

# 2021

TCL Industries Holdings Co., Ltd.  
Corporate Social Responsibility Report

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# About This Report

## Organizational scope

The organizations covered in this Report are TCL Industries Holdings Co., Ltd. and its subsidiaries, including the HK-listed TCL Electronics Holdings Limited ("TCL Electronics", stock code: 01070.HK).

TCL Electronics also publishes a separate environmental, social and governance report. For more information on TCL Electronics' sustainability performance, please refer to that report.

## Time range

This Report covers the period from January 1, 2021 to December 31, 2021. To improve the completeness of the Report, some content is appropriately backdated or extended to other important years.

## Preparation basis

This Report is prepared mainly by reference to the core options of the *Global Reporting Initiative (GRI) Sustainability Reporting Standards* (GRI Standards) and the United Nations Sustainable Development Goals (SDGs).

In this Report, the Company follows the importance, integrity and comparability principles of GRI Standards, and mainly states the Company's sustainable development responsibilities from three aspects: economy, environment and society.

## References of names

To facilitate expression and reading, unless otherwise specified, in this Report, "TCL Industries" "the Company" and "We" all refer to TCL Industries Holdings Co., Ltd. and its main subsidiaries as listed below.

Full Names of Main Subsidiaries	Abbreviations of Subsidiaries
TCL Electronics Holdings Limited	TCL Electronics
TCL Communication Technology Holdings Limited	TCL Communication
Shenzhen FFalcon Network Technology Co., Ltd.	FFalcon Network Technology
TCL Air-Conditioner (Zhongshan) Co., Ltd. (TCL 空调器 (中山) 有限公司)	TCL Air-Conditioners (TCL 空调)
TCL Household Electric Appliance (Hefei) Co., Ltd. (TCL 家用电器 (合肥) 有限公司)	TCL White Household Appliances (TCL 白电)
Tonly Electronics Holdings Limited (通力科技控股有限公司)	Tonly Electronics (通力科技)
TCL Industry Park Co., Ltd. (TCL 科技产业园有限公司)	TCL Industry Park (TCL 产业园)
Sky Tech Holding Limited	Sky Tech
Getech.cn Technology Co., Ltd. (格创东智科技有限公司)	Getech.cn (格创东智)
TCL Environmental Protection Technology Co., Ltd. (TCL 环保科技股份有限公司)	TCL Environmental Protection (TCL 环保科技)
TCL Financial Service Holding (Guangzhou) Group Co., Ltd. (TCL 金服控股 (广州) 集团有限公司)	TCL Financial Service (TCL 金服)

## Source of data and authenticity

The data and case studies included in this Report were primarily derived from the Company's official files, statistical reports and financial reports. The Company guarantees that this Report does not contain any false information or misleading statements. Unless otherwise specified, the currency amount in this report is measured in CNY.

## Availability of this Report

This report is available in Chinese and English. If the contents are inconsistent between the two versions, please refer to the Chinese version of the Report. The electronic version of the Report is available on the Company's website ([www.tcl.com](http://www.tcl.com)).





## About TCL Industries

### Company profile

TCL Industries Holdings Co., Ltd. was established in 2018 and officially changed its name to "TCL Industries Holdings Co., Ltd." after completing asset restructuring in April 2019. Its predecessor can be traced back to TTK Home Appliances (Huizhou) Co., Ltd., one of the first 13 joint ventures in China. Based on the three visions of "displays are everywhere", "everything is connected" and "channels spread all over the world", we focus on smart devices business with a user-oriented approach, develop and build an "intelligent IoT ecosystem" with all-categories layout, build scenario-based solutions and improve the comprehensive experience of products. We are committed to becoming a world-leading intelligent technology industry group.

As a leading globalization enterprise in China, TCL Industries has set up sales offices in more than 80 countries and regions, extended business to more than 160 countries and regions, and established more than 10 research and development centers and joint laboratories by the end of 2021, boasting an awesome international competitiveness.

Taking product innovation as the main driving force, TCL Industries capitalizes on the AI technology to empower its IoT platform, and focuses on the development and manufacturing of a full range of smart devices, with an aim to provide users with the ultimate product application experience. It is committed to becoming a world-leading intelligent technology industry group. The Company boasts a production capacity of more than 30 million sets of smart screens, more than 25 million sets of air conditioners, refrigerators and washing machines, and 60 million sets of mobile phones, and owns more than 10 production bases worldwide, including the bases in Huizhou, Zhongshan, Wuhan, Jiujiang, Hefei, Poland, Vietnam, Mexico, Pakistan, etc.

## Business profile

Under the strategy of "Value Led by Brand with Relative Cost Advantage", TCL Industries focuses on breaking through the mid-to-high-end market, accelerates the expansion in international markets, opens up innovative businesses, thoroughly cultivates display, innovative and Internet businesses, and vigorously develops other businesses including environmental protection, industrial park operation, etc., with an aim to become a world-leading intelligent technology industry group.

### TCL Electronics

TCL Electronics has been listed on the main board of the Stock Exchange of Hong Kong Limited ("HKEX") since November 1999. It is engaged in display business, innovative business and internet business. It is the only diversified consumer electronics enterprise in China with the advantage of vertical integration of the industrial chain. In 2021, the global sales volume of TCL smart screens reached 23.58 million units. The sales volume of quantum dot smart screens and Mini LED smart screens increased by 53.8% and 50.5%, respectively. In the global TV market, TCL ranks among the top three in the world in terms of shipment.

### TCL Air-Conditioners

After 23 years of development, TCL Air-Conditioners, focusing on internal skill improvement and technological innovation, has built a complete product system based on the different needs of users, such as the GentleCool Series products under the slogan of "Smart Air, Soft Care", and the FreshIN Series products under the slogan of "after the small blue wing is started, the house will be full of fresh air". By 2021, TCL Air-Conditioners has set up a number of production bases in Zhongshan, Wuhan, Jiujiang, Indonesia, Brazil and other parts of the world, with an annual capacity of more than 20 million units. With products sold to more than 160 countries and regions, it ranks among the industry's top four in terms of production and sales, and the industry's top three in terms of exports, and has become a well-known large-scale comprehensive professional refrigeration enterprise.

### TCL White Household Appliances

TCL White Household Appliances focuses on users' healthy life. Based on users' needs, TCL White Household Appliances has, through design and technological innovation, integrated humanized technological functions to provide users with products and services with ultimate experience. In the field of washing machines and refrigerators, TCL White Household Appliances has introduced innovative products such as pollution-free wheel washing machines and pollution-free drum washing machines, which are free from the problem of "washing with sewage", and TCL Healthy Fresh cross door air-cooled dual-frequency refrigerator, which leads the fashion of air-cooling. In 2021, by means such as tender offers and increased holdings in the secondary market, it obtained control of Guangdong Homa Appliances Co., Ltd. ("Homa Appliances"), with an aim to leverage on mature market channels of Homa Appliances as a cutting-edge refrigerator export enterprise, and combine its own strong brand influence at home and abroad to realize complementary advantages and enhance the strength of both sides in the field of white refrigerators.

### Tonly Electronics

Founded in 2000, Tonly Electronics is engaged in the R&D, production and sales of audio and video products and wireless intelligent interconnection products. With global leading production lines and R&D capabilities, manufacturing bases established in many places, as well as overseas capacity deployment, the company is able to provide customers with high-quality products. At present, Tonly Electronics has made significant breakthrough in the transformation of TWS (True Wireless Stereo).

### TCL Industry Park

TCL Industry Park was incorporated in 2017 in Zhuhai, Guangdong Province. As a real estate operation and management platform, TCL Industry Park has continuously expanded its business layers and formed four core business modules: project development, external leasing, internal leasing and asset operation and management. Relying on the three industrial groups of TCL Technology and TCL Industries, namely semiconductor display, new energy and semiconductor materials, as well as smart devices group, TCL Industry Park Co., Ltd. integrates all the property assets of TCL to conduct unified development, construction and operation management. The projects of TCL Industry Park Co., Ltd. spread in Shenzhen, Huizhou, Wuhan, Hefei, Beijing and other places, and the business scope includes science and technology industrial parks, scientific research headquarters complexes, high-standard storage and logistics parks, large hard technology industry manufacturing bases, etc.

### Getech.cn

With profound manufacturing genes, Getech.cn is a leading player of China's industrial Internet platform industry, focusing on empowering the digital transformation and upgrading of enterprises in the 3C electronics, pan-semiconductor and new energy industrial chains. Leveraging the multi-industry and multi-scene manufacturing experience that TCL has accumulated over 40 years, Getech.cn organically integrates cloud computing, big data, Internet of Things, artificial intelligence, blockchain and other innovative technologies with complex industrial knowledge to create a technology-leading "platform + industrial software" product system. It can provide customers with end-to-end solutions from consulting and planning, implementation, operation and maintenance to upgrade, help traditional manufacturing enterprises realize digital and intelligent transformation, and create core competitiveness driven by industrial data value.

### TCL Environmental Protection Technology

Founded in 2009, TCL Environmental Protection Technology is an enterprise group specializing in recycling of waste resources and comprehensive environmental services. At present, TCL Environmental Protection Technology has built five resource regeneration and environmental protection treatment bases in Huizhou, Tianjin, Shantou and Huanggang. With the qualification of recycling and disassembly of waste electrical appliances and electronic products and the operation license of hazardous waste, it can treat and dispose of 4.69 million sets of waste electrical appliances and electronic products and 220,000 tons of industrial hazardous waste per year. Next, TCL Environmental Protection Technology plans to invest more than CNY 4.5 billion to build new bases in Huidong and ZhongKai high-tech zones (in Huizhou), Chongqing, and other places, focusing on the utilization of decommissioned power batteries, comprehensive utilization of total quantified aluminum ash resources, comprehensive utilization of solvents, waste electrical and electronic ecological platforms and remanufacturing, and other projects, in order to achieve rapid corporate development. TCL Environmental Protection Technology has actively broken new ground to create new growth drivers in areas such as smart environmental protection, carbon peaking and carbon neutrality.

### TCL Financial Services

Established in 1997, TCL Financial Services is engaged in industrial finance business. In 2021, TCL Financial Services further enhanced digital transformation, and increased cooperation with financial institutions, adhering to the direction of asset-light transformation and the combination with industrial scenes, with an aim to jointly enable the healthy development of the real industry. It launched "Intelligent installment" ("慧分期") service on the online sales platform of TCL intelligent terminals to promote home appliance sales, and worked with banks to successfully implement online cross-border factoring business to facilitate the development of international trade. In the future, TCL Financial Services will continue to uphold the corporate vision of "providing simple and warm financial services for enterprises, employees and consumers in the industrial ecosystem, promoting industrial development and achieving global leadership".

## Product families

### High-end smart screen series



Quantum dot and Mini LED smart screen

The Mini LED chip with a volume only 1/700 of the traditional LED light emitting unit is used to achieve micron-level light control.

### Air conditioning series



Smart FreshIN air conditioner

With the innovative smart airflow technology, it can achieve rapid indoor and outdoor air circulation through the micro positive pressure fresh air generated by the lifting structure.

