing excellent talents for society. We have established long-term cooperative relationships with China Jiliang University, Shanghai Jiao Tong University, Beijing Institute of Technology, Fudan University, Nanjing University and other universities. Among them, we cooperated with Tsinghua University, Fudan University and Fuzhou University in laboratory application, and established industry-education integration talent training colleges with Huizhou Engineering Vocational College and other universities, and cooperated with Shanghai Jiao Tong University to complete the analysis and development of core layer technology of brightness enhancement film (BEF) in 2020. By the end of 2020, six cooperation projects between TCL Electronics and universities were in progress.



Spring Launch Event of TCL Electronics



Ultra HD Screen Launch Event 2020 of TCL Electronics







# CREATING VALUE FOR OUR USERS

TCL Electronics has been continuously increasing investment in the R&D of cutting-edge technologies, and make continuous efforts in intelligent hardware, Mini LED backlight and quantum dot technology. We launched multiple new products at home and abroad to better meet users' needs and achieve users' value for the Company. The new products include flagship TCL X915 8K QLED TV, two rotatable smart screen products, the world's first natural light-energised eye-safe tablet "NXTPAPER", 5G mmWave tablet, multiple kids educational tablet computers and intelligent accessories.

Topics covered in this chapter	Category
Product safety and health	Product responsibility
Product and service quality assurance	Product responsibility
Product innovation	Product responsibility
Responsible marketing	Product responsibility
Efficient use of materials	Environmental protection





<p><b>Europe</b> C815</p>	<p><b>EISA - "Best Product"</b></p> 
<p><b>North America</b> ALL TVs</p>	<p><b>PC Magazine "Reader's Choice Winner"</b></p> 
<p><b>8-series</b> Q82</p>	<p><b>AVS FORUM "TOP CHOICE"</b></p> 
<p><b>6-series</b> R63</p>	<p><b>CNET "Editor's Choice"</b></p> <p><b>Reviewed.com "Editor's Choice"</b></p> <p><b>Wired.com "Recommends"</b></p> 

Evaluation and Awards that the products of TCL Electronics received in Europe and the United States of America in 2020

## Product quality and safety

Adhering to the management concept of "product quality is the foundation of all work quality", TCL Electronics has established a quality management system covering the whole life cycle of products by building a sound quality management framework. Product quality and safety are the cornerstones of an enterprise, and therefore the Company examines each product with the most rigorous and serious attitude to ensure the safety and reliability of products.

TCL 10<sub>5G</sub>

DISPLAY GREATNESS



### Improving product quality

TCL Electronics has established a quality management responsibility handling system to fully guide departments and employees at all levels to implement the quality management spirit of "prevention first", "identify problems before users do" and solve problems in time. In terms of product rework and recall, TCL Electronics has formulated internal regulations such as Management Process of Free Sample Removal for Branches and Management Process for Machines Returned to Branches to standardise the processing procedure of products that need to be returned for repair or recalled, so as to speed up the return processing efficiency and improve user satisfaction. To constantly reduce the rate of returned machine, TCL Electronics assigns specific personnel to analyse the market information about returned machine to understand the reasons for return and subsequent improvement measures. By the end of 2020, TCL Electronics had passed ISO9001 Quality Management System and IECQ-QC080000:2017 Hazardous Substance Process Management System certifications. TCL Communication has passed ISO9001 Quality Management System and TL 9000 Telecom Quality Management System certifications.

TCL Electronics sets up a Quality Management Centre, which is responsible for the quality management of the TV business. The management scope of the Centre covers all major business units and implements a solid double line and embedded quality management model with various business departments. The Quality Management Centre comprehensively coordinates the R&D, components, manufacturing, and after-sales quality management platforms at home and abroad, and systematically and comprehensively monitors the quality of the value chain of all products of TCL Electronics. In 2020, TCL Electronics introduced the management method of IATF16949:2016 Quality Management System to perfect the existing management system and measures and further improve the quality management level.

To identify and deal with the quality risk in the process and end market, TCL Electronics has established regulations such as Major Market Quality Issues Classification Management, Unqualified Issues & Product Procedure (including product recall management), and assigned specific personnel in the R&D, quality, and manufacturing processes, used QBQ (Question Behind Question) factor analysis method to conduct root cause analysis, implementation, improvement and closed-loop processing on product quality problems in the market. The specialised department is responsible for quality responsibility division and KPI management and performs accountability, rewards and performance evaluation according to seriousness.

At the beginning of each year, TCL Electronics formulates quality training programs and training targets to comprehensively improve the general and professional skills of its employees in basic knowledge, policy interpretation, practical operation and other aspects through the training courses for system, management and development, profession / technology, and general basic knowledge. In 2020, TCL Electronics arranged a total of 98 training courses related to quality, with a completion rate of 115% and a training duration of 30 hours per capita.

### Case: Quality management process of TCL Communication

TCL Communication established internal systems (such as Quality Management Manual and PIM Process) to ensure product quality in the whole process, namely, from the product concept stage to planning stage, development stage, verification stage, production ramp stage and finally to marketing stage.

If major product quality problems are found, TCL Communication analyses and solves them through systematic processes and steps, such as clarifying improvement measures, verifying the effectiveness of measures, horizontally confirming whether the problem is common, and sharing experience via problem description, implementation of interception measures and cause analysis. In case any problem is found in the market of operators, operators can report the quality problems to TCL Communication through the call centre, official website, service outlets, official social media accounts and others. If the problem is a typical one, it will be solved by the regional team or fed back to the headquarters. In case any problem is found in the open market, users can report it through the call centre, official website, service outlets, official social media accounts, mobile phone built-in APP and other channels, and the regional team will decide whether to report it to the headquarters according to the severity of the problem. The headquarters counts the repair data from all kinds of markets, and follow up to investigate and analyse it if abnormal data is found.

In 2020, the product quality of TCL Communication ranked first in the quality score of the quarterly business review and evaluation of US operators such as Tracfone and Cricket and second in the evaluation of the quality and performance index of European EE customers with full marks in the repair rate index.

### Case: TCL Communication improves product quality through technological innovation

- Automated CCD (charge-coupled device) high-precision fitting equipment: It innovatively adopts high-resolution industrial camera assembly and industrial visual image processing algorithm. The use of the equipment can ensure the reliability of the mounting process of the touch screen and back cover of mobile phones.
- Self-developed mobile phone inside and outside appearance inspection equipment: Innovatively adopting universal three-axis cartesian mini-robot and industrial intelligent camera, combined with industrial visual image processing software, the equipment can inspect missing/short parts, reverse installation and other assembly defects of mobile phones, as well as a misprint, missing print and other packaging abnormalities accurately and in a standardised manner.
- Self-developed automated FT (underlying camera) test equipment: It innovatively adopts the hand-eye grabbing system of the industrial robot, so it boasts high integration, accurate positioning, high speed, good quality, and other advantages.
- Self-developed BTB (board-to-board) connector height detection equipment: It innovatively adopts displacement sensor to detect abnormal assembly of BTB connector.
- Self-made automation equipment networking monitoring project: The integrated man-machine monitoring system enables all personnel to know the situation of field equipment and production as well as the causes and treatment of faults through the system screen 24 hours a day, thereby greatly improving the quality and accuracy of products.
- Industrial test scheme for 5G mobile phones: An automatic sliding screen-type coupling shielding box with built-in multiple antennas is developed for large-sized 5G CPE products. It supports the test requirements of 5G millimeter-wave and ensures the quality of 5G series products.

### Quality assurance in overseas markets

TCL Electronics undertakes NPS<sup>5</sup> quality management activities in overseas markets every year to actively improve the product quality in overseas markets and strengthen its brand reputation and influence. In addition, we also conduct a NPS blind test of third-party random sampling once a year and output the annual report of NPS, which is included in the overseas a NPS quality improvement project. We require Marketing Department and Back Office Department to establish a gear improvement mechanism to link with quality improvement activities of other overseas markets and jointly promote the further improvement of overseas market quality of TCL Electronics. By the end of 2020, the accumulative fault rate in the overseas market of TCL Electronics decreased by 7.9% when compared with that at the beginning of the year.

#### Overseas market quality feedback and handling process of TCL Electronics



<sup>5</sup>NPS (Net Promoter Score), also known as word of mouth, is an index to measure the possibility that a user will recommend an enterprise or service to others.



### Product Safety Assurance

TCL Electronics always regards safety and quality as the core of product responsibility, so we not only abide by relevant laws and regulations as well as domestic and foreign standards but also establish and improve product quality and safety governance structures to provide users with safe and reliable products and services.

TCL Electronics strictly abides by laws and regulations such as the Law of the People's Republic of China on Protection of Consumer Rights and Interests, Product Quality Law of the People's Republic of China, Administrative Measures for the Restriction on the Use of Hazardous Substances in Electrical and Electronic Products, as well as regulations on product health and safety in overseas market access policy and consumer protection laws and regulations. Meanwhile, it also refers to national, industrial and local safety production standards including GB8898-2011/IEC 60065:2014 Safety Requirements for Audio, Video and Similar Electronic Equipment. All products and safety devices of TCL Communication are certified following the international safety standards IEC 62368-1 and IEC 62133 as well as the safety standards in the corresponding sales areas. We keep a close eye on the selection and certification of safety devices such as lithium-ion batteries and chargers to strictly prevent fire, electric shock and other personal injuries and property losses. If the defects in the commodities of our Company cause personal or property damage to consumers or the legitimate rights and interests of consumers are damaged, consumers can claim reasonable compensation from the Company.

The safety, energy efficiency and electromagnetic compatibility laboratory under TCL Electronics has been accredited by China National Accreditation Service for Conformity Assessment, and a complete quality system has been established in accordance with the international standard ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories. Also, TCL Electronics tracks changes in standards in real-time, timely supplements and expands the scope of laboratory testing ability to ensure the safety, reliability and quality of products. The tablet products of TCL Communication adopt NXTVISION professional display technology and have obtained TUV Eye Comfort Certification from Germany. The specific absorption rate (SAR) of all communication terminals using a cellular network or other wireless networks is monitored in strict accordance with IEC 62209-1 and IEC 62209-2 to prevent the impact of electromagnetic waves on human health.

**378**

In 2020, TCL TV obtained a total of 378 safety-related certificates

**33**

products, including smart home and audio products 33 safety-related certificates were granted

## Creating green products

TCL Electronics focuses on the environmental protection feature of products, considers the need to save energy and reduce consumption in product design, and actively researches and develops innovative energy conservation and consumption reduction technologies. We strictly abide by the national and international standards on hazardous chemicals in our products to create green and green high-quality products.

### Product's energy conservation and consumption reduction

A total of 10 LCD TV products of TCL Electronics were included in the List of Green Design Products of the Ministry of Industry and Information Technology this year. Their energy efficiency index reached level 2 of China's Energy Efficiency Standard, and the renewable utilisation rate of our products is not less than 65%. TCL Electronics, as a global benchmark enterprise, has been shortlisted for China's green product design for two consecutive years and received state subsidies.



#### Case: Enhanced design of the power-saving strategy for 5G mobile phones of TCL Communication

- Smart Manager: Three 5G power-saving modes are provided, including disable mode (unlimited use of 5G network), mild mode (turn off 5G network when the screen stays off and the power is low), and severe mode (turn off 5G network only at the time of game, online video and big data transmission). The selected mode and application whitelist will be stored in the database for query by in-process control strategy service.
- Intelligent scenario-based service: It monitors various use scenarios of mobile phones, identifies the upload and download of the applications not on the whitelist, and the usage of games and online videos, and provides interface for in-process control strategy service module.
- In-process control strategy service: According to the switch and whitelist that are provided by Smart Manager, it checks the status of various application scenarios and systems develop a strategy on whether 5G needs to be turned off or on.
- Phone process: It provides the interface to turn on and off 5G for the call of in-process control strategy service.



## Use of green materials

TCL Electronics actively responds to the call for energy conservation and emission reduction. We not only reduce material waste through continuous R&D and innovation of materials but also actively use green materials to reduce the emission of pollutants in the process of product manufacturing and processing.

### Reduction of painting use through the spray-free process

The spray-free metal powder material is made by adding a very small amount of metal powder particles to the original resin base material to make plastic parts with a metallic appearance through the direct injection molding process, thereby removing post-processing such as spraying and reducing the use of oily paint. In 2020, TCL Electronics expanded the application scope of spray-free material to the main parts of the TV set based on its preliminary application in the previous year. Besides, TCL Electronics developed a spray-free plastic base for inserts, which mainly replaces the original metal base and the base after the spray post-treatment process, thus reducing the environmental pollution caused by the spray process. In 2020, TCL Electronics completed the process from R&D to mass production of such spray-free base for inserts.

PCM (Pre-Coated Metal) backplane is a pre-coated steel plate before stamping, which can be directly assembled without spraying after stamping. Compared with the traditional process, it is greener and more green. TCL Electronics has been conducting pre-research on PCM since 2019, and gradually introduced it to the application of structural appearance parts, insulation function, and appearance decoration parts of such spray-free base for inserts.

### Chemicals management of products

TCL Electronics strictly abides by the regulations of RoHS, REACH<sup>6</sup>, Prop65 and POPs as well as the halogen-free requirements of the International Electrotechnical Commission (IEC) for equipment. TCL Electronics has formulated the "Restricted Substance Management Standard of TCL Electronics". In the process of product design and production, TCL Electronics seeks safer and greener chemicals through technical development and process improvement to minimise the use of harmful chemicals. TCL Electronics' TV and mobile phone products have been certified for QC080000 "Hazardous Substance Process Management System for Electronic and Electrical Components and Products", and have 100% eliminated the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl, polybrominated diphenyl ether and other environmentally unfriendly plastic materials.

For a small number of hazardous chemicals that must be used in the production process, TCL Electronics not only strictly abided by the Regulations on the Control over Safety of Dangerous Chemicals and other rules and regulations but also established an emergency management team for hazardous chemicals to conduct regular inspections and training and control the of hazardous chemicals throughout the process. In 2020, for the halogen-free requirements of products that are sold in Northern Europe and the EU, TV plastic materials were switched to phosphorus flame-retardant system from bromine flame-retardant system to meet halogen-free, greener and more green requirements.

<sup>6</sup>REACH regulation: Registration, Evaluation and Authorisation of Chemicals is the regulation of the European Union for the preventive management of all chemicals entering its market.

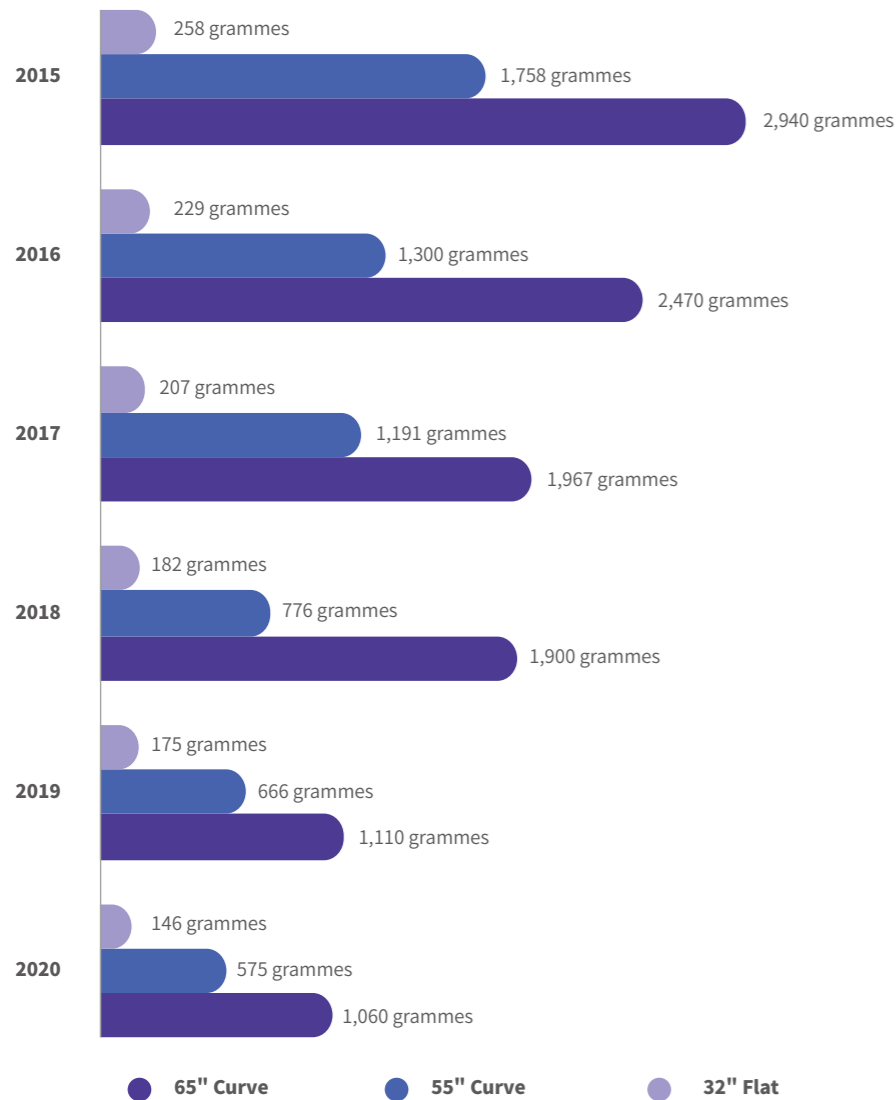
### Economical use of packaging materials

TCL Electronics adopts green and innovative requirements to examine the packaging materials and methods of its products to reduce the use of hazardous raw materials. We promote the application of more healthful and green air column coil packaging materials. At present, S43 series products are to be verified in North America, gradually replacing expandable polystyrene (EPS) materials. In contrast, the air column coil packaging materials which are made of polyethylene and nylon are safer because the cushion of the air column coil is formed with the help of air and they are odorless and non-toxic. Also, the materials can be ablated and gasified in a specific environment, while traditional EPS is difficult to be recycled or decomposed naturally.

Under the background of stricter requirements for product packaging in the international market, TCL Electronics tries its best to use harmless, pollution-free, renewable and green packaging materials instead of plastic packaging materials and wood packaging materials to provide more modern, economical, durable and green packaging solutions. In addition, the paper packaging materials we use can lessen the weight and volume of our products, increase the number of containers, and reduce the greenhouse gas emissions from the transportation of goods.

We require the suppliers to properly recycle and reuse the packaging paper cartons, cardboards and plastic turnover boxes when providing raw materials and products to the Company, which effectively reduces the consumption and waste of packaging materials.

### Consumption of EPS packaging materials for a single machine of some models of TCL Electronics in the period from 2015 to 2020



### The consumption of packaging materials of TCL Electronics in 2020



**59,785.89** Tonnes

Carton



**3,364.21** Tonnes

Manual



**15,210.83** Tonnes

Plastic (EPS)

#### Case: Green packaging measures of TCL Communication

TCL Communication actively studied and implemented the EU requirements for plastic-free packaging, and realised the use of soybean ink in all packaging, with the utilisation rate of recycled paper reaching 60%-80%:

- Remove the plastic film from the copper box.
- Biodegradable materials are used in inner bags instead of PE materials.
- Remove the PE bags used for chargers, cables and earphones and use cardboard instead.
- Optimise the design to fix the pin and remove the PE packaging bag.

## Improving user experience

TCL Electronics has always adhered to the principle of the "user-centric" concept and is committed to "providing users with satisfactory service experience". We adopt the delicacy management model for user services to constantly improve and perfect the service quality and promise users adherence to responsible marketing and elimination of false publicity. At the same time, the Company also pays attention to the privacy protection of users in the whole supply chain, and resolutely avoids the leakage of user information. The opinions and feedback of users are an important driving force for us to keep moving forward. We require all channels to feedback users' complaints in time to improve users' satisfaction and create value for users.

By 2020, TCL Electronics won the Readers' Choice Winner of TV and display category of PC Magazine for three consecutive years.

### Optimising service

Per the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Regulations on the Responsibility for Repair, Replacement and Refund of Some Commodities, TCL Electronics has formulated Quality Information Processing, Specification for the Management of Customer Satisfaction, the Specification for Processing Quality Feedback in Overseas Markets and Quality Claim Management Procedure to better quantify the service quality in the form of the system as well as effectively improve and manage the service quality.

Through the product satisfaction survey, we effectively evaluate and monitor user satisfaction, understand the reasons for the users' dissatisfaction in details and feed them back to the relevant departments for follow-up and adjustment after being classified and sorted out, with a view to continuously meeting the current and future needs and expectations of the users.

For the overseas market, TCL Electronics standardises the analysis, handling, and feedback processes of quality problems to find quality risks in time and properly handle them. Users can give us their feedback and make a complaint in a convenient and timely manner through the hotline of the call centre and the WeChat complaint channel built into the TV application. After receiving user feedback, the call centre will contact the complaining user within 24 hours to understand the relevant issue and deal with it. In 2020, TCL Electronics conducted five training sessions of 72 hours for overseas call centres.

#### Satisfaction Evaluation Process of TCL Electronics



**Case: Service optimisation measures for overseas users of TCL Electronics in 2020**

**Rollout of new CRM system (Customer Relationship Management system)**  
In 2020, TCL Electronics launched a new CRM service system overseas to monitor the users' consultation, repair call and other information and output users' key complaints in real-time. The Service Management Department can quickly respond and provide on-site maintenance service according to the user's complaint. R&D and quality departments can quickly analyse and introduce improvement measures according to the key quality problems reported by users. By the end of 2020, the new CRM system was rolled out in 12 countries and regions.

**Optimisation and compression of TAT response time**  
In 2020, TCL Electronics set up a maintenance centre in the east of North America to shorten the round-trip time of broken machines, and the direct replacement method was adopted for broken machines of 32 inches and below. In Europe, the function of machine replacement was added to the online business in the UK and Germany. Warranty service was launched online for users via our official website and TCL home APP; and the connection between Eshop and CRM realised the process of automatic machine return without spare parts.

**Case: Customer satisfaction improvement measures of TCL Communication**

TCL Communication set up the user service satisfaction KPIs to promote the optimisation of user service performance. The call centre launched a user satisfaction survey for every single service and reviewed the user service satisfaction by day, week and month. For the cases of dissatisfaction of user experience, the call centre analysed them in time to not only determine the causes of dissatisfaction and locate the responsible department but also output solutions and improvement plans. In addition, TCL Communication carried out service quality training for customer service personnel of the call centre, including pre-launch training for new models and daily summary training. In 2020, the user complaints handling rate of TCL Communication was 100%.

After-sales service is an important part for mobile phone products. TCL Communication releases maintenance manual, video teaching materials, and other training materials for call centre and maintenance centre to download and learn before the launch of each new model. The technical support and training of the maintenance centre are mainly in the charge of the regional technical support personnel. Some questions that cannot be answered by the regional technical support personnel will be forwarded to the headquarters for support. In 2020, TCL Communication constantly improved the response time of maintenance service by increasing maintenance personnel, maintenance shifts, maintenance centres and other means.

## Information protection

TCL Electronics has established the Security Regulations for Smart TV Software System, the Software Vulnerability Management Process, the Privacy Management Policy, and the Privacy Incident Emergency Response Process under the global mainstream data and privacy protection laws and regulations and standards and in compliance with the Cybersecurity Law of the People's Republic of China, the Regulations of the People's Republic of China on the Security and Protection of Computer Information Systems, the Act on the Protection of Personal Information, and the Personal Information Security Specifications to conduct effective management and control within the Company and supply chain to prevent data leakage. Overseas companies have formulated the Product Software GDPR Issue Handling Process by reference to the European Union's General Data Protection Regulation (GDPR), California Consumer Privacy Act 2018 (CCPA), Brazilian General Data Protection Act and California Connected Device Information Privacy Protection Act. Employees must not export or send user information from the system without approval. TCL Electronics has passed SGS SB327 certification, Riscure certification for smart household appliances and TUV EN 303645 certification.

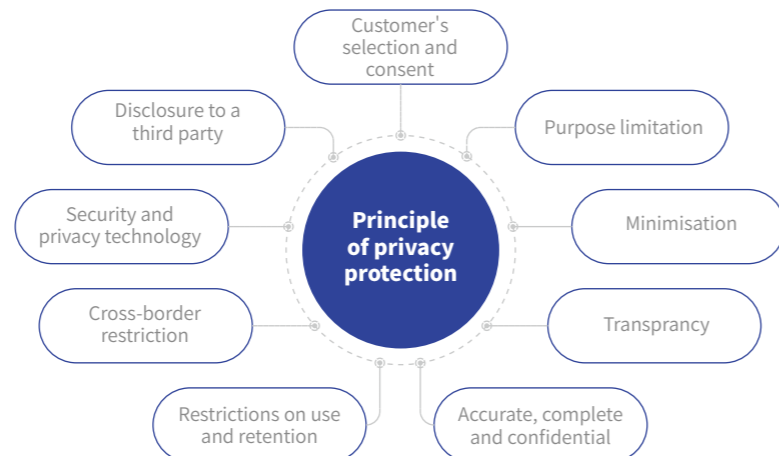
If personal information is leaked, TCL Electronics will inform users of the possible impact of the leak, the measures taken, the actions that users can take proactively, and some subsequent compensation actions in a timely manner in accordance with the requirements of laws and regulations. It will also report to the regulatory authorities about the handling of personal information security incidents. Before products are introduced to the market, TCL Electronics will evaluate them with a series of security indexes according to their product attributes to ensure that the products strictly meet the requirements of user privacy protection. The evaluation includes source defects, vulnerability scanning, manual source logic audit, black-box testing, satisfaction of compliance standard, data transmission/encryption/cross-border, etc.

For the control of individual information in the supply chain, TCL Electronics and 100% of its suppliers have entered into the Business Confidentiality Agreement, which stipulates that no one shall, without the written consent of the user, disclose confidential information to the suppliers, including but not limited to business and financial information. If it is necessary to disclose confidential information, TCL Electronics will inform users promptly and in advance, and make every effort to reduce the scope of the disclosure, and take all possible measures to maintain confidentiality. Once it is confirmed that the supplier has leaked the user's privacy due to misconduct, the supplier shall make compensation unconditionally.