GentleCool air conditioner

It has an inbuilt gentle breeze blade, which can fully disperse the air flow, and generate gentle breeze to prevent uncomfortable direct cooling flow.

### Refrigerator series



Refrigerator with a smart screen

The smart screen is online 24 hours a day, realizing functions such as health evaluation, meal management, video call and visitor reminder.



Intelligent fresh refrigerator

It has a built-in temperature sensing radar to sense temperature changes intelligently to ensure fresh ingredients for a long time.

### Washing machine series



Duplex sorting washing machine

Clothes for adults and children are washed separately to effectively avoid cross-infection and protect the health of the whole family.



Drum washing machine

It adopts the drum design and is equipped with sewage free sealing to achieve cleanness inside and outside the cylinder. It has the function of micro steam air washing and washing and drying.

Consonance series



A full set of AI appliances, including TCL Consonance C12, TCL Consonance P12, etc.

Tablet series



TCL NXTPAPER

TCL NXTPAPER adopts TCL Future Paper eye protection technology and a 10-layer eye protection scatter screen, with double eye protection certification of TÜV and VICO. It is equipped with TCL's self-developed educational ROM to provide AI-assisted learning functions for children with parental control. The product comes with 3 interactive learning accessories -AI smart eye + portable bracket + point learning stick to accurately help children learn independently and improve their scores.

Mobile phone series

TCL 30 v5g



TCL 30 series 5G smartphone

Including TCL 30 XE 5G and 30 V 5G for the US market, and TCL 30 5G for the European market; all these products are equipped with large-size FHD+AMOLED ultra-thin display and original NXTVISION display enhancement technology, providing users with immersive visual enjoyment.



TCL 20 Pro 5G

It features a 6.67-inch 1080p OLED screen that supports HDR10 and supports the latest TCL NXTVISION technology that can recognize the contents on the screen and adjust the color, contrast and sharpness accordingly.

Router series



5G CPE

It is TCL's first 5G CPE product, and supports the ultra-high speed of 2.8Gpbs in 5G sub-6GHz band and Wi-Fi 6 4x4 Mu-MIMO. It can be connected to 256 terminal devices at the same time, helping users of smart home and small office easily enjoy the extreme speed experience of 5G.



4G CPE

It supports the 600Mbps download speed on the current 4G network, allows up to 64 terminals to be simultaneously online, and boasts SIM card plug and play, and instant 4G high-speed network access.

Smart lock series



AI big screen cat eye smart lock, 3D face recognition cat eye lock.

Smart wearables



LEINIAO smart glasses, smart watches, smart earphones, etc.

# Our Sustainable Development Management

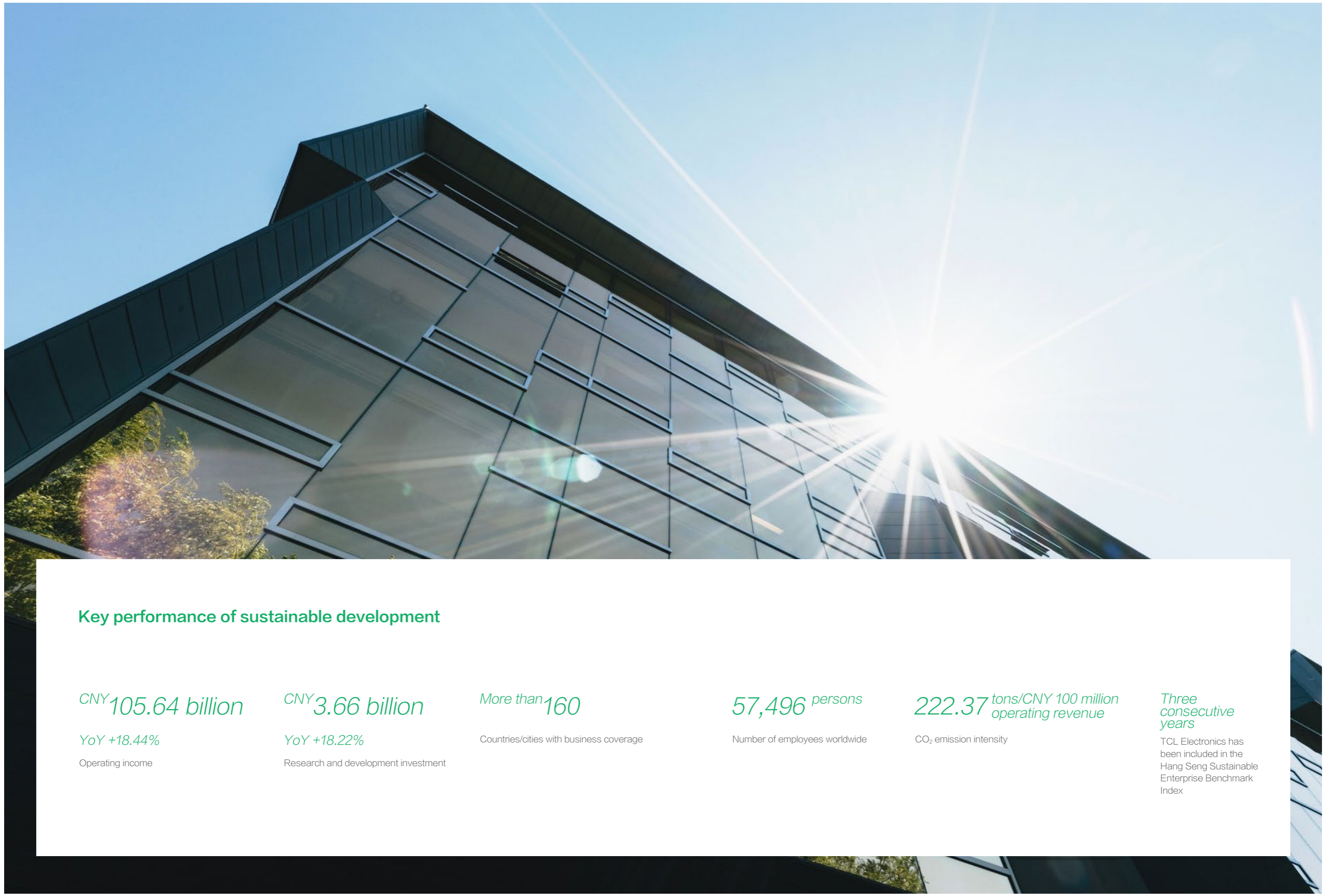
Pursuing the concept of sustainable development is the "steering wheel" for the steady sailing of enterprises. TCL Industries is concerned with the impact of its business on the environment and society, and is committed to working with all stakeholders for sustainable development and low-carbon operation, and giving full play to the positive value of the enterprise.

## Enterprise honor

Type	Qualification/Award Name	Grantor/sponsor
Enterprise honors	The first batch of national supply chain innovation and application demonstration enterprises	Eight ministries and commissions of the People's Republic of China, including the Ministry of Commerce
	The third batch of service-oriented manufacturing demonstration enterprises	Ministry of Industry and Information Technology of the People's Republic of China
	Unveiling unit of 2021 national intelligent manufacturing pilot demonstration factory	Ministry of Industry and Information Technology of the People's Republic of China
	The first batch of "5G+ Industrial Internet Application Demonstration Parks" in Guangdong Province	Guangdong Department of Industry and Information Technology
Type	Qualification/Award Name	Grantor/sponsor
Product honors	TCL washing machine: Top 10 brands in washing machine industry	The 17th (2021) China Home Appliances Innovation Achievement Release Ceremony
	TCL Rapid Cooling Smart Screen Refrigerator C12: Product Innovation of the Year Award	
	TCL air conditioner: the leading brand of fresh air, the star of fresh air innovation, and the product with outstanding channel performance in air conditioning industry of the year	2021-2022 China Air Conditioning Industry Summit Forum
	TCL air conditioner: Top 10 brands in air conditioning industry	CHEARI
	TCL air conditioner - P2 Fresh Air cabinet: Technical Innovation Achievement Award in 2021	
	TCL Kongzhijing("空之境") Art Air Conditioning Cabinet: 2021 International CMF Design Award	International CMF Design Award Organizing Committee
	TCL air conditioner: AWE2021 Epland Innovation Award	China Home Appliances and Consumer Electronics Expo
	TCL air conditioner: 2021 China Heating and Cooling Intelligent Manufacturing Excellent Wisdom Award	2021 China Heating and Cooling Intelligent Manufacturing Award Ceremony
	TCL washing machine: health care leading brand	2021 China Washer & Dryer Industry Summit Forum
	TCL washing machine (G120C12-HDY) : Preferred product for intelligent washing and care	
	TCL Heat Pump dryer (H100P2) : Expert star product for clothing care	
	TCL washing machine (G110T700-HDY): product with excellent channel performance	
	TCL C12 Smart Fresh Air-Air Conditioner: 2021 Smart Home Technology Innovation Award	"Sunflower Award" smart home selection at China Construction Expo
	TCL Smart Screen (C12 Quantum Dot Mini LED Smart Screen) : UDE 2021 "Product Innovation Award"	International Consumer Electronics and Future Life Expo (UDE2021)
	TCL Smart Screen (TCL 98 "X9C IMAX Private Cinema): UDE 2021 "Product Innovation Award"	
	TCL Smart Screen (TCL X12 8K Mini LED Lingyao Smart Screen): UDE 2021 "Technology Innovation Award"	
	TCL one-stop solution: 14 prizes of "Sunflower Awards"	Award ceremony for "Sunflower Award" smart home selection at the Fifth China Construction Expo
	TCL Smart Screen (TCL X10 8K QLED TV): Best Display Product of 2021	Society for Information Display

Type	Qualification/Award Name	Grantor/sponsor
Product honors	TCL C12 Series Smart Screen: 2021 iF Design Award	iF Industrie Forum Design
	TCL RC900 Series Remote Control: 2021 iF Design Award	
	Mini smart screen switch: 2021 iF Design Award	
	TCL router (TCL TWS Pro): 2021 iF Design Award	
	TCL C12 Rapid Cooling Smart Screen Refrigerator: 2021 iF Design Award	
	TCL C12 Duplex Sorting Washing Machine: 2021 iF Design Award	
	TCL C12 Series Smart Screen: 2021 Red Dot Design Award	Red dot GmbH & Co.KG
	Mini smart screen switch: 2021 Red Dot Design Award	
	TCL all-new Smart Screen System UI5.0: 2021 Red Dot Design Award	
	TCL router (TCL TWS Pro): 2021 Red Dot Design Award	
	TCL 85 Remote Control: 2021 Red Dot Design Award	
	TCL C12 Rapid Cooling Smart Screen Refrigerator: 2021 Red Dot Design Award	
	TCL intelligent air purifiers Breeva A2 and A5: 2021 Red Dot Design Award	
	TCL RC900 Series Remote Control: 2021 Good Design Award	Japan Institute of Design Promotion
	TCL router (TCL CPE Air): 2021 Good Design Award	
	TCL tablet HORIZON PRO (NXTHUB V60 Series Smart Meeting Tablet): IDEA Award 2021	INDUSTRIAL DESIGNERS SOCIETY OF AMERICA
	TCL TV: 2020 Readers' Choice Awards in the TV and Monitor categories	PC Magazine
	Quantum Dot Display Patent Deployment Project: Gold Medal in Growth Group	The 2nd Guangdong-Hong Kong-Macao Greater Bay Area High-value Patent Cultivation Deployment Competition ("Greater Bay High-value Competition")
	TCL smart screen (TCL C825 Mini LED 4K): 2021-2022 Premium LCD TV award	The Expert Imaging and Sound Association (EISA)
	TCL smart screen (TCL QLED smart screen 55C728): Best Buy LCD TV, 2021-2022	
	TCL speaker (TS8132): Best Buy Soundbar, 2021-2022	
	TCL mobile phone (TCL 20 Pro 5G): Best Buy Smartphone 2021-2022	
	TCL mobile phone (TCL 20 Pro 5G): Innovation Award Product	Consumer Technology Association
	TCL tablet (TCL NXTPAPER): Digital Trends Top Tech of CES 2021 Awards	Digital Trends, a well-known technology media organization
	TCL tablet (TCL NXTPAPER): The Best New Tablets of CES 2021	International Consumer Electronics Show (CES)