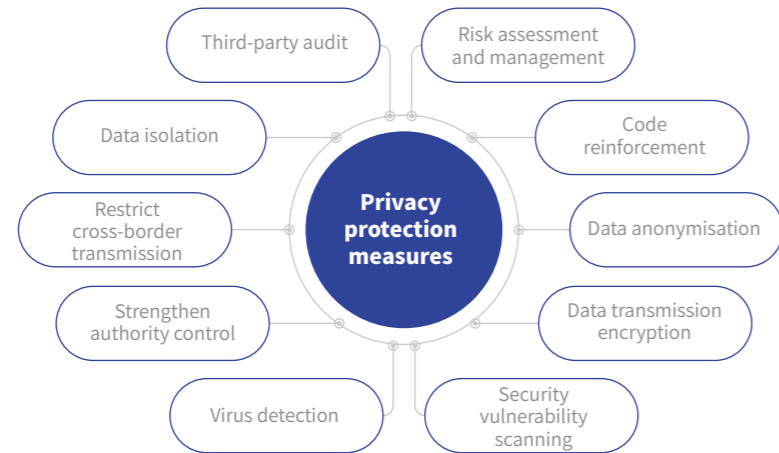
### Case: Data security and privacy protection measures of TCL Communication

TCL Communication integrated the privacy protection principle into its business to strengthen the privacy protection at all stages of the data processing life cycle and passed ISO 27001 Information Security Management System Standard Certification. TCL Communication introduced privacy protection tools to enhance the overall privacy protection capability from the three dimensions of "terminal", "channel" and "cloud". Also, when the user handles after-sales maintenance in the maintenance centre, the maintenance personnel first require the user to back up the data and clear the personal information before conducting the maintenance work. At the same time, all repaired phones are required to be installed with the latest version of the software, and all user data will be erased during the software upgrade process.

In 2020, TCL Communication expanded the scope of privacy protection and optimised the privacy management system. The expanded privacy protection scope is mainly in Europe, North America, Brazil, and China, covering 4 product lines/systems and 10 business processes. Also, TCL Communication established a comprehensive privacy protection working team, which included more than 20 liaison officers of departments and more than 50 core employees. The privacy protection working team is headquartered in China and is composed of information technology, legal, R&D, marketing, after-sales, product centre and other departments; three overseas regional privacy protection working teams have been set up in Europe, North America and Brazil.



Privacy protection principles of TCL Communication



Privacy protection measures of TCL Communication

## Responsible marketing

TCL Electronics strictly abides by the Advertisement Law of the People's Republic of China, Regulations on Control of Advertisement and other relevant regulations, and has internally formulated the Promotion Standardisation Management Plan of TCL Promotion Centre to regulate the production and use of various promotion materials, strictly require that the company's any advertising contents must be true, sound, clear and plain and shall not deceive users in any form. The Company also established the marketing complaint process to fully protect the legitimate rights and interests of customers.

We established a standard production, review and output process for the release of the video, pictures, advertorials and other materials. From the first draft to the final draft, we reviewed and confirmed them by the product, retail, R&D and legal departments to ensure that the text and visual presentation of any external publicity materials is correct. If it is possible to cause consumers' doubts or misunderstandings, the Company will add appropriate explanatory description. Besides, TCL Electronics also complies with the requirements of the "The People's Republic of China Product Quality Law". Consumers will be compensated legally and reasonably by the Company, if the product, packaging or label does not meet the product standards marked on the product or does not meet the quality requirements indicated by product descriptions, physical samples, etc., and it is still attributed to the Company after the repair, replacement, return, and compensation of products.

### Marketing material audit process of TCL Electronics





# CREATING OPPORTUNITIES FOR EMPLOYEES

TCL Electronics always adheres to the talent-driven strategy. We hope to protect the rights and interests of employees and provide a platform for employees to realize their self-worth through a good working environment as well as equal and transparent promotion opportunities. Besides, with the growing demand for international business, we fully respect the diverse culture of employees from different countries and strive to create a global platform for employee development.

Topics covered in this chapter	Category
Protecting the legitimate rights and interests of labour	Labour
Reasonable remuneration	Labour
Respecting the diverse cultures and ways of living of employees	Labour
Good training and development opportunities	Labour
Employees' sense of belonging and recognition	Labour



## Employee rights and interests

### Employees of TCL Electronics in 2020

Total number of employees **34,155**

#### Breakdown by gender

Male 21,189  
Female 12,966

#### Breakdown by employment type

Senior management 35  
Middle management 456  
General staff 33,664

#### Breakdown by age

29 and below 16,912  
30-49 16,199  
50 and above 1,044

#### Breakdown by geographical region

Mainland China 30,001  
Hong Kong, Macau and Taiwan 21  
Overseas 4,133

In 2020, TCL Electronics was free of discrimination, and did not use child labour or forced labour in all aspects of employment.

TCL Electronic operates attentively in human resource management, fully protects the rights and interests of employees, and cares for the physical and mental health of employees.

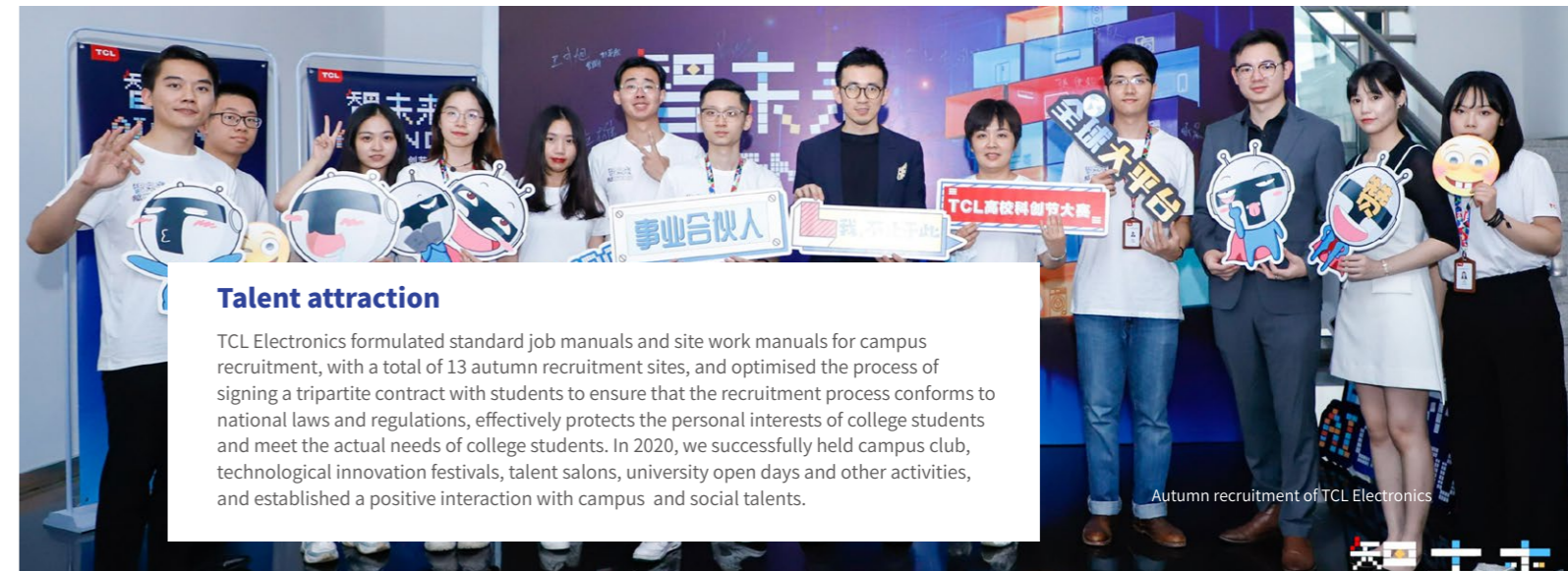
### Employment compliance

TCL Electronics strictly complies with the applicable laws and regulations such as the Universal Declaration of Human Rights, Labour Law of the People's Republic of China, and Labour Contract Law of the People's Republic of China. We have formulated internal policies (for example, Employee Handbook) to not only gradually improve the human resources system and management system but also ensure employees' legitimate rights and interests in terms of salary and welfare, dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversification and anti-discrimination, strictly ensuring that employees are not treated differently because of gender, age, race, region, culture or other reasons. The Company treats every employee equally, adheres to equal pay for equal work and equal opportunities for men and women, and signs labour contracts with employees in a timely and legal manner. At the same time, the Company implements the relevant dismissal and resignation procedures by the relevant provisions of the Labour Contract Law of the People's Republic of China.

We value the diverse background of overseas employees, respect local customs, and strictly abide by the local laws, regulations and labour systems, such as the "Fair Work Act 2009" and the "National Employment Standards of Australia" and the "Labour Code of the Philippines", etc. According to the laws and regulations of different countries, the Company established corresponding internal systems, such as Human Resources Policy by Australia Branch, Policy on Recruitment and Selection and Policy on Timekeeping and Payroll Processing by Philippines Branch.

TCL Electronics also strictly abides by the laws and regulations such as the Law of the People's Republic of China on the Protection of Minors and Provisions on Prohibition of Using Child Labour, and strictly examines the valid identity documents of candidates in recruitment and other processes to ensure that the employment process complies with the national laws and regulations. In case of any violation, the child labour would immediately be prevented from working and sent to hospital for a medical examination. We would then notify local bureau of labour and return the juvenile to his or her place of residence upon the bureau's approval. Children's parents or guardians will be asked to sign on the document, which will then be filed at the Personnel Department after being sealed and confirmed by the government.

TCL Electronics strictly avoids forced labour or work as well as all slave and human trafficking activities. The HR Department will review the employee's background and data of working hours to check whether there is overwork. At the same time, the Labour Union also provides appeal channels for employees to protect their human rights such as rest and vacation. In case of forced labour or work, TCL Electronics will interview the relevant employees and their leaders in time to investigate the real situation and have the employees get the rest and vacation they are entitled to in time.



### Talent attraction

TCL Electronics formulated standard job manuals and site work manuals for campus recruitment, with a total of 13 autumn recruitment sites, and optimised the process of signing a tripartite contract with students to ensure that the recruitment process conforms to national laws and regulations, effectively protects the personal interests of college students and meet the actual needs of college students. In 2020, we successfully held campus club, technological innovation festivals, talent salons, university open days and other activities, and established a positive interaction with campus and social talents.

### Employee communication

TCL Electronics attaches great importance to employees' mental health and a good and harmonious working environment. We not only settle problems and disputes in time but also take care of employees' physical and mental health. All labour unions regularly organise staff communication meetings and QOL (quality of life) meetings, and the management takes part in the communication meetings and answers questions. After the meeting, the employee representatives will summarise the questions raised in the meeting, follow up with the relevant responsible departments, and publicise the reply.

In addition to the communication meeting organised by Labour Union, TCL Electronics carried out communication with employees in various forms such as "Kevin Studio", "KTV-time" and "Innovative Tea party". With the help of "Kevin Studio", all business divisions and business centres communicated with the CEO of the Company on thinking and strategic deployment of the Company in more than 60 parallel sessions around the world through webcast and video conference. With the help of KTV-time, we usually invite new employees onboard for 1-3 years to discuss current hot topics, which helps to fully understand the deep thoughts of young employees. Through the Innovative Tea party, departments set up the theme of innovation mechanism, each employee can record their innovative ideas in the management tool and discuss them together at the Innovative Tea party.

### Communication channels with employees

#### Communication meeting at corporate level

- The meeting is hosted by Labour Union or HR Department and involves cross-department and cross-centre employee representatives.
- The communication meeting at corporate level is held by Labour Union on a monthly basis or the HR Department in the form of irregular communication under special circumstances.

#### Communication meeting at workshop level

- The meeting is hosted by the workshop and involves the representatives of the workshop employees.
- The communication meeting at the workshop level is held on a monthly basis. If the number of employees are less than 300, it is held on a quarterly basis.

#### Communication meeting at team or group level

- The meeting is hosted by each team or group and involves the representatives of the team or group.
- The communication meeting at the team or group level is held on a monthly basis. If the number of attending employees are less than 300, it is held on a quarterly basis.

#### Cross-team cooperative communication meeting

- The meeting is hosted by the director himself and involves cross-team partners. The communication meeting is held irregularly.

### Case: Employee satisfaction survey held by TCL Communication

TCL Communication carries out an employee satisfaction survey every year. The survey activity is based on the driving factors of 20 satisfaction dimensions, which can be used to analyse the relationship between the driving factors of satisfaction and employee engagement, to deeply understand employees' expectations from the Company. Besides, the conclusions from the survey will be included in the improvements of organisational capacity building of business departments every year, and the common problems in respect of food, housing, transportation and labour union will be reported to each business management module for analysis and solution.

# Training and development

The development of TCL Electronics is inseparable from the endeavour and growth of its employees. With talent development and training as an important driving force for the Company's sustainable development, we built a sound talent development mechanism to provide clear promotion channels for employees and build a dedicated training mode for employees at all levels.

## Employee training

TCL Electronics insists on "Achieving a first-class organisation with first-class talents". To better train employees to be competent for the job and reserve the talents for the future, the Company provides various forms of on-the-job training for employees according to business needs, competency model and the needs of employee development. We have established a comprehensive training system and continuously developed innovative models for talent training, which provide ample opportunities and platforms for the personal growth of employees.

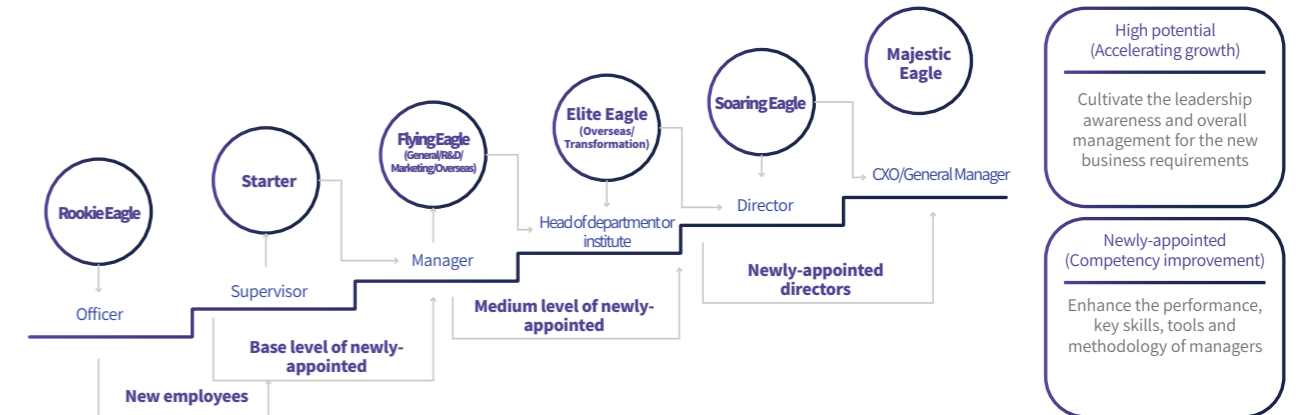
### Employee training data of TCL Electronics in 2020

<b>Average number of training hours for all employees(Hour)</b>	<b>24</b>
<b>Breakdown by gender</b>	
Average number of training hours for male employees(Hour)	25
Average number of training hours for female employees(Hour)	22
<b>Breakdown by employment type</b>	
Average number of training hours for senior management(Hour)	27
Average number of training hours for middle management(Hour)	39
Average number of training hours for junior employees(Hour)	23
<b>All employee training coverage(%)</b>	<b>100</b>
<b>Breakdown by gender</b>	
Average training coverage of male employees(%)	100
Average training coverage of female employees(%)	100
<b>Breakdown by employment type</b>	
Training coverage of senior management(%)	100
Training coverage of middle management(%)	100
Training coverage of junior employee(%)	100

## Comprehensive training system

TCL Electronics has a talent training system covering high-potential, new, professional, general, and strategic project talents to meet the needs of employees at different levels. For the high-potential talents and new talents, we have established the "Eagle Talent Training System" to meet the needs of the high potential talents for the cultivation of leadership awareness, management ability and the completion of new business, as well as the needs of the new talents for the improvement of competency. In 2020, 728 employees participated in the rookie eagle camp, 64 employees in the general flying eagle camp, 44 employees in the transformation elite camp and 30 employees in the soaring camp.

At the same time, the Company has set up special improvement projects for employees at different levels, such as EMBA/MBA training for middle and senior management, a training project for product post, an overseas team empowerment project, training project for technical post and others. We encourage our employees to improve their academic qualifications through self-learning or obtain skill certificates. For those who have signed up and passed the Occupation Skills Accreditation Examination (OSAE), the Company will provide examination subsidies and places free of charge to cooperate with the enrollment and training of academic classes.



The talent training system of TCL Electronics

**Rookie Eagle**

Rookie Eagle Project aims to cultivate new business partners and graduates through on-campus recruitment who identify with the corporate culture, take the initiative to assume accountability, have users' thinking, be competent for the job quickly and deliver 150 points.

<b>Trainees</b>	<b>Training form</b>
College students who are newly recruited through on-campus recruitment	Closed training camp, empowerment through the online and offline course as well as team-building activities

**Flying Eagle**

Flying Eagle Project aims to help students improve their working ability, upgrade their users' thinking and knowledge structure, and reshape their working habits and occupational values. Through this project, we can motivate and retain the employees with high performance and high potential, and cultivate a group of associate trainees who can be competent for senior managers and department heads within two years.

<b>Trainees</b>	<b>Training form</b>
Key employees onboard for 1-3 years of employment	Online and offline hybrid learning, experiential learning through tasks, tutor guidance, scenario case

**Elite Eagle**

Elite Eagle Project aims to select and train a group of young potential directors and make them the core backbone to promote the transformational change of the Company, to build a vanguard camp for the transformation of the Company. Through systematic learning of 12 months, the employees' combat effectiveness of transformational change is stimulated.

<b>Trainees</b>	<b>Training form</b>
Middle management with good quality, excellent performance	Study tour, senior tutoring, performance improvement, workshop

**Soaring Eagle**

Soaring Eagle Project aims to cultivate the talent reserve of the enterprise's senior managers, enable them to have exchanges with the chairman directly in the training, and cooperate and grow together with the future leader team directly during the training.

<b>Trainees</b>	<b>Training form</b>
Senior management reserve	Talent evaluation, systematic GDP, personalised IDP, practical projects, senior management tutoring, job rotation and expatriate assignment, shadow learning and study tour

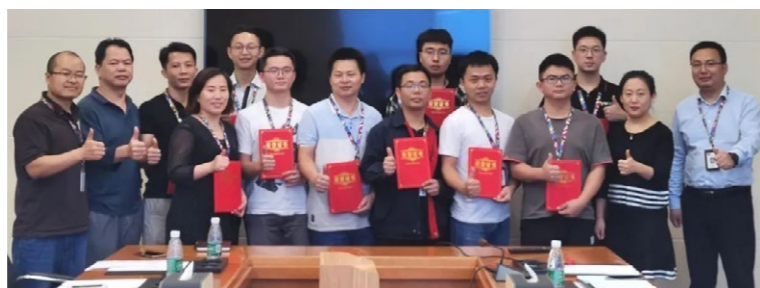
### The innovation of the training model

The training model of TCL Electronics includes on-the-job learning, specialised training, outbound training, off-the-job training and other forms. The Company has formulated an Internal Lecturer Management System to encourage employees to share their work experience. Besides, the Company actively develops or delivers courses and recruits teachers from the outside with an open mind. For the training courses certified by the HR Department, we will give material rewards to the internal lecturers, to achieve sustainable development of talent training.

In addition to the internal and external training courses of the Company, in 2020, we continued to actively explore school-enterprise cooperation and overseas talent training models to prepare for the training of talents of various types for the Company in the new era and the upgrade of digital transformation.

#### Case: "Electronic technology talent class" training activities held by TCL Electronics

In 2020, TCL Electronics launched the "electronic technology class" training activities. Training activities covered three categories, namely components, design and manufacturing, with participants from a wide range of departments. Through online live broadcast, offline face-to-face instruction, course recording and other forms, students deeply studied professional theory, fully understood the knowledge related to circuit principle, process, component failure, thereby improving their professional and technical ability.



Electronic technology class

#### Case: Special training program of TCL Electronics - "overseas special force"

In response to the continuous deepening of globalisation, TCL Electronics launched the "overseas special force" special training program to cultivate employees' ability to conduct overseas operations. The training model of the "overseas special force" training camp is mainly based on practical training and supplemented by theoretical learning. Finally, the employees who have completed the training will have the opportunity to study abroad.

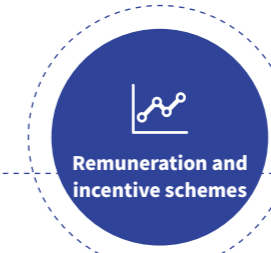


The opening ceremony of the second overseas special force training

### Salary and promotion

TCL Electronics follows the principles of external competitiveness and internal fairness, regularly reviews its compensation strategy and makes adjustments as necessary, and formulates a corresponding salary incentive plan to maximise the reasonableness and fairness of remuneration distribution.

In strict accordance with the Employee Handbook, we provide multi-dimensional development channels for employees such as profession, technology and management. Every year, the Company identifies key positions and key talents through talent review, carries out talent team construction through mechanisms such as talent selection and training to cultivate a specialised team with international vision, and professionalism.



- **Short-term incentives:** Based on a fixed salary, TCL Electronics has continuously strengthened the front-back office integration and the incentive orientation of obtaining and sharing, and more rewards for more work through the implementation of the bonus package plan, ensuring that capable and contributing employees get the recognition and awards while giving their value into full play.
- **Long-term incentives:** For senior executives and core employees, the Company formulates profit sharing plans, reflects the concepts of shared responsibility and profit, and strengthens the retention and motivation of outstanding core talents.



- **Excellent Individual Awards:** TCL Electronics selected "Special Prize from Chairman" "Outstanding Manager Award" "Technology Elite Award" and "Excellent Employee" at the three levels of group, centre and business division every year to recognise employees and managers with outstanding performance and contributions.
- **Heroes in the Harm's Way award (domestic and overseas):** In 2020, Heroes in the Harm's Way award was specially set up to commend the employees who were not afraid of the difficulties of the COVID-19 pandemic and are on the front line of the fight against the pandemic.
- **Anti-pandemic Pioneer:** In 2020, due to COVID-19, the annual "Anti-pandemic Pioneer Award" was specially set up to commend typical employees who are on the front line of the fight against the pandemic, and have made outstanding contributions to the Company's anti-pandemic work.
- **Internal Referral Award:** TCL Electronics set up an Internal Referral Award to encourage employees to refer outstanding talents to the Company. Successful referrers were rewarded with cash based on the rank of recruit.
- **Peak Season Incentive Special Contribution Award:** TCL Electronics set Peak Season Incentive Special Contribution Award to recognise individuals and teams who had made outstanding contributions to the business development during the peak season. We provide cash rewards and paid leave to winning employees.

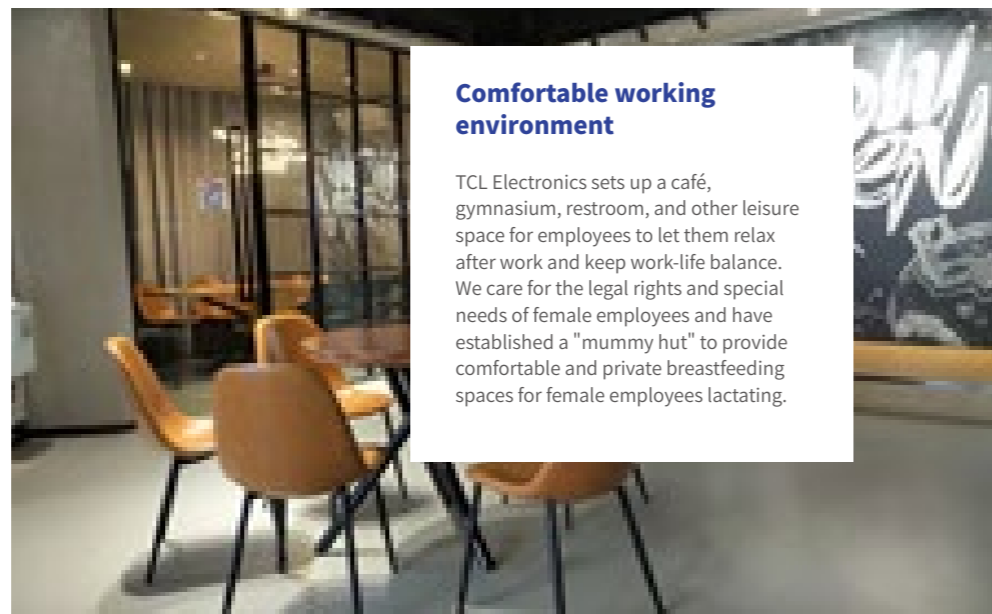
## Employee care

TCL Electronics offers the best possible care to its employees and is committed to creating a people-oriented corporate culture. We insist on optimising and improving the staff's working environment, holding rich and diverse interest activities, actively helping the employees in difficulty and building a harmonious working atmosphere.

The Company pays social insurance and housing provident fund for employees and provides comprehensive commercial insurance and other services for employees. For qualified employees, we provide communication and transportation allowances. Besides, employees also enjoy a variety of welfare such as physical examination, holiday gifts, paid vacation, company shuttle bus and dormitory.