### Key performance of sustainable development

CNY **105.64 billion**

YoY **+18.44%**

Operating income

CNY **3.66 billion**

YoY **+18.22%**

Research and development investment

More than **160**

Countries/cities with business coverage

**57,496** persons

Number of employees worldwide

**222.37** tons/CNY 100 million operating revenue

CO<sub>2</sub> emission intensity

**Three consecutive years**

TCL Electronics has been included in the Hang Seng Sustainable Enterprise Benchmark Index

## Stakeholder engagement

### Communication with important stakeholders

TCL Industries sets up smooth communication channels and maintains close contact with key stakeholders. We actively listen to the views of stakeholders, take the initiative to respond to their expectations and requirements, and enhance governance on matters related to sustainable development.



**Employees:** Directly-employed employees

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

**Communication methods**

- E-mails, employees' meetings, and employee activities

**Focus**

- Benefits and remunerations 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

**The Company's response**

- Provide market-competitive compensation, benefits, learning and promotion opportunities, provide a good working environment, and develop a transparent employee management mechanism



**Customers:** Customers who purchase and use products and services

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

**Communication methods**

- Service hotline, complaint and suggestion mailbox, questionnaire survey, customer interview, WeChat official accounts, and information disclosure

**Focus**

- Provision of cost-effective products and quality services, enhancement of product quality and service level, customer privacy protection, after-sales service and warranty for products, product packaging and design, and low-carbon and environmentally-friendly products

**The Company's response**

- 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



**Suppliers:** Material suppliers, service providers and others

TCL Industries actively cooperates with suppliers to promote the construction of a responsible supply chain and require them to comply with relevant management systems and reduce environmental and social risks in the supply chain.

**Communication methods**

- Organize regular supplier conferences and working meetings, and conduct daily communication and regular assessments

**Focus**

- Mutual support, common progress, and transparent and honest cooperation

**The Company's response**

- Build a responsible supply chain, jointly develop and improve products, and provide IT training



**Investors/shareholders:** Existing shareholders and potential investors

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

**Communication methods**

- Information disclosure, general meeting of shareholders, results announcement conference, non-deal roadshow, strategy conference and investor conference call

**Focus**

- Disclose financial statements and information transparently, strengthen risk management and control, and create economic value

**The Company's response**

- Improve the Company's governance and investor relationship management, improve operational transparency, maintain business and profitability growth, and continuously improve our position in the industry



**Government and regulators:** local government and regulators of places where TCL Industries is registered, publicly listed and operates

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

**Communication methods**

- Regular visits, policy communication with the government and regulators, meetings and exchanges

**Focus**

- 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

**The Company's response**

- Implement regulatory policies, pay taxes in accordance with the law, and take the initiative to shoulder social responsibilities



**Industry associations and chambers of commerce:** Industry associations and the chambers of commerce which we join

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

**Communication methods**

- Industry seminar, forum, and collaborative research

**Focus**

- Promotion of industry development, company business category, product quality, and corporate social responsibility

**The Company's response**

- Strengthen multi-party business cooperation, promote industrial development, and explore new business models



**Media and the public:** the public who pay attention to and the media that reports on TCL Industries' operational and service performance

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

**Communication methods**

- Press release, media interviews, and regular seminars

**Focus**

- Services and products, financial performance, outlook, and corporate social responsibility

**The Company's response**

- Strengthen new product publicity, and build brand images



**Philanthropic/community organizations:** the philanthropic organizations TCL Industries co-operates with and the communities where our own premises are located

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

**Communication methods**

- Cooperation in public welfare activities, volunteer services, and property construction and management

**Focus**

- Promote local development, enhance community value, and support public welfare

**The Company's response**

- Actively participate in targeted assistance, carry out public welfare activities, and encourage employees to participate in voluntary activities

### Identifying material issues

In order to understand stakeholders' concerns related to sustainable development, TCL Industries conducted an importance assessment survey among all stakeholders through questionnaires, and obtained the importance rankings of issues by integrating the opinions of the Company's directors and management, customers, investors, employees, suppliers and other relevant parties, which serves as an important reference for the disclosure of this Report and the further improvement of the Company's sustainable development management.

#### Material issue assessment process

##### Issue identification

Based on the Company's business model in light of the national policies and capital market's focuses, we selected 26 sustainable development issues including product quality and safety, employees' rights, interests and benefits by comparing and analyzing peers' concerns.

##### Stakeholder engagement

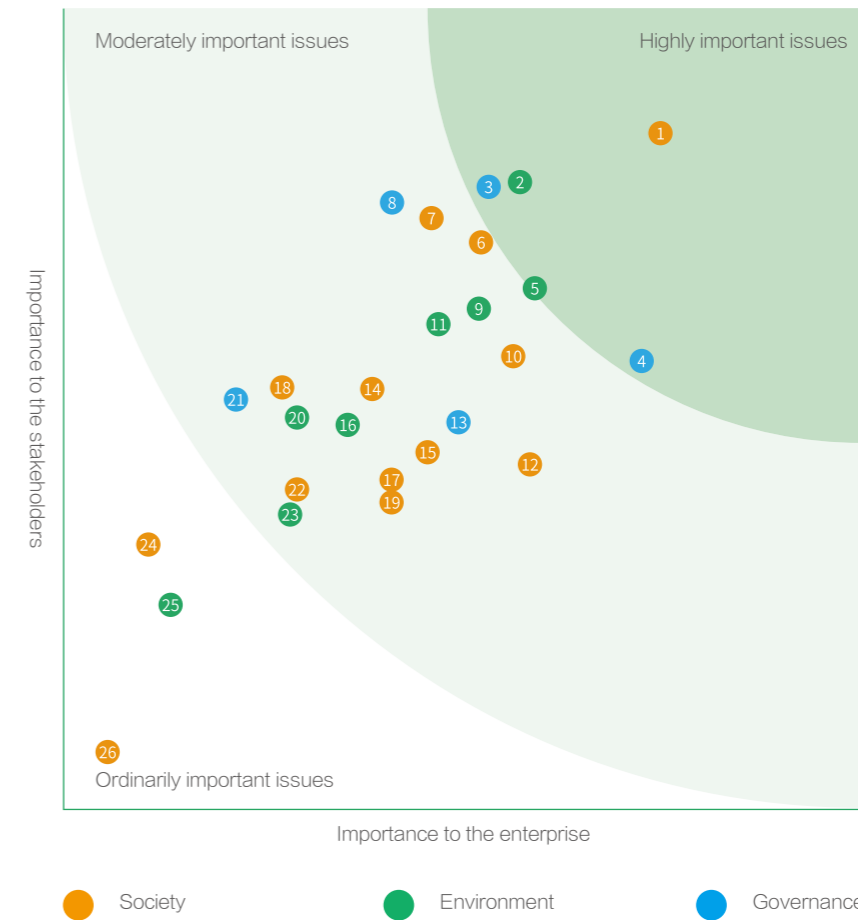
We recovered a total of 1,139 responses to our questionnaires from internal and external stakeholders including investors, suppliers, customers and employees to keep a good grip on the focuses of internal and external stakeholders on TCL Industries' sustainable development management.

##### Issue evaluation

According to the stakeholder survey results, we ranked the sustainable development issues in two dimensions: "importance to the enterprise" and "importance to the stakeholders", and drew a materiality matrix.

##### Review and confirmation

The material issue evaluation results were proposed to the management and were affirmed and approved by the management.



TCL Industries' Material Issues List in 2021

Highly important issue		Ordinarily important issue			
1	Society	Product quality and safety	24	Society	Community investment
2	Environment	Management of waste and hazardous materials	25	Environment	Tackling of climate change
3	Governance	Compliance with laws and regulations	26	Society	Management of conflict minerals
4	Governance	Protection of intellectual property rights			
5	Environment	Recycling and treatment of electronic products			
Moderately important issue					
6	Society	Product and technological innovation	15	Society	Employees' rights, interests and benefits
7	Society	Occupational health and safety	16	Environment	Energy management
8	Governance	Business ethics	17	Society	Employee training and development
9	Environment	Emissions management	18	Society	Responsible marketing
10	Society	Information security and privacy protection	19	Society	Diversity and equal opportunities
11	Environment	Water management	20	Environment	Green products
12	Society	Talent attraction and retention	21	Governance	Transparency in information disclosure
13	Governance	Corporate governance	22	Society	Supply chain management
14	Society	Customer service	23	Environment	Promotion of green packaging

## Product Topic

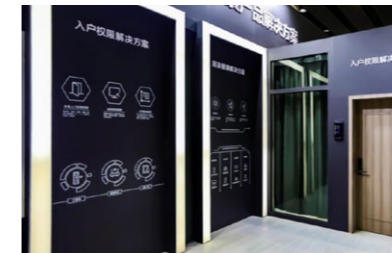
# Start an Omni-scenario Smart Life

TCL Industries constantly adheres to the mission of "creating fantasy with technologies to enjoy a smart lifestyle", and has made active deployment in the smart home field, in an effort to provide consumers with one-stop intelligent and healthy living solutions in omni-scenario. We deeply integrated 5G, AI, IoT, big data, cloud computing and other technologies, comprehensively implemented the overall deployment of "1+4+X" with "intelligent display" as the core and "Intelligent IoT Ecosystem" as the strategy, that is, to use a complete SaaS platform to integrate the scenarios of video, energy management, intelligent appliances and home access. Ultimately, we sought cooperation with an open mind, with an aim to achieve ecological diversification and provide a new smart home experience in its entirety for users.

The SaaS (Software-as-a-Service) platform enables online management of human, space and devices by virtue of the AI (artificial intelligence) and IoT (Internet of Things) technologies. Through 4 systems and user-faced mini-programs, it provides users with full-range management from solution provision, on-site construction, supporting products, construction delivery, to after-sales services, and allows users to "move in only with luggage". In addition, with the support of the IoT technology, it realizes and implements four major scenario solutions: home access management, healthy home, audio-visual entertainment, and energy management, thus providing perfect smart home experience for users in a visualized way.