### Employee welfare system

<b>Cash</b>	Social insurance	<ul style="list-style-type: none"> <li>The types of insurance, the payment standard of social insurance and the payment proportion of individuals and units shall be implemented according to the provisions of the local bureau of labour and social security.</li> </ul>
	Commercial insurance	<ul style="list-style-type: none"> <li>Purchase commercial insurance or Employer's Liability Insurance for employees.</li> </ul>
	Housing provident fund	<ul style="list-style-type: none"> <li>The payment base and employer's payment proportion shall be implemented according to the regulations of the local government.</li> </ul>
<b>Material</b>	Free midnight snack	<ul style="list-style-type: none"> <li>Provide free midnight snacks for employees who work overtime at night.</li> </ul>
	Festive gifts	<ul style="list-style-type: none"> <li>Provide employees with customised welfare gifts and caring blessings on Women's Day, Dragon Boat Festival, Children's Day and Mid-Autumn Festival.</li> </ul>
	Welfare activities	<ul style="list-style-type: none"> <li>Organise employee activities during the Lantern Festival, Women's Day and other festivals, create festive atmosphere for the New Year and Christmas; provide employees with free association activities such as basketball, football, badminton, table tennis, photography, dance, yoga, dance, bicycle, running, board games, e-sports.</li> </ul>
<b>Others</b>	Accommodation arrangement	<ul style="list-style-type: none"> <li>Provide one-year free dormitory for college fresh graduates, and provide preferential accommodation for factory employees such as off-site entry and temporary transfer.</li> </ul>
	Overtime taxi	<ul style="list-style-type: none"> <li>Provide taxi reimbursement or subsidies for employees who work overtime.</li> </ul>
	Shuttle bus service arrangement	<ul style="list-style-type: none"> <li>Offer concessionary shuttle bus service.</li> </ul>
	Annual checkup	<ul style="list-style-type: none"> <li>Provide annual free physical examination.</li> </ul>



### A variety of employee activities

TCL Electronics is committed to creating a harmonious working atmosphere and building a cohesive corporate culture. TCL Electronics has set up basketball, badminton, outdoor sports, chess and other associations. We organise employee activities, such as festivals and fun networking competitions, to enhance mutual communication among employees and employees' sense of belonging to the Company.

#### Case: A variety of employee activities held by TCL Communication in 2020

##### Outdoor Association

- In April 2020, the Outdoor Association of TCL Communication held a hiking activity in Honghua Lake, with a total of 52 participants.
- From May to November 2020, the Outdoor Association of TCL Communication successively held activities such as climbing Luofu Mountain, crossing the east and west of Shenzhen, Yinping Mountain trip in Dongguan and Yangmeikeng trip in Shenzhen, with a total of 246 participants.
- In December 2020, the Outdoor Association of TCL Communication cooperated with Zhongkai Outdoor Hiking Association to complete the 30km hiking of the 6th Huizhou Hiking Festival in Huidong, with a total of 60 participants.

##### Badminton Association

- In August 2020, the Badminton Association of TCL Communication participated in the "TCL Cup" badminton game and won first place in mixed doubles.
- In December 2020, the Badminton Association participated in the "Celebrating the New Year" Badminton Competition of Zhongkai High-Tech Zone and won third place in team competition.

##### Running Association

- Running Association of TCL Communication organised a race activity around the Honghua Lake in January, October and November 2020, with a total of more than 80 participants.
- Running Association of TCL Communication organised "the 5th marathon of TCL Mobiles" to help more than 100 runners train scientifically.

### Support employees in difficulties

To promote the spirit of mutual assistance of employees in helping the poor, helping each other, and dedicating love, TCL Electronics launched a "Love and Mutual Aid Fund" through the union to solve the urgent needs of employees who have practical difficulties in life and obtaining medical treatment. In 2020, the Company raised a total of RMB 70,000 for the Mutual Aid Fund to help 7 employees' families in difficulty.



The site of communication meeting on Help-the-disabled Day

# Safe and green production

TCL Electronics is committed to creating a lasting and reliable work safety environment and boosting the work safety management by improving the work safety management system, strengthening work safety and occupational health assurance measures, and training and publicising safety knowledge. In the process of operation, the Company advocates the green idea and takes the system as a guarantee to reduce the waste of resources, strictly control the discharge of pollutants, and carry out delicacy management on various environmental elements.

Topics covered in this chapter	Category
Occupational health and safety	Labour
Waste management	Environmental protection
Energy conservation and reduction of emissions	Environmental protection
Water management	Environmental protection
Recycling of scrapped products	Environmental protection



## Work Safety Assurance

TCL Electronics strictly abides by the laws and regulations such as the Work Safety Law of the People's Republic of China, Fire Protection Law of the People's Republic of China, and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, providing employees with a safe working environment and avoiding occupational hazards. We have set up a safety management committee to refine internal work safety system documents, strengthen safety supervision and inspection, continuously eliminate hidden safety hazards and avoid work safety accidents. By the end of 2020, TCL Electronics has obtained ISO45001 occupational health safety management system and SCAN supplier compliance audit certification and established a Work Safety standardisation system.

### Safety management system

TCL Electronics has formulated internal systems such as Safety Management Manual, Safety Quality Standards, Safety Assessment Management Measures, Work Safety Post Responsibility System and Emergency Plan according to the latest national safety-related laws and regulations, in combination with the actual work situation, and implemented prevention and control systems and measures for safety accident prevention, safety responsibility implementation and safety accident disposal, to ensure workplace safety in all aspects.

In 2020, TCL Electronics continued to promote the refined grid management modes such as regional management responsibility mechanism, quarterly rotation safety management mechanism and "green, yellow, orange and red light" assessment mechanism, and effectively allocate safety management responsibilities to various areas. The safety committee office conducts monthly assessments of work safety management indicators, including hidden safety hazards, general safety accidents and one-vote veto-based safety accidents, and the assessment results are linked to the performance of departments and the performance of responsible persons of departments.

### Safety management organisation

#### Safety Management Committee (SMC)

As the highest decision-making body in safety management, SMC is responsible for directing the Company's safety management system and the formulation of various safety rules and regulations.

#### Safety Committee Office(SCO)

The SCO drafts safety regulations, establishes safety systems, and makes contingency plans and safety improvement measures. It also implements and supervises the implementation of the above regulations, systems, plans and measures as well as carries out inspections and assessments and administers safety-related reward and punishment.

#### Facility-based Safety Committee on site

Each production site has its safety committees to manage workplace safety; employees are provided with a safe and humane workplace environment.

#### Department head

Each department head is the first responsible person for the safety of the department and is fully responsible for the work safety of the department.

#### Emergency Team

Including the emergency office, special duty team, fire brigade and on-site disposal team.

In 2020, TCL Electronics had no major work safety accidents.

In 2020, TCL Electronics organised 268 inspections, found 593 problems and made timely rectification, thereby effectively preventing work safety accidents.

## Safety management measures

TCL Electronics has formulated Safety Inspection Rules, Safety Supervision Rotation System and Hidden Safety Hazards Investigation and Control System, implemented the normalised hidden safety hazards investigation, analysed the hidden safety hazards for the problems found in the investigation, and required rectification within a time limit.

TCL Electronics implements a refined hidden safety hazards investigation system and adopts multiple inspection models in parallel to discover hidden safety hazards and rectify and eliminate them in a timely manner.

### Check hardware

Whether each unit is well-equipped with fire-fighting equipment, security system in reasonable condition; whether existing warning signs are comprehensive.

### Check system

Whether each unit has established corresponding safety management regulations, systems, operating procedures, contingency plans etc.

### Check management

Whether each unit has a sound fire safety system, whether management by goals are implemented, all employees participate, specific responsibilities are set out at different division and levels, and fire prevention is institutionalised, standardised, specified and made regular; whether there is any violation of regulations in instruction and operation; whether the Company's safety management system has been thoroughly implemented.

### Check potential danger

Whether there are unsafe behaviours, unsafe states, unsafe conditions of the work environment, and defects in safety management in the office and production site.

### Check rectification

Whether rectifications to hidden hazards have been carried out on time.



### Case:Annual safety risk identification of TCL Communication

TCL Communication carries out safety risk identification every year, to identify important hazard source according to the Control Procedure for Identification and Evaluation of Environmental Factors, Hazard Sources and Corporate Social Responsibility Factors. For important hazard sources, TCL Communication sets up relevant responsible departments, makes an Annual List of Important Hazard Sources, and issues it to all factories and departments, requires employees at all levels to raise their awareness of prevention and effectively avoid the safety incidents. In 2020, TCL Communication identified fire, explosion, suffocation, electric shock and other safety risks in chemical management, special equipment management, electrical safety management, fire management, food safety management and other aspects, and formulated corresponding control measures for various risks.

### Security awareness improvement

TCL Electronics has formulated the Safety Training Plan, to incorporate the safety training requirements into the annual training plans of various departments for implementation. In addition to routine safety training for new employees and managers at the middle level and above, we provide special safety training courses for employees in special posts such as chemical administrators, first-aid personnel and firefighters to ensure that the training covers all posts and comprehensively improve the safety quality of employees. In 2020, the Company carried out various training such as pre-job training, Red Cross volunteer first-aid personnel training, regional volunteer firefighter training, and related parties' management and construction safety training. Among them, safety training must be carried out for all the leaders of external construction units.

In addition, TCL Electronics has formulated the Comprehensive Emergency Plan and conducted various emergency drills, including night fire drills in production areas, drills for leakage of dangerous chemicals, drills for food poisoning, drills for firefighting in living areas, drills for natural disasters, etc., to help employees cultivate all-round self-help and self-protection abilities. In 2020, TCL Electronics carried out 25 emergency drills.

# 188,748

In 2020, TCL Electronics conducted safety training covering 188,748 persons.



### Case:TCL Electronics carries out the month of work safety

In June 2020, TCL Electronics carried out 47 publicity and education activities in four categories with the theme of "eliminating hidden dangers of accidents and setting reliable safety line", covering overseas factories, with more than 10,000 employees participating in the event. This event included four parts: publicity and education, hidden danger control, emergency drills and summary and commendation.

#### Publicity and education

Carry out work safety knowledge training for all employees level by level; train and assess 1,800 volunteer firefighters, with the pass rate of 100%; hold a safety knowledge contest, with 2,640 employees participating; and carry out interesting safety training activities such as firefighting chess and safety mistakes diagram.

#### Hidden danger control

Find and deal with 42 hidden safety hazards during the safety month ; organise an activity with an award of "taking photos of hidden safety hazards" to mobilise employees at all levels to actively participate, expose hidden safety hazards around them through wechat official platform, and improve employees' awareness of safety hazards prevention; select "excellent safety officers" who have made outstanding contributions to the control of hidden dangers on site.

#### Emergency drill

Organise dormitory anti-terrorism and fire drill, with 760 employees participating in the drill; each factory organised fire drills for all staff of the factory; conduct emergency drills for chemical leakage, including drills for chemical leakage in workshop and warehouse; organise emergency drills for rainstorm and flooding accidents, including all aspects from early warning of a dangerous situation, delivery of emergency materials, containment with fire sand on-site to clearing of ponding water on site.

#### Summary and commendation

After the end of the work safety month based on the performance and contribution of the personnel of each plant and department, the top three are selected and awarded the excellence award of work safety month.



Carry out work safety knowledge training for all employees level by level



Carry out volunteer firefighter training



## Occupational health protection

According to the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, TCL Electronics has formulated the Management Measures of Occupational Disease Prevention and Control and carried out pre-job, on-the-job and post-job physical examinations for posts exposed to occupational health hazards such as X-rays and noise. All factories of the Company have separate clinics, which are responsible for daily emergency medical treatment and on-site drug management; departments on each floor arrange first-aid personnel to deal with emergency rescue under sudden and major circumstances, to guarantee employees' occupational health.

TCL Electronics sets up an occupational health inspection team to regularly check and inspect the wearing and use of occupational health protection articles for employees. Pinpointing the occupational hazard factors, we carry out regular inspections and special monitoring on employees' workplace, and identify harmful operation areas such as oil injection, oil make-up, oil blending, batching and welding, and strengthen safety precautions in harmful areas. The Company will regularly engage qualified third-party testing companies every year to collect environmental samples in harmful areas and issue testing reports. TCL Electronics includes the notification of occupational hazards in the labour contract signed with employees, and employees are entitled to the absolute right to know.

### TCL King Electrical Appliances (Huizhou) Co., Ltd. and TCL Optoelectronics Technology (Huizhou) Co., Ltd.

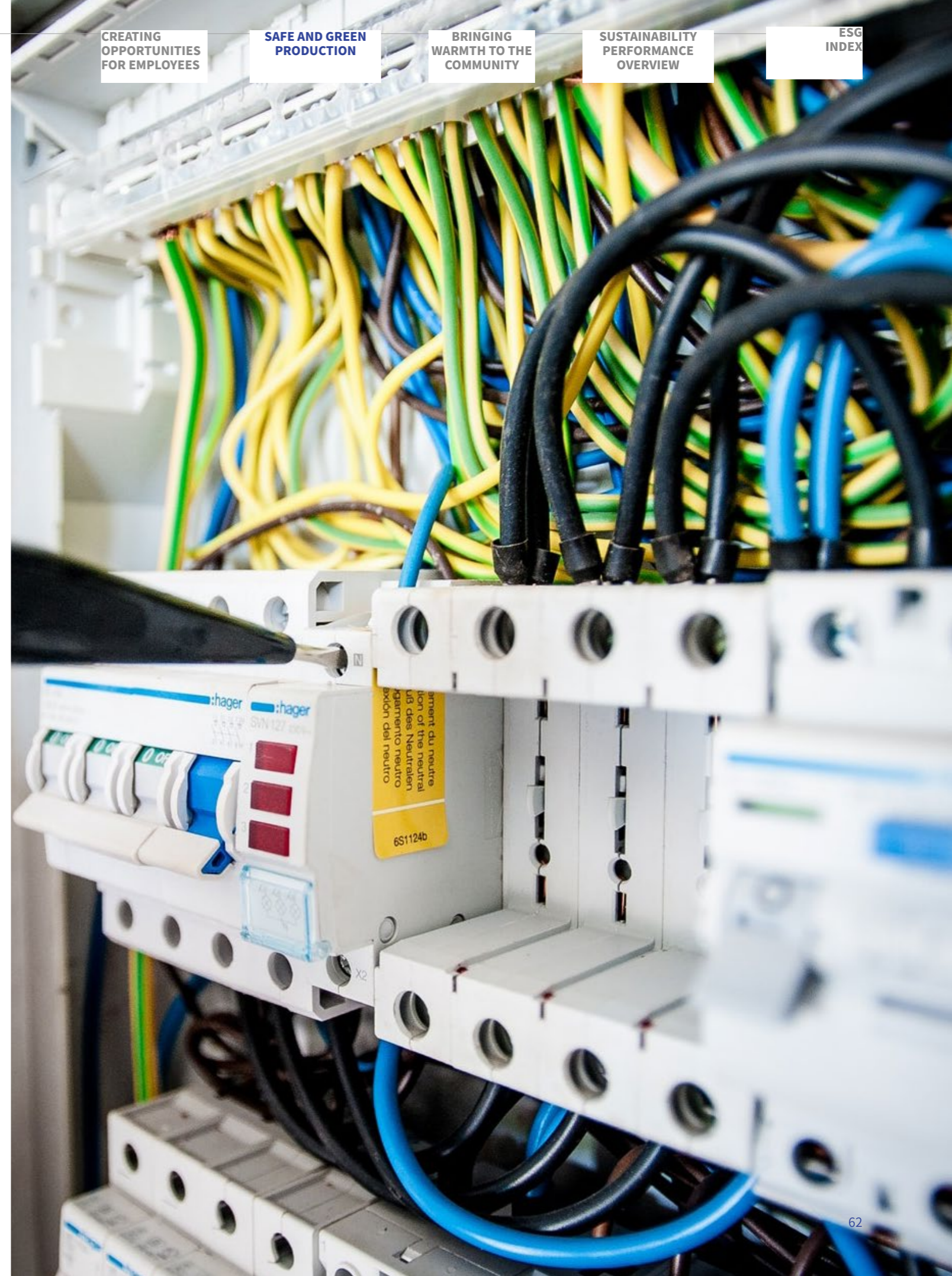
	2020 objectives	2020 achievements
Occupational health and safety objectives and indicators	100% third-level safety training coverage for new employees	100%
	100% pass rate of pre-job safety training and education for special jobs	100%
	The disabling incident frequency rate (DIFR) in general is not higher than 0.8‰	0.25‰

### TCL Communication

	2020 objectives	2020 achievements
Occupational health and safety objectives and indicators	Zero accidents of disability or death of persons	0
	Zero accidents of occupational diseases and occupational poisoning (including food and medical treatment)	0
	Zero accidents of a major fire, explosion and mechanical safety	0
	The injury rate per million working hours <sup>7</sup> ≤ 0.29 throughout the year	0.28
	The lost working hours rate due to accidents per million working hours <sup>8</sup> ≤ 15.7	5.7

<sup>7</sup> Injury rate per million working hours = (number of injured personnel in statistical period / total working hours in statistical period) \* 1,000,000

<sup>8</sup> Lost working hours rate due to accidents per million working hours = (totally lost working hours in statistical period / total working hours in statistical period) \* 1,000,000





## Committed to green operations

TCL Electronics strictly abides by national laws and regulations such as the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Air Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and Law of the People's Republic of China on the Prevention and Control of Water Pollution, and has established a sound internal environmental management system based on ISO14001 environmental management system. TCL King Electrical Appliances (Huizhou) Co., Ltd. passed the fourth batch of green factory certification by the Ministry of Industry and Information Technology of the People's Republic of China in 2019. The Company publicises environmental protection information in strict accordance with the requirements of laws and regulations, and sets basic environmental management objectives and performance objectives of environmental emission reduction for different departments, and assesses the accomplishment of each department. Besides, we value the green operation of the entire value chain. We continuously improve the green supply chain system construction, monitor and review the environmental performance of suppliers and distributors, and ensure the effective operation of environmental management systems.

By 2020, TCL Electronics has had no major environmental pollution accidents for five consecutive years and has no adverse effect on the surrounding ecological environment and biodiversity.

## Efficient utilisation of resources

TCL Electronics has formulated internal policies such as Energy Management System Manual, Regulations on Water Resources Management and Regulations on Electricity Resources Management following Energy Conservation Law of the People's Republic of China, Law of the People's Republic of China on Promoting Cyclic Economy and Administrative Measures for Industrial Energy Conservation, to improve the efficiency of energy conservation and emission reduction and reduce the waste of various resources. Also, we have set up an energy administrator to systematically promote energy conservation and emission reduction. By the end of 2020, TCL Electronics had passed ISO14001:2015 environmental management system certification and ISO50001:2018 energy management system certification. In 2020, TCL Electronics did not have any problems in obtaining suitable water sources.

TCL Electronics has continuously reduced energy consumption and greenhouse gas emissions and has carried out energy conservation and emission reduction projects for many years, including energy conservation projects of air compressor system, LED energy conservation renovation, servo renovation of injection molding machine, energy conservation improvement of central air-conditioning system, ice storage project, photovoltaic power generation, VOCs remediation project, solar heating for staff dormitories, etc.

### Case:TCL Communication carries out improvement activities of energy conservation and consumption reduction proposals

TCL Communication has formulated the Improvement Activity Plan for Energy Conservation and Consumption Reduction Proposal and started to implement the proposal improvement activity in August 2019. TCL Communication sets up a team to promote of proposal improvement activity and be responsible for the formulation of activity guidelines and objectives, personnel organisation, and overall activity coordination to ensure the overall progress of activities; sets up a proposal improvement activity evaluation team for evaluating and selecting effective improvement plans. After adoption, the relevant departments of the Company will jointly implement the plan, and verify its effectiveness after completion.

In this activity, the evaluation indicators are set for the proposed improvements, which are divided into "individual evaluation of effective proposal" and "individual evaluation of adopted individual proposal". Employees providing better proposals can get cash rewards at different levels. Also, an improvement sharing platform is set up to encourage employees to identify and report potential energy saving and consumption reduction improvement areas in daily work.

### Energy Use of TCL Electronics in 2020

Diesel	730.00L
Gasoline	22,345.81L
Natural gas	4,180,146.28m <sup>3</sup>
Outsourced grid power consumption	126,205,172.67kWh
Solar power generation	7,310,680.00kWh
Total energy consumption	171,648.94MWh
Energy intensity by revenue	3.12MWh/HKD million revenue

### Case:TCL Communication places considerable value on water resource conservation and utilisation

TCL Communication implements Regulations on Management of Water Resources and strives to improve water-saving efficiency through management improvement and technical transformation. TCL Communication carries out the daily inspection of the water supply system and strengthens the daily management of key water consumption equipment. In case of any problems, it is required to contact relevant maintenance departments for repair, to ensure arrival within 30 minutes for emergency repair and eliminate the waste of water resources caused by aging and damage of pipelines, long-term disrepair of equipment and obsolete control system. TCL Communication requires the staff of all departments to reduce water consumption as much as possible on the premise of ensuring the production quality, to turn off the tap readily and prevent the waste of water resources such as continuous running water. Besides, the wastewater generated from direct drinking water in some factories is used for irrigation, to achieve the recycling of water resources.

### TCL Electronics' water consumption in 2020

Total water consumption	982,617.09m <sup>3</sup>
Water consumption intensity by revenue	17.63m <sup>3</sup> /million HKD revenue

## Reducing pollution emissions

TCL Electronics strictly abides by the Pollution Control Standard for Storage and Disposal Site of General Industrial Solid Waste and Pollution Control Standard for Storage of Hazardous Waste and other regulations, formulates the Control Measures for Pollution of Solid and Liquid Waste and Management Plan for Hazardous Waste to improve the management of solid wastes. The Company regularly entrusts professional organisations to inspect, monitor and control workplace environment, industrial/domestic wastewater, waste gas, solid waste, fire emergency, special equipment, hazardous chemicals management, etc., to ensure that all emissions meet the national and local standards.

In the product development stage, TCL Electronics fully considers the design that is conducive to comprehensive utilisation of resources and harmless treatment. In the selection of materials, starting from the electronic raw materials, plastic materials, packaging materials, we use non-toxic and harmless materials, or materials with low toxicity and low harm, or readily degradable or recyclable materials. The wastes produced in our production and operation are mainly industrial scraps, industrial wastes and hazardous wastes. In this respect, the Company has taken corresponding pollution prevention and control measures to eliminate or reduce the harm of waste. At the same time, the Company carries out proper collection, storage and transfer, and strictly prevent and control the environmental pollution caused by hazardous wastes.

For different kinds of industrial wastes, different treatment methods are adopted. For waste electrical and electronic products, TCL Electronics carries out unified recycling and harmless treatment. For waste packaging materials, TCL Electronics recycles them to the maximum extent. The waste packaging materials that cannot be recycled are classified into cartons, plastics, and EPS, and then have them processed by qualified third parties. For all kinds of industrial wastes that can not be recycled or utilised in the production and working process of all departments in the factory, we will hand them over to qualified third-party recycling companies for treatment.

For hazardous wastes, such as paint waste, paint scrap, oil-contaminated wastewater and other hazardous chemicals, as well as Paint Scrap, TCL Electronics has formulated a strict hazardous waste management system based on QC080000 Process Management System for Hazardous Substances, implemented the responsibility system for management of hazardous wastes level by level, and signed waste treatment contracts with qualified third parties to ensure all hazardous wastes are properly treated.



### Case:TCL Communication strictly controls the disposal of various wastes

TCL Communication has formulated Regulations for Prevention and Control of Waste Pollution and List of Hazardous Wastes of the Company, to promote the recycling of wastes by clarifying the requirements on management of waste reduction, classification, labeling, collection, storage, and disposal.

- Waste reduction: priority shall be given to the components and raw materials with less packaging, reliable quality and no other waste generated in use; the defective rate in trial production and production of products shall be controlled to reduce the generation of waste.
- Waste recycling: recyclable packaging, degraded materials, etc. shall be classified and stored in designated places, and then recycled by suppliers which supply the materials or relevant departments.
- Hazardous waste: departments are responsible for the classified collection and storage of hazardous waste generated according to the product name, and the storage container and stacking place of hazardous waste must meet the requirements of hazardous waste characteristics. After reaching a certain quantity, the wastes shall be handed over to a qualified third party for unified treatment.

## Hazardous waste treatment measures

### Management measures for hazardous wastes

#### Certification assessment

- Straighten out the assessment process for introducing certification of hazardous waste
- Clarify the content of the safety assessment, and reorganise and improve the existing measures according to the assessment

#### Storage safety

- Inventory control: set the inventory limits for the temporary storeroom of chemicals and post the limits on site for visual management
- Improve facilities: improve the fire-fighting facilities, leakage prevention facilities, anti-static facilities, safety warning signs, etc. in the temporary storeroom of chemicals.

#### Use safety

- Make standard requirements for hazardous waste treatment in the aspects of transportation and sub-packaging, positioning and leakage prevention, safety warning and emergency, training and monitoring, etc. of hazardous wastes.

### Hazardous waste reduction measures

Specific measures are formulated to reduce hazardous waste by improving the design, adopting advanced technology and equipment, using clean energy and raw materials, improving management, comprehensively using hazardous waste, and improving pollution prevention and control

- Actively carry out clean production, reasonably select and use clean raw materials, energy and other resources, and carefully perform recycling on production line of each workshop to reduce the discharge of pollutants.
- Adopt advanced processing technology and equipment to reduce the quantities of wastes generated.
- Take corresponding pollution prevention and control measures to eliminate or reduce the hazard of hazardous wastes.
- Carefully carry out collection, storage and transfer to prevent the loss of hazardous wastes.
- Strictly confirm the property of hazardous waste in the warehouse.