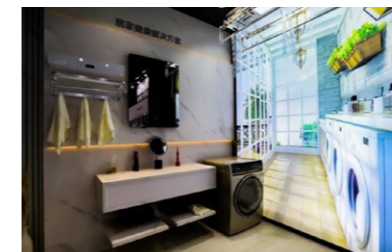


Omni-scenario smart solution



## Smart Guarantee for Home Access Security

We provide home access solutions for scenarios such as deluxe real estate, apartments and hotels. With the combined products such as smart locks, intelligent gateways, and face recognition access control, operators are able to manage home access, record data in real time, streamline operation processes, and thus achieve standardized operation. In addition, the face recognition access control system forms the basis for unified authorization and contactless identification, improving the efficiency and intelligence of access control management.



## Carefully Building a Healthy Home

The healthy home solution advocates the concept of "scientific bacteriostasis to bring comfort and peace of mind", and provides whole-house healthy appliances including smart clothes dryers, smart disinfection dryers, and smart washing machines for the scenarios such as balconies, bathrooms, living rooms, kitchens and wardrobes. All these guarantee the quality of users' clothes, food and air, creating a safe and comfortable healthy living space.



## Interconnected Audio-Visual Entertainment

With the smart screens as the core that are interconnected with various devices such as lighting, curtains, speakers, and air conditioners, the audio-visual entertainment solution creates an immersive movie-viewing experience. In addition, this solution provides a management system that enables customized voice Q&A knowledge base for operators to reduce the workload of service staff, and improve operational efficiency and user experience.

## Efficiently Promoting Energy Control

To avoid data errors caused by manual meter reading, we combine smart water meters, smart electricity meters, and the SaaS platform to enable the functions such as real-time remote accurate meter reading, automatic cloud data storage, multi-dimensional data analysis, and remote device management, thereby improving energy management efficiency.

## Environmental Topic

# the Roadmap of Carbon Reduction for TCL Industries

As a manufacturing powerhouse, China formally pledged in September 2020 to achieve the strategic goal of reaching carbon peak by 2030 and achieving "carbon neutrality" by 2060. Green, low-carbon and sustainable development have become the consensus of Chinese enterprises. TCL Industries boldly undertakes the mission of the times. While taking into account its economic and social responsibilities, it actively introduces the green and low-carbon concept into product life-cycle management, and promotes the green operation of the enterprise, in order to help achieve China's carbon neutrality goal soon.

### Tailor-making more environmentally friendly products

TCL Industries extends the green concept to its products, attaches great importance to the injection of environmental protection attributes into the products, and launches products with better energy efficiency to mitigate the negative impact on the environment.

Case study: Launching low-carbon fresh-air air-conditioners



In 2021, we launched a new low-carbon green product – TCL bedroom FreshIN air conditioner. The fresh-air air conditioning product is in line with the national first-level new energy efficiency standards, and has reached the international leading level. It won the green and low-carbon product certification at the 2021 Home Appliance Green and Low-carbon Development Technology Conference, setting a new benchmark for the green and energy-saving product design in the industry.

#### Precise temperature control and power saving

Adopting innovative intelligent frequency conversion control logic, it can actively sense the trend of change in the monitoring of indoor environmental temperature changes, and achieve rapid response, intelligent control, and precise temperature control through the "fuzzy + expert PID" frequency conversion drive algorithm, thus reducing the power consumption caused by frequent temperature regulation.

#### Optimizing airflow and improving energy efficiency

Optimized design with a large-diameter efficient wind wheel and blade profile and cross flow air duct profile is adopted to realize efficient air flow organization and greatly improve the energy efficiency of the air conditioner.

#### Broadband operation, high efficiency and energy saving

It has a high efficiency and energy saving frequency conversion compressor, which can maintain constant temperature operation of air conditioning under broadband operation and ultra-low energy consumption condition. Paired with an efficient throttling electronic expansion valve, the air conditioner can run efficiently and save energy in all working conditions.



### Promoting cleaner production

Promoting cleaner production is an effective means to improve resource efficiency and control environmental pollution. TCL Industries attaches great importance to the impact of its operation and product manufacturing process on the ecological environment, constantly strengthens the use of clean energy, and promotes energy-saving renovation projects, in order to effectively reduce its own carbon emissions, and contribute to the national goal of "carbon neutrality".

#### Using cleaner energy

We vigorously promote the use of renewable energy in our park, and actively built photovoltaic power stations in the park to convert sunlight into electricity more effectively. In addition, we explore ice storage projects to further reduce energy use by releasing cold storage during peak power consumption periods.



The phase 1 and phase 2 photovoltaic power stations in the white home appliances production park

**29,098.71 MWH**

In 2021, TCL Industries generated 29,098.71 MWH of solar power

**16,906.35 tons**

Equivalent to reducing carbon dioxide by 16,906.35 tons

**400 tons of standard coal energy consumption**

Since 2018, the Smart Screen Park has saved 400 tons of standard coal energy consumption through photovoltaic power generation

**1,890 tons**

Equivalent to a reduction of over 1,890 tons of carbon dioxide

**100 tons of standard coal energy consumption**

Since 2018, the Smart Screen Park has saved 100 tons of standard coal energy consumption through the ice storage project

**472 tons**

Equivalent to a reduction of more than 472 tons of carbon dioxide

## Upgrading to more energy-efficient manufacturing

We constantly optimize the production process and energy consumption management, and comprehensively promote the improvement of energy efficiency in the manufacturing process, to reduce energy consumption.

### Setting energy consumption targets

We actively promoted energy consumption target management. By setting annual energy conservation targets for each product category, we promoted the formulation of feasible energy conservation plans which attach importance to the evaluation of energy conservation effectiveness, and improved the overall energy conservation management level of the Company.

### Establishing an energy management platform

Leveraging the digital capabilities of Getech.cn, we built an energy management platform for the air conditioning production plant. Through the real-time acquisition and visual monitoring of energy consumption data of each production system, the use of electricity, water, oil and natural gas of the plant is continuously and thoroughly analyzed. Energy consumption trend analysis, excessive energy consumption warnings, abnormal energy consumption diagnosis, energy saving scheme suggestions and other functions were implemented to reduce energy consumption by about 5%.

### Promoting energy-saving renovation

We have carried out energy saving and emission reduction projects for many years, including the air compressor system energy saving project, LED energy saving transformation, injection molding dryer transformation, central air conditioning system energy saving improvement, air compressor frequency conversion transformation and other energy saving and emission reduction projects, in order to improve energy efficiency in the manufacturing process and reduce unnecessary energy waste.

≥ 3%

By 2022, refrigerators and washing machines are expected to reduce the annual energy consumption per unit output value by at least 3%

13.5%

By 2025, the consumption intensity of the purchased power for smart screens, smart mobile devices and connected devices is expected to fall by 13.5%

### Case study: Promoting energy-saving transformation of production equipment

We constantly promote energy-saving transformation of production equipment, with an aim to improve energy efficiency and promote carbon emission reduction in the production process through technological transformation and process optimization.

- Substituting frequency conversion air compressors for refrigerators

We replaced the air compressor in the refrigerator production factory with frequency conversion air compressors, which can avoid energy waste resulting from production suspension by automatically adjusting the air pressure. We saved about 432,000 kilowatt hours of electricity per year, equivalent to the reduction of about 250 tons of carbon dioxide emissions per year.

- Transformation of injection dryers for white home appliances

We carried out energy-saving transformation of the dryers in the white goods injection molding factory. After the transformation, the power consumption of each unit can be reduced by 50%. 21,240 KWH can be saved per unit per year, equivalent to the reduction of about 12 tons of carbon dioxide emission per unit per year.

## Promoting smarter management

TCL Industries not only attaches importance to accelerating its own digital transformation, but also actively promotes its intelligent manufacturing solutions among manufacturing enterprises. Based on cloud computing, big data, Internet of Things, artificial intelligence and other world-leading innovative technologies, our affiliate Getech.cn helped enterprises build energy management systems through three business approaches, with Getech intelligent energy management system EMS as the main system, solving the management pain points such as incomplete data and fragmented scenarios for manufacturing enterprises, and improving the level of intelligent energy management.

### Energy management consultation and diagnosis

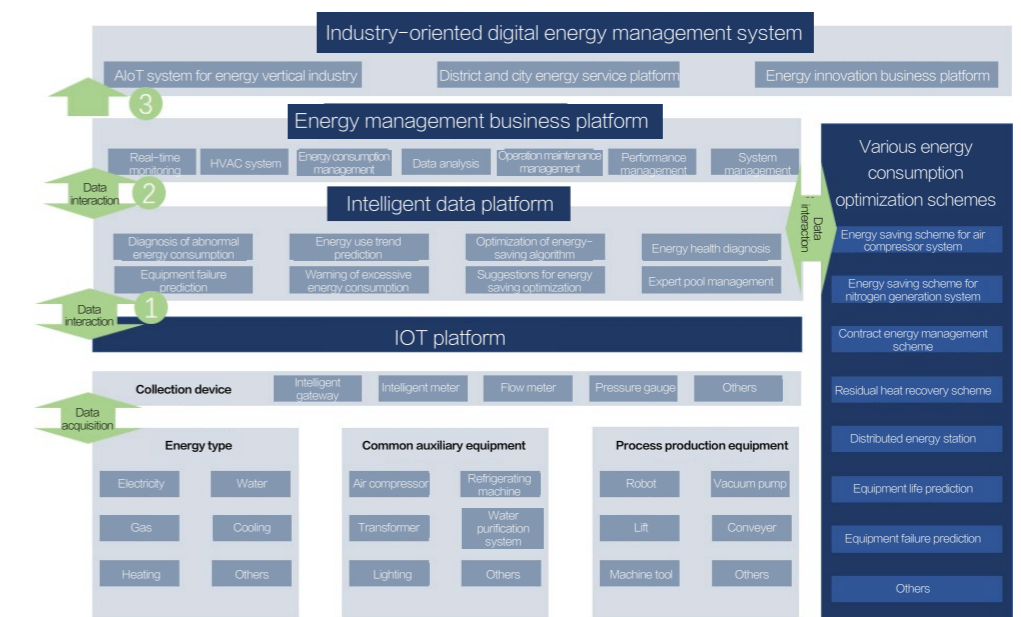
Getech.cn provides enterprises with top-level design and perspectives, analyzes the problem of energy loss in each application link from a long-term perspective, formulates corresponding optimization schemes for the energy flow of enterprises, and provides holistic diagnosis and control for the realization of the closed loop of energy-saving optimization and continuous improvement.

### Smart energy management system

The smart energy management system has nine functional modules. It collects terminal energy consumption data for different energy classes and different types of equipment through hardware such as edge computing and universal gateways, presents the analysis results to the energy management system for the real-time monitoring of the enterprise management personnel through data analysis, data governance, algorithm analysis, equipment diagnosis and other services, and provides continuous optimization of the management scheme in different scenarios for all kinds of energy consumption equipment.