## Waste Disposal Quantity of TCL Electronics in 2020

Total amount of hazardous wastes	177.51t
Paint waste	35.10t
Paint scrap	34.35t
Oil-contaminated wastewater	26.71t
Empty buckets	8.00t
Others	73.35t
Hazardous waste intensity by revenue	3.80kg/million HKD revenue
Total amount of non-hazardous wastes	4,150.30t
Cardboard box	2,043.05t
Plastics	999.31t
EPS class	221.16t
Others	886.78t
Density of harmless waste	0.06t/million HKD revenue

TCL Electronics attaches importance to the management of emissions of volatile organic compounds ("VOCs"), strictly adheres to the standard limit requirements such as the "Emission Limits of Air Pollutants" and the "Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations" and adopts the following measures to minimise exhaust emissions:

- Regularly inspect and maintain exhaust gas environmental protection facilities/equipment to ensure good operating conditions;
- Develop contingency plans for exhaust gas leakage to deal with unexpected situations;
- Carry out process improvement, reduce the use of spraying and screen printing processes, and reduce exhaust emissions during production;
- The waste gas of phase I is collected by fans and discharged at high altitude; the waste gas of phase II is collected by fans and discharged at high altitude after plasma purification;
- Regularly monitor exhaust emissions to ensure compliance with standards.

## Greenhouse gas management

TCL Electronics has carried out greenhouse gas emission investigation and verification every year since 2017. The reference basis is ISO14064 series of greenhouse gas management standards and General Rules for the Accounting and Reporting of Greenhouse Gas Emissions by Industrial Enterprises. In 2020, we completed the greenhouse gas review and output the verification report according to ISO14064. According to the greenhouse gas review report, TCL Electronics has formulated the target value of energy consumption per unit of product, and the value has been broken down to each factory and workshop. At the same time, the Company has established a greenhouse gas review team to follow up the achievement of emission reduction targets and check the emission results of greenhouse gas on a monthly basis.

Climate change is one of the main challenges of the times. The Company actively adapts to and responds to the potential risks brought by climate change. TCL Electronics, under the Implementation Guidelines for Green Manufacturing Engineering (2016-2020) and Evaluation Requirements on Green Factory, combined with the system management requirements of ISO14064 greenhouse gas management standards, etc., takes the green production process as the guidance to strive to create a green factory characterised by clean production, waste recycling and low-carbon energy. The Company strictly controls the input and utilisation of raw and auxiliary materials, resources, and energy. Each year we develop unit consumption indicators of water, electricity and gas and raw and auxiliary materials and correlate them to KPI assessment criteria. Through many measures such as process optimisation, production process optimisation and improvement of equipment automation, we ensure that the consumption of a unit of product is in the leading position in the industry and actively respond to the risk of climate change. TCL Electronics has developed special systems such as Emergency Plan for Natural Disaster Event and Special Emergency Plan for Typhoon and Rainstorm to identify potential climate change risks, make responses and carry out emergency drills.

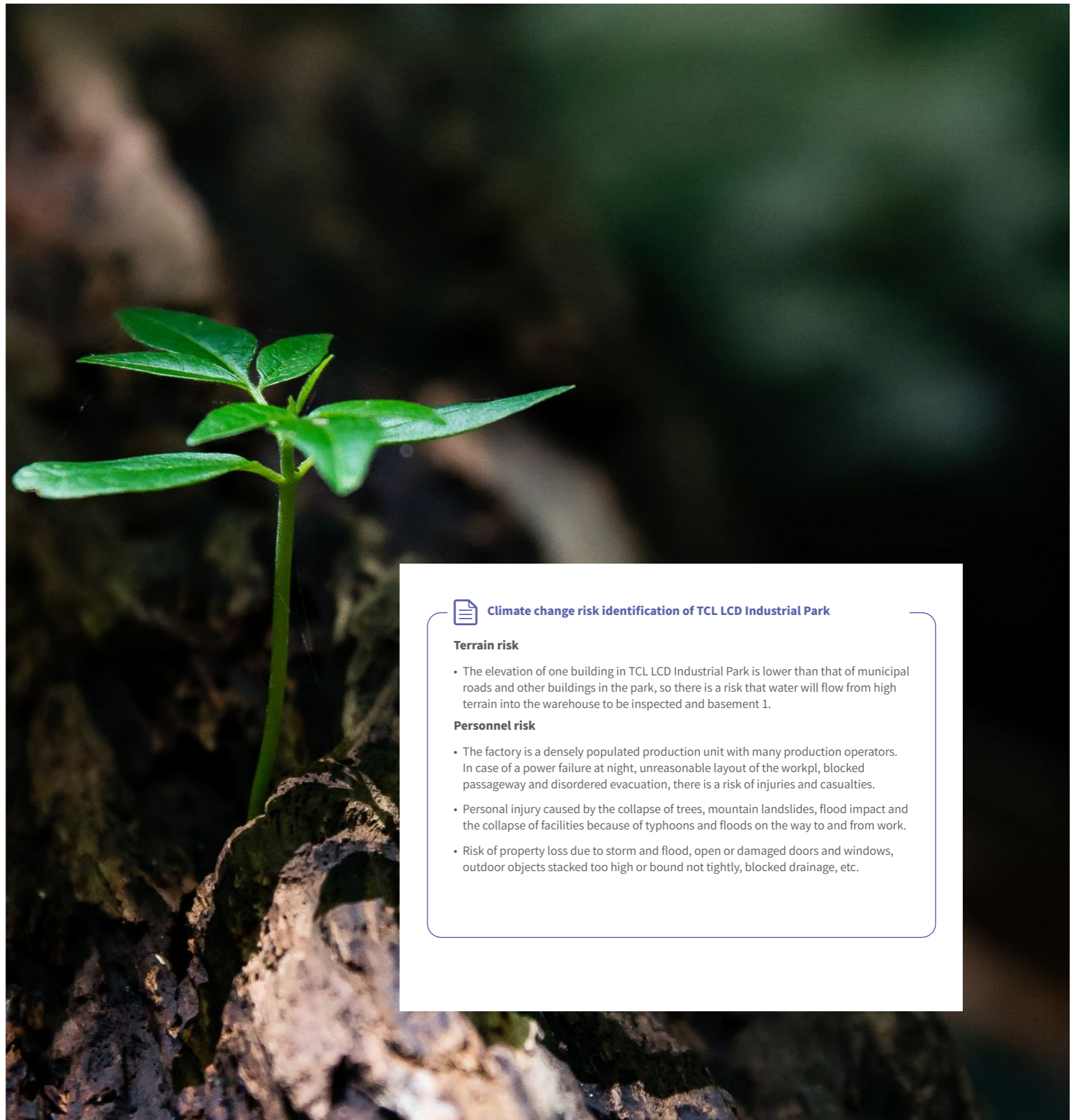
To effectively prevent risks, TCL Electronics establishes an accident emergency command team, establishes a hazardous source management system in daily management, allocates full-time safety management personnel, and inspects the hazardous source, completes inspection records, and implements monitoring measures on a weekly basis. If any hidden safety hazards are found, all departments will be required to complete the rectification within a time limit. Also, the Company regularly tests the first-aid equipment and lightning protection system, posts safety warning signs on site, arranges emergency lighting and safety evacuation signs and emergency evacuation diagrams, prepares emergency plans, and regularly carries out emergency drills and training to ensure that the emergency system can be activated in a timely and effective manner.

### Greenhouse gas emissions of TCL Electronics in 2020

Scope 1 (Direct greenhouse gas emissions)	14,370tCO <sub>2</sub> e
Scope 2 (Indirect greenhouse gas emissions)	111,323tCO <sub>2</sub> e
Overall greenhouse gas emissions (Scope 1 and 2)	125,694tCO <sub>2</sub> e
Greenhouse gas emission intensity by revenue	2,096.75kg CO <sub>2</sub> e/HKD million revenue

#### Case:TCL Communication carries out desktop drilling of emergency response plan against natural disasters

In July 2020, TCL Communication carried out a desktop drilling of emergency response plan against natural disasters. The scene of this drilling is a three-storey factory building and a three-storey canteen in the factory. The whole process of the drill was divided into five stages, and the announcement of the start of drill was the first stage; after the emergency mechanism was started, the host or commander asked relevant questions according to the plan and implementation procedures, and designated the participants to answer them; the speaker elaborated the emergency and emergency plan proposed by the host or commander, and made response based on the understanding and handling methods of the emergency; after the speaker's presentation, other participants put forward supplementary and different opinions; after the discussion, the host or commander made evaluation and summary, and finally the safety committee office would make a review and comment.



#### Climate change risk identification of TCL LCD Industrial Park

##### Terrain risk

- The elevation of one building in TCL LCD Industrial Park is lower than that of municipal roads and other buildings in the park, so there is a risk that water will flow from high terrain into the warehouse to be inspected and basement 1.

##### Personnel risk

- The factory is a densely populated production unit with many production operators. In case of a power failure at night, unreasonable layout of the workpl, blocked passageway and disordered evacuation, there is a risk of injuries and casualties.
- Personal injury caused by the collapse of trees, mountain landslides, flood impact and the collapse of facilities because of typhoons and floods on the way to and from work.
- Risk of property loss due to storm and flood, open or damaged doors and windows, outdoor objects stacked too high or bound not tightly, blocked drainage, etc.

# BRINGING WARMTH TO THE COMMUNITY

TCL Electronics actively participates in public service to demonstrate its corporate responsibility. With the financial support of Shenzhen TCL Foundation, Huameng Foundation, Mutual Aid Fund, and the personnel support of TCL King Volunteer Association and other organisations, TCL Electronics has carried out diversified public welfare projects under the guidance of the "Measures for the Management of TCL Electronics' Love Fund Management". Through community participation, TCL Electronics understands the needs of the community where it operates and ensures that the interest of the community is taken into account in the business activities of TCL Electronics.

Topics covered in this chapter	Category
Charity activities	Community and economic development



## Spreading love

Following the principle of "pursuing public interest and promoting social progress", and adhering to the purpose of "creating educational and growth opportunities for disadvantaged groups and seek community well-being and environmental sustainability", TCL Electronics actively engages in public welfare in areas including basic education support, disaster relief, caring for special groups and voluntary services.

### Education

We actively participated in the cause of public service education and explored the innovative mode of AI-empowered education. We developed "Yige Story Club" and "Xiaoxue Music Robot" and other products for left-behind children through "AI + public service" to allow AI technology to accompany children's growth and protect their physical and mental health. In 2020, TCL Electronics carried out love and care activities such as Edu-Aid and Love Package, and helped more than 1,000 disadvantaged students in poor mountainous areas to complete their studies.

#### Case: Practicing education assistance via "Tomorrow Program" and bringing warmth through "Love Package"

In 2020, TCL Electronics donated RMB 100,000 to China Charities Aid Foundation for Children and China Foundation for Poverty Alleviation, respectively, and helped more than 1,000 students in poor mountainous areas to complete their studies through Education Foundation and Love Packages.



Children received their Love Package

#### Case: "A.I. Home" project cares for left-behind children

TCL Foundation, together with the Education Foundation of Central Conservatory of Music launched "A.I. Home" and "Little Musician+" projects. The "A.I. Home" project launched the "Yige Story Club", which used AI technology to simulate the voice of children's parents and tell stories for children who had no parent around. The "Little Musician+" project launched the "Xiaoxue Music Classes", which brought plenty of resources to students who lacked music resources.



The students received "Yige Story Club" robot

**510,000** RMB

In 2020, TCL donated approximately RMB 510,000 in practicing social responsibility

**2,682,000** RMB

In 2020, the amount of funding from Huameng Foundation was approximately RMB 2,682,000.

**34,000,000** RMB

As of 31 December 2020, "TCL Hope Project Candlelight Award Program" founded by Shenzhen TCL Foundation has invested an aggregate amount of over RMB34,000,000.

### Public welfare

TCL Electronics always adheres to the service concept of "serving the society based on the enterprise", actively practices the spirit of public service to contribute to the society, and advocates the belief of "gratitude, service, care and risk awareness to" employees. In 2020, the Company held a variety of voluntary activities, which covered various aspects such as helping environmental protection, donating materials, and caring during festivals. For example, we carried out the public service activity of annual blood donation, with 79 employees donating 24,400ml of blood. We also organised a clothing donation activity in winter. More than 600 pieces of winter clothing were received and all were donated through charity organisations.

#### Case: Volunteers association of TCL Communication

- On New Year's Eve in 2020, five volunteers from the Labour Union of TCL Communication went to Zhongkai Traffic Police Brigade to convey their greetings to the front-line police officers and delivered New Year's Eve dinner to them.
- On 1 May 2020, the Volunteers Association of TCL Communication, together with other companies and organisations, gave living supplies to convey greetings to sanitation workers.



Public blood donation



Clothes donation in winter

## Integrating with the community

TCL Electronics focuses on integration with the community, and actively participates in the community's public welfare. In 2020, the Company participated in the assistance activities of the Disabled Persons' Federation and provided a total of RMB 11,573 to assist the disabled, helping 10 families with the disabled.

While we bring our products and services to all parts of the world, we also actively participate in local philanthropy and public service activities to create a global image of "fulfilling social responsibility". In 2020, TCL Electronics launched some philanthropic activities in Thailand, Vietnam, the Philippines, etc. We cared about and supported the development of local education and worked together to provide local young people with teaching hardware facilities, and support their extracurricular interests, etc.

## Combating the pandemic

To reduce the risk of social pandemic spread in the community, ensure the life, health and safety of employees and smooth resumption of work and production, TCL Electronics established a pandemic prevention and control emergency task force on 22 January 2020. We made 10 updates of our plan for pandemic prevention and control strategy, held 8 special meetings and solved 63 difficulties.