### Enterprise carbon neutrality program

Based on the energy management consulting and diagnosis scheme, the intelligent energy management system platform can be built. Enterprises can obtain energy consumption analysis of large data volumes and fine granularity, and form a comprehensive energy consumption portrait. It can provide powerful data and technical support for carbon tracking, carbon metering, carbon management, carbon neutralization, and other management work.



Getech.cn smart energy management system

## Industry Topic

# Empowering High-quality Development of the Industry

TCL Industries firmly believes that teamwork brings success and attaches importance to collaborative innovation and development with partners. We constantly strengthen cooperation and exchange with the industry chain, participate in the discussion of industry standards, establish continuous cooperation with colleges and universities and research institutions, and promote technological innovation and achievement transformation, with an aim to inject a steady stream of power for the high-quality development of the industry.

### Enhancing cooperation and communication

We actively carry out external cooperation and exchanges, and promote the complementation of key resources by establishing strategic partnerships, participating in industry associations, and setting up laboratories with partners, in order to achieve technological breakthroughs and win-win cooperation.

#### Establishing strategic cooperation

We have signed strategic cooperation agreements with COSCO Shipping Lines Co., LTD., NetDragon Websoft Holdings Limited, EDward Gaming and other enterprises to actively promote resource complementation in logistics transportation, teaching equipment research and development, game smart screen research and development, and achieve mutual benefit and win-win results.

#### Participating in industry associations

We have participated in the Open Link Association, Connectivity Standards Alliance, China Household Electrical Appliances Association, China Association of Standardization, Huizhou Industrial Design Association and many other industry associations, and actively explore the latest achievements in connection technology, intelligent technology, industrial design and other aspects.

#### Establishing joint labs

TCL Electronics and Tencent START Cloud Gaming have set up a joint laboratory to conduct in-depth cooperation in wireless connection, codec, end-cloud collaboration and system customization optimization.

We have established the "Semiconductor Technology Joint Laboratory" with Mooresilicon Semiconductor (Guang Dong) Co., Ltd. to strengthen cooperation in the fields of chip customization, development, testing and application, and cooperate with well-known enterprises to innovate technology application.

#### Case study: Building an intelligent IoT ecosystem jointly



At the 2021 TCL Global Ecosystem Partner Conference, TCL Group released the global ecological cooperation development strategy - "Rising Sun Plan". Based on the five-year plan of "leading the world in intelligent terminals" proposed by TCL Group, TCL Industries will build a world-leading intelligent IoT ecosystem and continuously expand the user boundary, industry boundary and capability boundary by building a capability ecosystem.

- In the field of smart devices, we will work with partners to build technology, networks, content services and other capabilities, in order to build a smart space ecosystem jointly.
- In terms of technology, we will jointly advance the global leading display technology and enhance intelligent capabilities such as AI, cloud platforms and connectivity.
- In terms of networks, we will work together to build a global customer and sales network as well as a delivery network of manufacturing, supply and R&D.
- In terms of content services, we will work together to build content service scenarios and solutions with households and enterprises as the core.



## Participating in the standard formulation

TCL Industries is committed to promoting the healthy development of the industry, and by virtue of its years of experience in R&D, production and sales in the industry, it continues pushing forward the establishment and optimization of industrial standards. We participated in the compilation 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 standard requirements and that we provide consumers with reliable, safe and comfortable products.

Implementation date	Standard property	Standard name	Standard number
October 1, 2021	National standard	Methods of Measurement for Flat Panel Display Color Gamut	GB/T 39848 - 2021
August 1, 2021	Industrial standard	Technical Requirements for Mini LED Backlight LED TV	T/CVIA-84-2001
August 1, 2021	Industrial standard	Testing Methods of Mini LED Backlight LED TV	T/CVIA-83-2001
June 1, 2021	Industrial standard	General Technical Requirements on Ultra High-Definition Display AM Mini LED Backlight	T/SUCA 002-2001
In progress	Industrial standard	Smart Home Interconnection - Cross-platform Access Specifications - Part 1: General Requirements	OLA-P-2021-001
In progress	Industrial standard	Smart Home Interconnection - Cross-platform Access Specifications - Part 2: WLAN Devices	OLA-P-2021-002
In progress	Industrial standard	Smart Home Interconnection - Cross-platform Access Specifications - Part 3: Bluetooth Mesh Devices	OLA-P-2021-003
In progress	Industrial standard	Smart Home Interconnection - Cross-platform Access Specifications - Part 4: ZigBee Devices	OLA-P-2021-004
In progress	Industrial standard	Smart Home Interconnection Data Model Specifications	OLA-P-2021-007
In progress	Industrial standard	Technical Requirements for Smart Home Interconnection Control Interfaces	T-OLA-000X:2021
May 26, 2021	Industrial standard	Network Security Technical Requirements and Evaluation Methods for Smart Home Appliances	T/CAS 499-2021
November 26, 2021	National standard	Personal Information Protection Requirements and Evaluation Methods for Smart Home Appliances	GB/T 40979-2021
December 24, 2021	Industry development report	White Paper on China's Smart Home Appliance Information Security Development	/

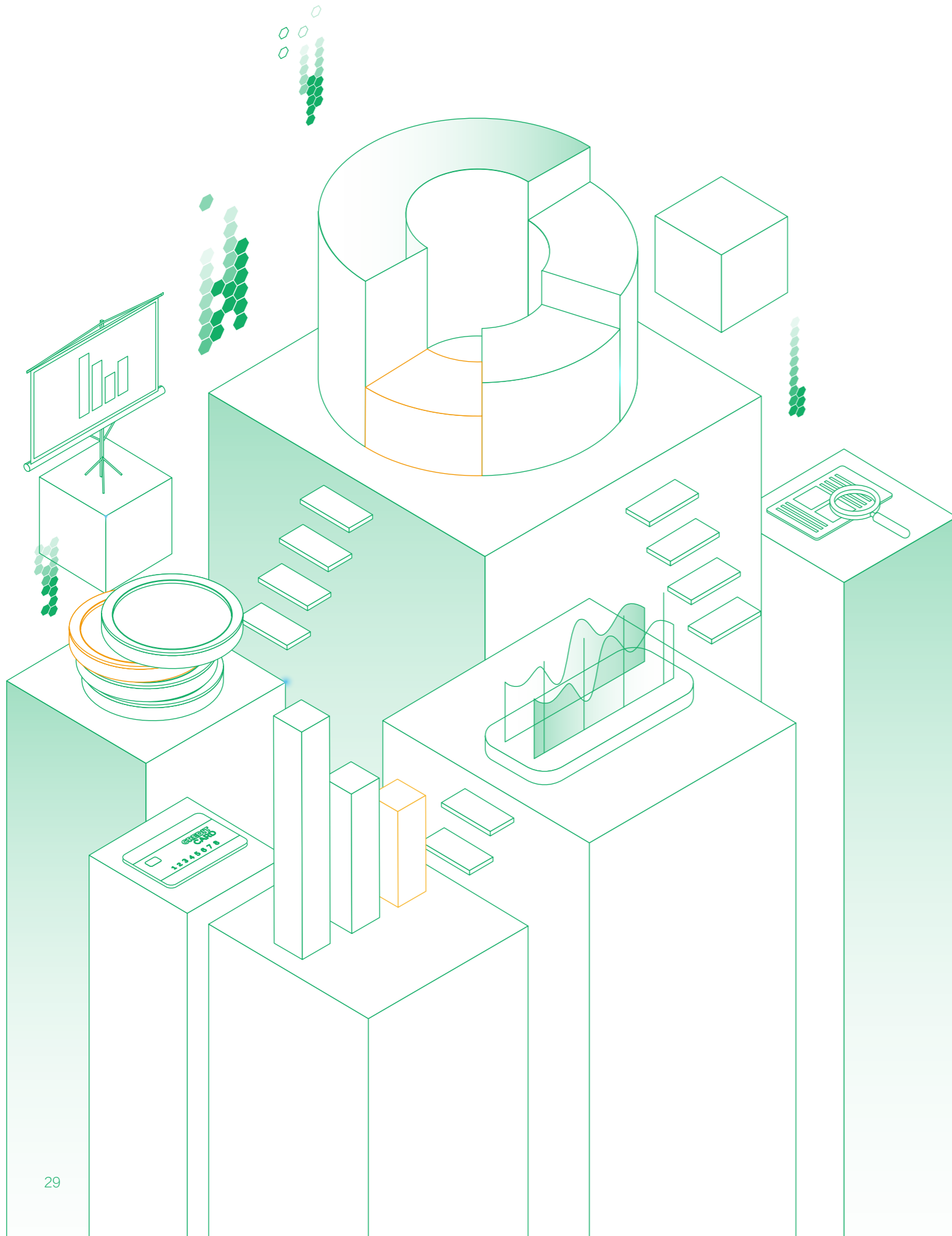


## Promoting industry-university-research cooperation

TCL Industries values cooperation with scientific research institutes and institutions of higher learning and continuously expands potential of industry-university-research cooperation. In 2021, we released six AI external cooperation projects, including micro-gesture control across space, wireless sensor simulation system and end-to-end far-field speech recognition, to enhance the cooperation in integration of technology research and development and technology application, and accelerate the deepening of technology development.

So far, we have established long-term partnerships with China Jiliang University, Shanghai Jiao Tong University, Beijing Institute of Technology, and many other universities, to deliver excellent talents to the industry. In the meantime, we cooperate with Tsinghua University, Fudan University and Fuzhou University in laboratory applications, and have established the "TCL University Talent Training Base" in collaboration with South China University of Technology, Nanjing University, Sichuan University, Hunan University, Central South University, Huazhong University of Science and Technology, Chongqing University, and Xidian University. By linking university and enterprise resources, we continuously train and output innovative talents in science and technology, driving regional employment and boosting regional economic development.





## Corporate Governance Safeguarding Operation

Responsible governance is an important belief that TCL Industries adheres to. We attach great importance to business ethics, improve the intellectual property rights protection system, comprehensively promote compliant operations, in an effort to promote the sustainable and healthy development of the Company.

## Observing business ethics

In order to build a more transparent, efficient, objective and fair business environment, TCL Industries has strengthened compliant operation, established and improved an anti-corruption management system, clarified the professional norms for employees, participated in business activities fairly, and ensures the healthy corporate operation.

### Anti-corruption and integrity management

We have established and continuously improved the anti-commercial bribery compliance management system, and comprehensively and systematically advanced the Company's normal endeavor to combat corruption and promote integrity.

#### Establishing a management system

We have formulated the *Anti-Commercial Bribery Compliance Policy* to clearly regulate the Company's business activities around the world and comply with applicable anti-commercial bribery laws and regulations; established an anti-commercial bribery compliance management system, covering the work norms for risk assessment, compliance monitoring, compliance inspection, report investigation, compliance training, document recording and other links; clarified the anti-commercial bribery compliance requirements in specifics business scenarios, to raise the Company's overall anti-commercial bribery compliance management level.

#### Standardizing behaviors

In the *Code of Anti-corruption and Employee Handbook*, we specify the code of integrity, and make strict provisions on power abuse, bribery, gifts, commercial hospitality and other aspects, and require all employees to sign the *Letter of Commitment to Integrity* to ensure that employees clearly understand the red line of the Company's operation and management.

In the *Letter to Our Suppliers and Partners*, we have made clear our anti-corruption requirements on suppliers and required them to sign the integrity agreement, which prohibits suppliers from offering any form of improper benefits to our employees, and in this way, we jointly create a fair and transparent business environment.

#### Strengthening education and exchange

To strengthen employees' awareness of integrity, we have taken multiple measures aimed at enhancing the corporate integrity culture, such as opening the T Credibility service account "T Audit - Integrity Connecting You and Me", in combination with emails to all employees, the integrity column on the official website, bulletin boards in office areas, etc. Through these measures, we notify all employees of violations of rules and regulations, share cases with all employees to promote the Company's integrity culture, and nurture a positive working atmosphere.

We actively participate in external exchange, have joined the Enterprise Anti-fraud Alliance and Trust and Integrity Enterprise Alliance, shared anti-fraud work experience with member enterprises, learned integrity management practice from outstanding enterprises, and continuously improved our anti-corruption management mechanism.

#### Setting up a whistleblowing mechanism

We have set up special mailboxes, hotlines, emails and other channels for whistleblowing, and actively carried out investigations in accordance with the *Accountability Management Measures*. After a report is received, the report clues will be sent to the dedicated department of audit and internal control for handling without delay, and an investigation will be carried out according to the content of the report and the degree of assistance of the informant. After the clues are verified, an investigation report will be formed, including handling suggestions and improvement proposal, and special personnel will follow up and implement the handling progress.

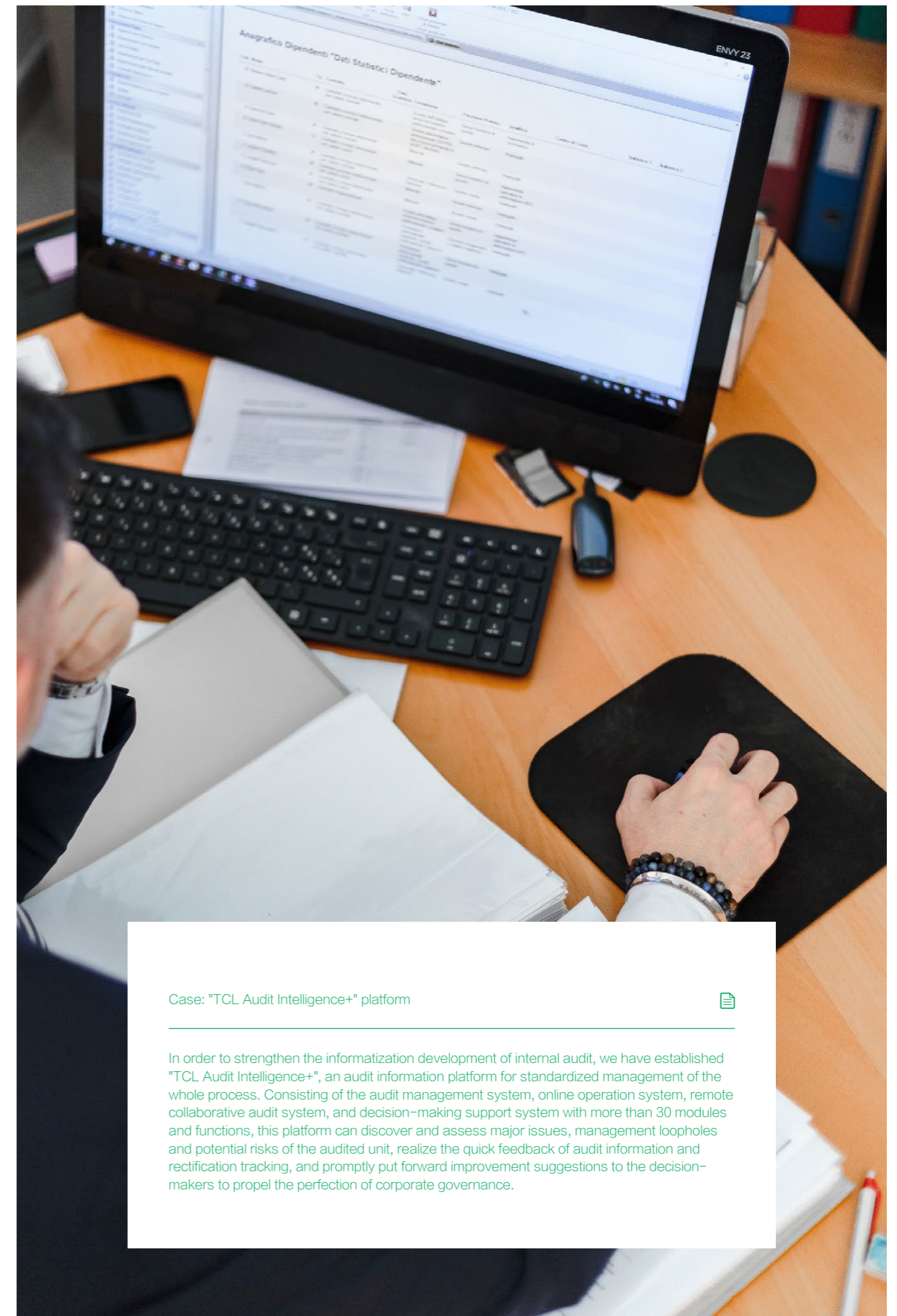
We strictly standardize the management of whistleblower protection, implement the confidentiality management of sensitive information about whistleblowers, and require the investigated units and persons being reported against not to retaliate against the whistleblowers, so as to protect the rights and interests of whistleblowers.

#### Carrying out compliance audit

We carried out special audit on the Company's sales, supply chain, production, research and development, and other key areas of business and business links, covering the Pan Smart Screen (泛智屏) business unit, white home appliance business unit, air conditioning business unit, communications business unit, commercial business unit, FFalcon Network Technology, marketing headquarters of China, overseas marketing headquarters, and other business units, providing the improvement direction for internal control and empowering business development in a more efficient manner.

# 140

In 2021, the audit department of TCL Industries' headquarters delivered more than 140 effective management improvement suggestions through compliance audit, followed up on all the problems found in the audit, and made closed-loop rectification, thus improving the level of operation and management.



#### Case: "TCL Audit Intelligence+" platform



In order to strengthen the informatization development of internal audit, we have established "TCL Audit Intelligence+", an audit information platform for standardized management of the whole process. Consisting of the audit management system, online operation system, remote collaborative audit system, and decision-making support system with more than 30 modules and functions, this platform can discover and assess major issues, management loopholes and potential risks of the audited unit, realize the quick feedback of audit information and rectification tracking, and promptly put forward improvement suggestions to the decision-makers to propel the perfection of corporate governance.



## Guaranteeing trade compliance

We participate in market competition in a fair and legitimate manner, comply with the laws and regulations of the place where we operate, and drive compliance management of our international business.

### Strengthening anti-monopoly management

We continuously pay attention to regulations related to the declaration of concentration of undertakings, and have formulated the *Compliance Guide for Preventing Vertical Monopoly Agreements* to direct each business unit to check and rectify sensitive behavior that may constitute vertical monopoly agreements. And the Compliance and Legal Affairs Dept. pre-assesses the Company's marketing and price policies, agreement execution, price adjustments, and other actions on a regular basis, so as to prevent vertical monopoly agreement behavior during the sales process. For external M&A transactions, we will conduct anti-monopoly application screening.

### Promoting fair competition

We standardize sales behavior: for promotion activities, we ensure that the preferential promises and promotion rules are presented truthfully, accurately, clearly and transparently by means of product description, physical samples and store notices, so as to ensure compliance in sales. In the meantime, we strictly examine the wording and functional expression of advertising materials, and on the premise of protecting the rights and interests of consumers, firmly oppose restriction or exclusion of market competition by unfair means.

### Ensuring export compliance

We have formulated the *Code of Conduct for Export Compliance* and established a two-level working mechanism covering the Compliance and Legal Affairs Dept. and all business units. The compliance management team under the Compliance and Legal Affairs Dept. is responsible for the implementation, supervision and inspection of the export compliance system, process and regulations. Each business unit has appointed an export compliance representative, who is responsible for the transmission, communication and implementation of export compliance notices and requirements, and the declaration of violation risks.

In 2021, the communications business unit conducted the export compliance inspection to check the implementation of normative documents related to export compliance, and supervise and guarantee the effectiveness of the export management compliance system.

## Respecting intellectual property rights

Technological innovation is the driving force of the Company's long-term development. TCL Industries respects the value of knowledge, and has formulated internal policies such as *TCL Industries Measures for Patent Application Management* and *TCL Industries Rules on Patent Technology Expert Team's Work Management* to effectively protect the intellectual achievements of the Company by means of product risk investigation, infringement behavior retrieval, training and education, etc.

1,900

In 2021, we obtained 1,900 newly granted patents

10,806

As of 2021, we had accumulatively obtained a total of 10,806 patents

16

In 2021, we launched 16 training courses related to intellectual property rights on our online platform

8,646

Trainees covered

### Intellectual property rights management

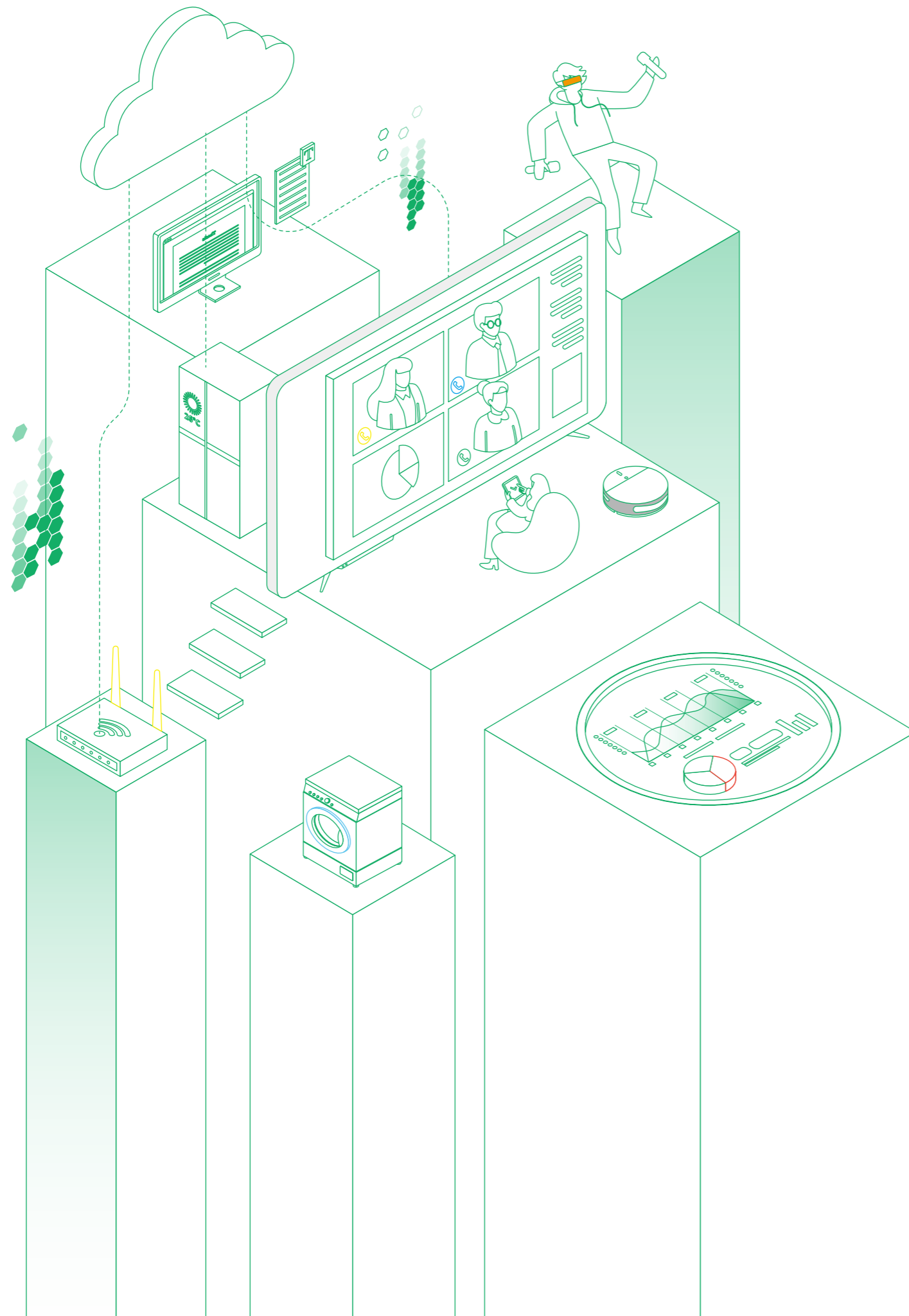
For products which are to be released/ have been released, we conduct a global patent search based on their technical solutions, assess the risk of infringing others' intellectual property rights, and adopt design around for high-risk patents.