- Enhancing awareness of pandemic prevention through information disclosure:** TCL Electronics's pandemic prevention and control working team informed all staff of the work about conscientious pandemic prevention and control via WeChat, SMS, telephone and WeChat official account and others.
- Screening personnel in response to the government's pandemic prevention requirements:** TCL Electronics screened all its employees, registered the relevant information of personnel from Hubei or people who have travelled to Hubei recently according to the requirements of the government's pandemic prevention department, and regularly updated and reported the information of such personnel who returned to work after the festival and suspected cases.
- Preventing the continuous spread of COVID-19 by strengthening logistics support:** TCL Electronics carried out logistics support measures (such as the ventilation and disinfection of premises and sterilisation of the quarantine area); adjusted the table layout, and arranged the staff to have meals in shifts to ensure food safety; provided relevant facilities, advocated the staff to return to the dormitory of the Company, with closed management of the dormitory, to reduce the risk of the pandemic due to going out.

To support overseas personnel to combat the pandemic, TCL Electronics actively shared with overseas suppliers effective the excellent domestic pandemic prevention and control plan and the emergency response plan for the pandemic situation in factories, and actively prepared pandemic prevention materials in China to provide sufficient logistics support to overseas colleagues. The Company strictly implemented the isolation and observation of the returnees, and actively extended the observation and rest time of the returnees at home based on the requirements of the government. The Company actively advocated that the overseas personnel shall be vaccinated.

### Pandemic prevention measures of overseas branches of TCL Electronics

- Overseas branches actively distributed pandemic prevention supplies to employees, service providers and on-site engineers to ensure the safety of personnel during pandemic prevention.
- Overseas branches built an online office for employees and adopted online recruitment, online interview and online test for candidates to meet job needs.
- Overseas companies overcame the shortage of manpower during the pandemic and completed the audit of various expenses and the payment of wages on time to ensure the safe operation of enterprises.



### Case: Staff volunteers are concerned about the pandemic and join hands with all walks of life to fight against the pandemic

At the beginning of 2020, five volunteers from the volunteer association went to the exit and main intersection of the expressway in Zhongkai High-Tech Zone, and cooperated with the public security organs and the health and pandemic prevention departments to inspect the vehicles of those who came to Huizhou. They stuck to the front-line post of pandemic prevention for 21 days. Besides, the volunteer association of Labour Union also bought mineral water, milk, towels and other offerings to convey greetings and care for the medical staff in the front line of pandemic prevention and the front-line sanitation workers respectively.



Volunteers participated in pandemic prevention at the intersection of expressways



Conveyed greetings to volunteers and medical staff in the front line of pandemic prevention



TCL Electronics gained recognition from all walks of life

# Sustainability Performance Overview

Sustainability KPIs <sup>9,10</sup>	Unit	2020	2019	2018
<b>A. Environmental</b>				
<b>A1. Emissions</b>				
<b>A1.2 Total GHG emission and intensity</b>				
Scope 1 (Direct greenhouse gas emissions)	tCO <sub>2</sub> e	14,370	23,019	6,035
Scope 2 (Indirect greenhouse gas emissions)	tCO <sub>2</sub> e	111,323	67,838	46,139
Total GHG emission (Scope 1+2)	tCO <sub>2</sub> e	125,694	90,857	52,174
GHG emission intensity	kg CO <sub>2</sub> e/HKD million revenue	2,096.75	1,933.49	1,144.62
<b>A1.3 Total hazardous waste produced and intensity</b>				
Paint waste	t	35.10	54.90	69.80
Paint scrap	t	34.35	6.95	53.46
Oil-contaminated wastewater	t	26.71	38.45	23.57
Empty buckets	t	8.00	8.17	9.20
Others	t	73.35	20.87	87.54
Hazardous waste intensity by revenue	kg/HKD million revenue	3.80	2.75	5.34
<b>A1.4 Total non-hazardous waste produced and intensity</b>				
Carton	t	2,043.05	3,553.03	4,257.51
Plastics	t	999.31	1,622.47	1,151.71
EPS	t	221.16	407.91	1,115.74
Others	t	886.78	2,376.77	2,542.01
Non-hazardous waste intensity	t/HKD million revenue	0.06	0.20	0.17
<b>A2. Use of resources</b>				
<b>A2.1 Total energy consumption by type and intensity</b>				
Diesel	L	730.00	31,420.69	17,654.37
Gasoline	L	22,345.81	26,891.70	/
Natural gas	m <sup>3</sup>	4,180,146.28	3,541,285.08	2,774,112.00
Outsourced grid power consumption	kWh	126,205,172.67	78,744,127.13	73,480,591.00
Outsourced steam	t	0.00	8,722.00	7,703.00
Solar power generation	kWh	7,310,680.00	4,481,620.50	3,577,455.00
Energy Consumption intensity by revenue	MWh/million HKD revenue	3.12	2.78	2.45

<sup>9</sup>Since TCL Electronics sold and purchased part of the business in 2020, the product types were relatively different from those in 2018 and 2019. Therefore, in 2020, TCL Electronics changed the expression of environmental data intensity to emissions/HKD million revenue and restated the data of 2018 and 2019.

<sup>10</sup>Due to the significant changes in TCL Electronics' business this year, based on the principle of "consistency", the numerator and denominator of the environmental indicator density data in this report are calculated using the continuing business in both fiscal years 2019 and 2020.

Sustainability KPIs	Unit	2020	2019	2018
<b>A2.2 Total water consumption and intensity</b>				
Total water consumption	m <sup>3</sup>	982,617.09	996,590.22	981,917.32
Water intensity by revenue	m <sup>3</sup> /HKD million revenue	17.63	21.86	21.54
<b>A2.5 Total packaging material used</b>				
Carton	t	59,785.89	95,497.48	699,284.21
Manual	t	3,364.21	1,848.56	6,085.64
EPS foam	t	15,210.83	12,883.27	12,392.48
<b>B. Social</b>				
<b>B1. Employment</b>				
<b>B1.1 Total workforce by gender, employment type, age group and geographical region</b>				
Total number of employees	Number of person	34,155	28,374	26,814
<b>Total workforce by gender</b>				
Male	Number of person	21,189	17,444	16,030
Female	Number of person	12,966	10,930	10,784
<b>Total workforce by employment type</b>				
Senior management	Number of person	35	14	32
Middle management	Number of person	456	127	156
General staff	Number of person	33,664	28,233	26,626
<b>Total workforce by age group</b>				
29 and below	Number of person	16,912	13,246	13,844
30-49	Number of person	16,199	14,437	12,433
50 and above	Number of person	1,044	691	537
<b>Total workforce by geographical regions</b>				
Mainland China	Number of person	30,001	24,871	24,726
Hong Kong, Macau and Taiwan	Number of person	21	65	58
Overseas	Number of person	4,133	3,438	2,030



Sustainability KPIs	Unit	2020	2019	2018
<b>B1.2 Employee turnover rate by gender, age group and geographical regions</b>				
Overall employee turnover rate	%	41	45	(undisclosed)
<b>Employee turnover rate by gender</b>				
Male	%	44	46	(undisclosed)
Female	%	36	42	(undisclosed)
<b>Employee turnover rate by age group</b>				
29 and below	%	48	45	(undisclosed)
30-49	%	32	44	(undisclosed)
50 and above	%	48	51	(undisclosed)
<b>Employee turnover rate by geographical regions</b>				
Mainland China	%	42	40	(undisclosed)
Hong Kong, Macau and Taiwan	%	22	6	(undisclosed)
Overseas	%	31	160	(undisclosed)
<b>B2. Health and safety</b>				
<b>B2.1 Number and rate of work-related fatalities</b>				
Number of work-related fatalities	Number of person	0	3	0
Rate of work-related fatalities	%	0	0.01	(undisclosed)
<b>B2.2 Lost days due to work injury</b>				
Number of injuries	Case	13	56	0
Total lost days due to work injury	Day	665.5	150	0
<b>B3. Development and training</b>				
<b>B3.1 Percentage of employees trained by gender and employee category</b>				
Percentage of employees trained	%	100	100	(undisclosed)
Percentage of male employees trained	%	100	100	(undisclosed)
Percentage of female employees trained	%	100	100	(undisclosed)
Percentage of senior management trained	%	100	100	(undisclosed)
Percentage of middle management trained	%	100	100	(undisclosed)
Percentage of junior employees trained	%	100	100	(undisclosed)

Sustainability KPIs	Unit	2020	2019	2018
<b>B3.2 Average training hours completed per employee by gender and employee category</b>				
Average number of training hours for all employees	Hour	24	14	61
Average number of training hours for male employees	Hour	25	17	(undisclosed)
Average number of training hours for female employees	Hour	22	10	(undisclosed)
Average number of training hours for senior management	Hour	27	103	60
Average number of training hours for middle management	Hour	39	62	21
Average number of training hours for junior employees	Hour	23	14	61
<b>B5. Supply chain management</b>				
<b>B5.1 Number of suppliers by geographical region</b>				
Mainland China	/	396	362	420
Hong Kong, Macau, Taiwan and overseas	/	140	61	62
<b>B6.Product responsibility</b>				
B6.2	Number of products related complaints received <sup>11</sup>	/	1,238	1,437 (undisclosed)
<b>B7.Anti-corruption</b>				
B7.1	Number of corruption cases brought or concluded	/	0	0 (undisclosed)
<b>B8. Community investment</b>				
<b>B8.2 Resources contributed to the focus area</b>				
Item donation value	RMB thousand	116	420	(undisclosed)
Volunteer hours	hour	13,938	1,838	(undisclosed)
Number of volunteers	person	732	286	(undisclosed)
Capital contributions	RMB thousand	199 <sup>12</sup>	240	(undisclosed)

<sup>11</sup>This item only includes complaints related to TCL Electronic's TV products received in China, including complaints about products, services, sales, etc. To make the statistical data consistent, the data of 2019 is updated.

<sup>12</sup>Equivalent to approximately HKD 238,000.

# ESG Index

Aspects, general disclosures and KPIs	Description	Disclosure paragraph
A. Environmental		
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	Committed to green operations
KPI A1.1	The types of emissions and respective emissions data	The exhaust gas emitted by the Company is mainly the nitrogen oxide from the natural gas burning and the volatile organic compounds (VOC) from the the painting process. The VOC emissions are regularly tested by the regulatory authorities of plant location and comply with the standards set by the local government. The Company has no accurate statistics on the total annual emissions of VOC.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (calculated using per million HKD revenue)	Committed to green operations Sustainability Performance Overview
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (calculated using per million HKD revenue)	Committed to green operations Sustainability Performance Overview
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (calculated using per million HKD revenue)	Committed to green operations Sustainability Performance Overview
KPI A1.5	Description of measures to mitigate emissions and results achieved	Committed to green operations
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Committed to green operations
Aspect A2: Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Committed to green operations
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Committed to green operations Sustainability Performance Overview
KPI A2.2	Water consumption in total and intensity	Committed to green operations Sustainability Performance Overview
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Committed to green operations
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Committed to green operations
KPI A2.5	Total packaging material used for finished products	Economical use of packaging materials Sustainability Performance Overview

Aspects, general disclosures and KPIs	Description	Disclosure paragraph
Aspect A3: The environment and natural resources		
General disclosure	Policies on minimizing the organisation's significant impact on the environment and natural resources	TCL Electronics believes that our activities have not directly affected the ecological environment in the vicinity of the operation site. We have not affected the supply of materials in the nature when obtaining the raw materials used to produce TV sets and mobile phones. Our products may have an impact on the ecological environment during the disposal phase. The policies to reduce these impacts are mainly to strictly control the content of hazardous substances in the products and to recover TCL's related products with the assistance from the fellow subsidiaries of the Company to recycle electronic products.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken	
B. Social		
Employment and labour practices		
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	Creating opportunities for employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employee rights and interests Sustainability Performance Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employee rights and interests Sustainability Performance Overview
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	Work safety assurance
KPI B2.1	Number and rate of work-related fatalities	Occupational health protection Sustainability Performance Overview
KPI B2.2	Lost days due to work injury	Occupational health protection Sustainability Performance Overview
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Work safety assurance Occupational health
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	Training and development Sustainability Performance Overview
KPI B3.2	The average training hours completed per employee by gender and employee category	Training and development Sustainability Performance Overview

Aspects, general disclosures and KPIs	Description	Disclosure paragraph
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	Employee rights and interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Employee rights and interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Employee rights and interests
Operating practices		
Aspect B5: Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain	Multi-win operation
KPI B5.1	Number of suppliers by geographical region	Sustainability Performance Overview
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are implemented, how they are implemented and monitored	Multi-win operation
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 remedies	Creating value for our users
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product quality and safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Improving user experience Sustainability Performance Overview
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Complying with laws and regulations
KPI B6.4	Description of quality assurance process and product recall procedures	Product quality and safety
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Improving user experience
Aspect B7: Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Complying with laws and regulations
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	Complying with laws and regulations Sustainability Performance Overview
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Complying with laws and regulations
Community		
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	Bringing warmth to the community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Spreading love
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Spreading love Sustainability Performance Overview



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