We work with intellectual property firms or external lawyer teams to evaluate, discover and acquire patents worthy of investment in the market and develop appropriate patent operation plans to improve the Company's competitive advantage.

### Intellectual property rights protection

We cooperate with external law firms to protect our rights to TCL trademarks, combat counterfeiting, and search for unauthorized trademark theft across the country.

We provide rights protection training for frontline product personnel and sales teams, give timely feedback on external suspected patent infringements, and the Compliance and Legal Affairs Dept. will follow up and evaluate the cases, and file reasonable lawsuits against serious infringements to safeguard the legitimate rights and interests of the Company.



## Product Innovation Make Lives Wonderful

Innovation is an everlasting driving force for TCL Industries. To provide customers with intelligent and convenient lifestyles, we manufacture smart products of outstanding quality and excellent service, by continuously promoting technological innovation and implanting intelligent factors into production and manufacturing.

## Spearheading technological innovation

Insisting on maintaining its lead in technology, TCL Industries invests more in cutting-edge technology, integrates research resources, upgrades technologies and products actively, continuously deepens intelligent manufacturing, and promotes technology inclusion, so as to achieve consistent breakthroughs in products and technologies and maintain its leading position in the industry.

## Enhancing the research and development strength

In the age of intelligent household appliances, to provide customers with personalized scenario experiences and considerate service, we focus on intelligent scenarios with intelligent display as the core, and continuously invest R&D resources in key technologies. As a result, we have made some technological breakthroughs in Mini LED, image quality, video and intelligent connection, and obtained numerous key patents. Through the iterative evolution of the technology platform, the key technologies are continuously accumulated and applied to products, and thus the technology transformation cycle is continuously shortened. For example, mainly focusing on technical support provision in the four sectors of AI, IoT, cloud and big data, Eagle Lab realizes the accumulation of the general technical ability of the Company's business, and constructs a technical platform for all product categories of the Company and with support for omni-scenario experiences, so as to provide strong support for the implantation of smart genes into products. As at the end of 2021, Eagle Lab owned four global technology centers, a big data cloud platform team with more than 200 people, and an AI algorithm team with more than 400 people.

## Technically far ahead of the pack

As advanced technology is the key to improving the core competitiveness of enterprises, we insist on investment in technological research and development. In the practice of innovation, consistent breakthroughs have been made in technology, enabling us to lead the high-quality development of the industry.

Case: Cooperative development of an AI recommendation system



To provide users with better experience, TCL cooperates with top research institutions such as the University of Hong Kong to develop an AI recommendation system for smart screens. By using a data model constructed through a self-attention network, the system compiles user portraits, and precisely identifies and understands users' intention to recommend the content most needed by users.

In addition, the AI recommendation system can identify the environment where users use it. With the human perception system and the help of the human posture algorithm, users can use the large screen of a color TV to play motion-sensing games and exercise more pleasantly, and even use gestures to control the TV, so as to reduce the dependence on remote controls and other tools. The system improves users' use efficiency, and creates a more immersive, more comfortable and more pleasant experience for users.

## Developing cutting-edge products

To improve the product experience and provide a better lifestyle for customers, we advocate the application and transformation of innovative technology, continuously replace old products with new ones, and continuously optimize the product design.

Case: Creating a smart home that understands your needs



We attach significance to the omni-scenario user experience provided by intelligent technological products and have introduced a full set of household appliances of TCL C12, with which smart household scenes, such as audio-visual entertainment, delicious cooking, intelligent security and healthy and fresh air, can be realized.

Besides TCL C12 quantum dot Mini LED smart screen enhanced by 228  $\mu\text{m}$ -level Mini LED chips, the smart screen connects with TCL C12 Rapid Cooling Smart Screen Refrigerator, an intelligent life steward known for its AI-based preservation capacity; TCL C12 Smart Screen Integrated Kitchen known for its "powerful screen and interesting cooking experience", integrating the functions of four machines: kitchen ventilator, gas stove, steam box and oven; TCL C12 Dual Temperature and GentleCool Air-Conditioner known for its feature of "intelligent dual temperature control to bring you spring wind experience", which is realized by smart, healthy and gentle breeze; TCL C12 Smart FreshIN Air Conditioner, with a fresh air system to make indoor air fresh; TCL C12 Duplex Sorting Washing Machine, with two tubs (upper tub and bottom tub) for sorting, showing love and thoughtfulness; TCL C12 AI smart lock with cameras which is "visible and safer", featuring visualization, intelligence and IoT connection; supper steward C12 Mini Smart Screen Switch known for AI-based whole-house interconnection.

The interactive integration of this set of products marks a clear departure from the traditional single connection mode between household products. It enables the seamless flow of information of the whole set, realizing interconnection wherever you move in the house and bringing users a perfectly omni-scenario intelligent lifestyle.



## Pushing forward intelligent manufacturing

We advocate intelligent manufacturing by introducing digital technology and automatic equipment to realize autonomous and efficient manufacturing transformation and upgrade.

### Introducing automatic equipment

We introduce automatic equipment to improve production efficiency and reduce the working intensity of employees. We have installed a series of automatic equipment such as evaporator automatic-cutting machines, automatic assembly and cabinet machines, and AGV automatic distribution to push forward automation transformation such as robotic operation and robotic visual inspection.

### Advancing digital management

Focusing on empowering the management level by digitalization, through the application of information systems such as the production information management system and warehouse management system, we can realize the automatic collection of production and operation data, centrally processing and managing the information of all links of production and manufacturing, automatically analyzing and tracing the source of abnormal problems in products, and thereby improving the management efficiency.

TCL Air-Conditioner (Wuhan) Co., Ltd. has invested more than CNY ten millions in automation projects

50

Carried out 50 automation projects

23%

Achieving an improvement of more than 23% in the hourly production efficiency of standard units per capita

## Advocating technology inclusion

We pay close attention to social equity and are committed to innovative technology application to provide a convenient and efficient service experience for user groups, benefit the public and make science and technology more user-friendly.

### Elderly-oriented design

In order to help the elderly enjoy the convenience of science and technology, our mobile communication products provide an elderly user mode, which can provide elderly users with larger fonts, desktop icons and other product page layouts, so that the elderly can read more clearly; at the same time, family and friend contacts could be added to the left screen of the desktop, with one-click call or SMS notification done through preset emergency contacts; this reduces the learning cost of the elderly group and facilitates the use by elderly users.

### Barrier-free design

We attach importance to building an information barrier-free world and strive to promote the inclusive use of technology so that more users can enjoy the beauty of science and technology. Our mobile communication products have a voice intelligent assistant function, which allows you to control the equipment with your voice; through the application of millimeter wave technology, users can realize human-computer interaction with the equipment through gestures, which reduces the obstacles for use, and there are also other auxiliary functions such as an auxiliary menu, color reversal and high contrast, so as to facilitate use by users with hearing and visual impairments, truly remove obstacles and let science and technology embrace every user.



## Maintaining quality and safety

Excellent product quality is the constant pursuit and responsibility of TCL industries. With the craftsman spirit, we continuously improve quality management, to provide users with high-quality, safe and reliable products, and meet users' pursuit of high quality.

### Improving product quality

We have established a sound quality management system, which clarifies the quality management regulations covering the whole life cycle of products such as product development, production, storage, logistics and after-sales service, strictly controls the product quality and provides users with high-quality products.

#### Improving the quality management system

Adhering to the quality policy of customer-first and continuous improvement, as well as the product operational philosophy and management principle of creating value for users, all staff comprehensively build a user-centered and do-anything-right-at-the-first-time culture, and carry out quality management throughout the whole process of product design, development, parts, manufacturing and after-sales service. We advance the digitalization of quality management step by step. We have preliminarily established a comprehensive quality risk prevention management system and user experience quality management system, and we will continue to improve them.

We and our businesses always attach great importance to product quality. We have established a systematic quality management system with reference to ISO 9001, IATF 16949 and other quality management standards, formulated internal systems such as *Feedstock Inspection Management Regulations*, *Quality Management Regulations In Production Process*, *Finished Product Delivery Inspection Procedures*, *Graded Management of Major Market Quality Issues*, and *Non-conformity & Product Procedures*, and complied with RoHS<sup>1</sup>, REACH<sup>2</sup>, Prop65<sup>3</sup>, POPs Convention<sup>4</sup>, TL9000 and other standards, adhering to product quality.

#### Strictly controlling product quality throughout the whole life cycle

In terms of the mass production of new products, we have formulated the *Management Regulations on Joint Review of New Product Projects* to standardize the quality evaluation requirements of new products from the scheme stage, design verification, and first batch production to mass production and market launch.

In terms of the quality management throughout the whole product life cycle, we supervise and measure the key control points of all links of the whole process quality management system to control the quality risk, ensure that the product quality meets users' requirements, standardize the processing process of relevant product return, maintenance and recall, assign special personnel to analyze the information of returned products, clarify the reasons for return and replacement and follow-up improvement measures, and continuously reduce the return rate.

<sup>1</sup>RoHS: *Restriction of the Use of Certain Hazardous Substances in Electric and Electronic Equipment*, which restricts the use of six hazardous substances, namely lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl, and polybrominated diphenyl ether.

<sup>2</sup>REACH: *Registration, Evaluation and Authorization of Chemicals* is the regulation of the European Union for the preventive management of all chemicals entering its market.

<sup>3</sup>Prop65: California Proposition 65, officially known as the *Safe Drinking Water and Toxic Enforcement Act of 1986*, which is used to test chemical substances such as lead, cadmium, phthalates, and BPA in products.

<sup>4</sup>POPs: Persistent Organic Pollutants. Here it refers to the *Stockholm Convention on Persistent Organic Pollutants*.

- TCL Electronics has passed the ISO 9001 quality management system certification
- TCL Communication has passed the certification of ISO 9001 quality management system and TL 9000 telecom quality management system

100%

The toxic and hazardous substances in raw materials from TCL Electronics' suppliers were 100% qualified

100%

The toxic and hazardous substances in raw materials from TCL Communication's suppliers were 100% qualified

## Product safety assurance

We attach importance to product safety, so we abide by relevant laws and regulations as well as domestic and foreign standards to assure that the products meet the safety requirements. The safety, energy efficiency and electromagnetic compatibility laboratory under TCL Electronics have been accredited by China National Accreditation Service for Conformity Assessment, and a complete quality system has been established to control strictly the product safety in accordance with the international standard ISO/IEC 17025 *General Requirements for the Competence of Testing and Calibration Laboratories*.

Safety assurance measures for different kinds of products:

- Mobile communication products are subject to relevant safety certification in accordance with international safety standards. We pay close attention to the selection and certification of safety devices such as lithium-ion batteries and chargers, in order to prevent fire, electric shock and other personal injuries and property losses.
- Our tablet products adopt NXTVISION professional display technology and have obtained TÜV Eye Comfort Certification from Germany; and the specific absorption rate (SAR) of all communication terminals using a cellular network or other wireless networks is monitored in strict accordance with the international standards to prevent the impact of electromagnetic waves on human health.
- For smart-screen products, we have optimized the base design by reducing the base size and weight, and we make sure that they meet relevant test requirements of safety norms (such as anti-fall testing) before delivery from the factory, so as to reduce the risk of accidents (such as falling).

## Controlling the use of chemicals

We strictly control the use of chemicals, develop and implement rules such as the *Regulations on Hazardous Articles Management* and the *List of Chemicals*, which stipulate the safety management requirements for procurement, transportation, storage, handling and use of various chemicals, and actively promote the replacement and the emergency disposal management of disputed substances to ensure the safety of products for human and the environment.

### Standardizing the use of regulated substances

For regulated chemicals in the production process, such as sulfuric acid, hydrochloric acid, methane, and refrigerant, we file them with the regulator in the procurement stage, and we have set up a special storage area for 24-hour monitoring and recording of their collection and warehouse entry and arranged special certified personnel to manage them, for standardization of the use of chemicals.

### Developing emergency response plans

We develop emergency response plans for chemical safety incidents and carry out regular potential risk identification and work safety inspections to continuously improve the management level. Meanwhile, we provide chemical safety management training and organize emergency drills for chemical leakage every year to enhance employees' safety awareness and emergency handling ability.

### Replacing disputed chemicals

We keep focusing on the negative effect of chemicals used in the production process, reduce the use of Freon in air conditioning products, and adopt more environmentally friendly refrigerants for technological improvement (for example, substituting new environmentally friendly refrigerant R410 for refrigerant containing fluorine (R22)) to promote the use of more environmentally friendly chemicals with better biosafety.

## Improving user experience

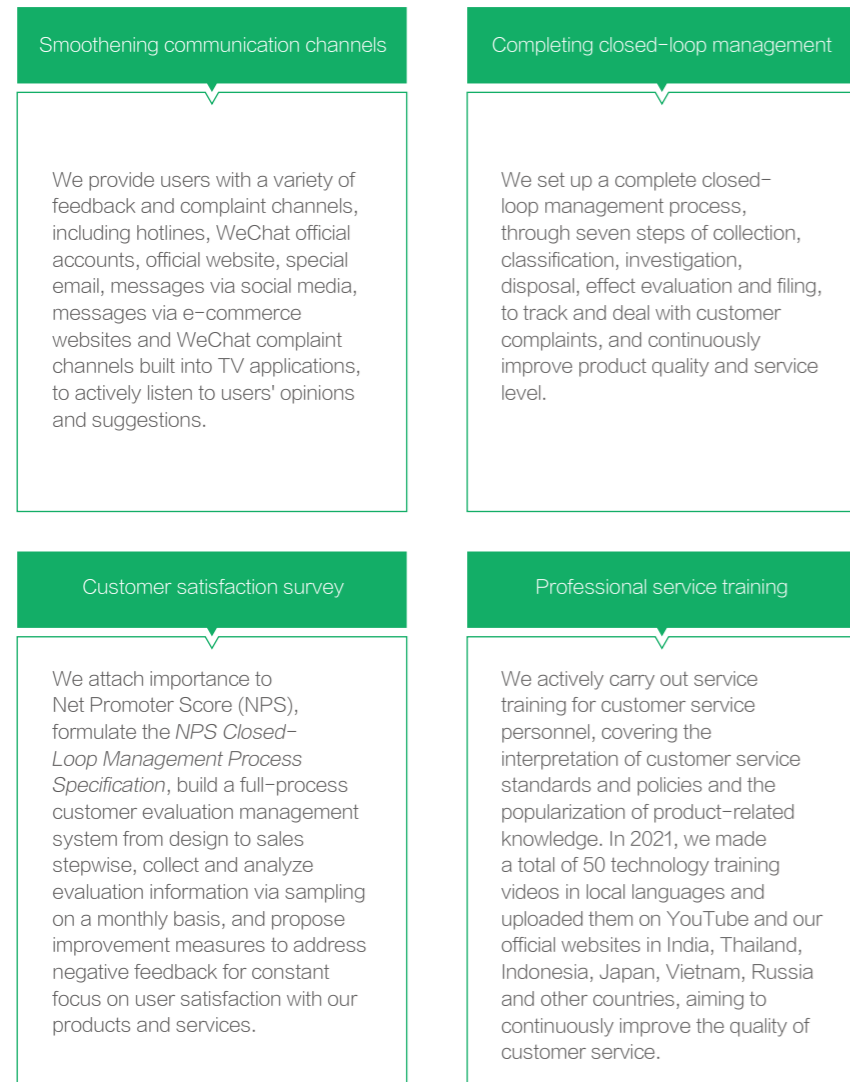
TCL Industries is committed to providing users with satisfactory service experiences. We pay constant attention to users' opinions and feedback, actively smoothen our communication channels with users, and analyze users' demands as an important basis for improvement of our service capability and quality. Meanwhile, we put premium on the assurance of users' rights and interests and promise users adherence to responsible marketing and elimination of false publicity.

### Optimizing service quality

We have formulated the *Specification for the Management of Customer Satisfaction* and other internal systems to standardize the customer service process and effectively manage and improve the service quality.

# 92.3%

In 2021, the average satisfaction rate of full categories of domestic business was 92.3%

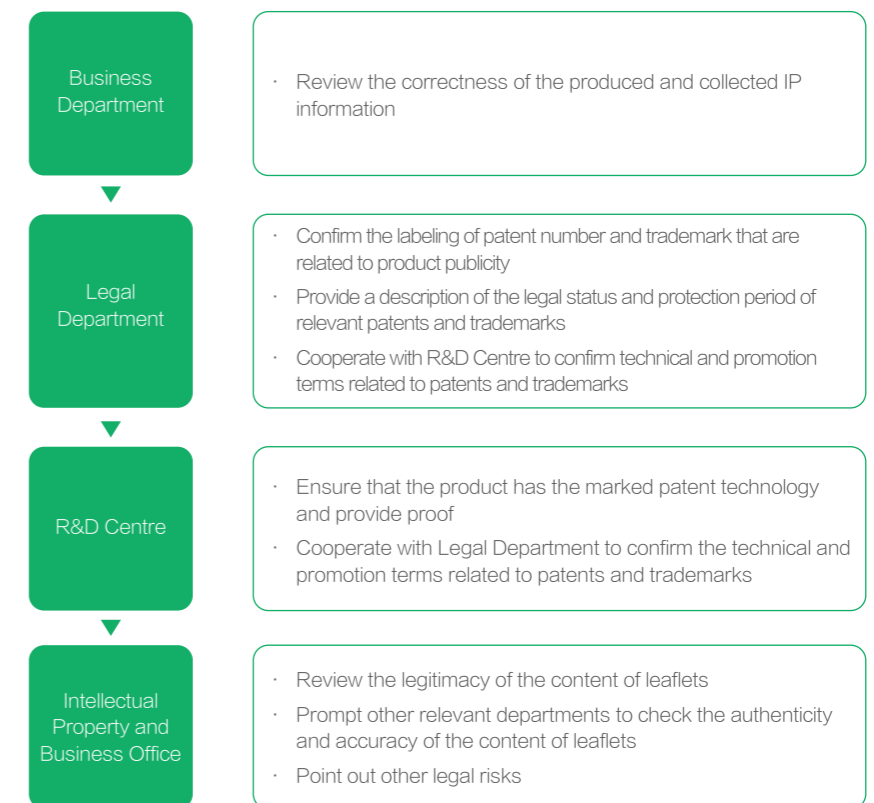


## Protecting consumers' rights and interests

We pay attention to the protection of consumers' rights and interests and make utmost efforts to implement compliant marketing to prevent any infringement of consumers' rights and interests. We formulated the *Promotion Standardization Management Plan of TCL Promotion Center* and other internal systems to regulate the production and use of various promotion materials, improve contracts related to advertising releases, and strictly require that any of the Company's advertising contents shall be true, sound, clear and plain and shall not deceive users in any form.

Meanwhile, we have 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 review and confirm them by the product, retail, R&D and legal departments to ensure that the text and visual presentation of any external publicity materials are correct. If it is possible to cause consumers' doubts or misunderstandings, the Company will add an appropriate explanatory description; 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 Industries:





Focusing on users' health

We advocate intelligent and healthy life and integrate cleaning, purification, degerming, comfort and other health functions in the product design process to create health products better catering to the market demands and to help protect public health.

Sorting washing machine understanding you



We have launched the compound sorting washing machine with separated upper and lower barrels that can meet the washing needs of different kinds of clothing and realize separate cleaning of the clothes of family members, avoiding cross contamination of clothing. Besides, the washing machine has the built-in AI intelligent chip and applies the micro-spectrum water quality detection technology, and through intelligent water quality detection, can judge the cleanliness of clothing and detergent residue, realizing "stopping upon cleanliness" and reducing the influence of detergent residues on human health.

Freshness keeping refrigerator understanding you



We have launched the ecological freshness keeping refrigerator, and with the freshness keeping technology of AAT+ negative oxygen ions, it realizes 24-hour continuous efficient release of negative oxygen ions via the air duct that can quickly absorb bacteria and viruses and inactivate them to purify the air, thus achieving the four effects of anti-microbial, deodorizing, dedusting and oxidation-resistance in one shot to create a natural food preservation cabinet.

Antibacterial intelligent door lock understanding you



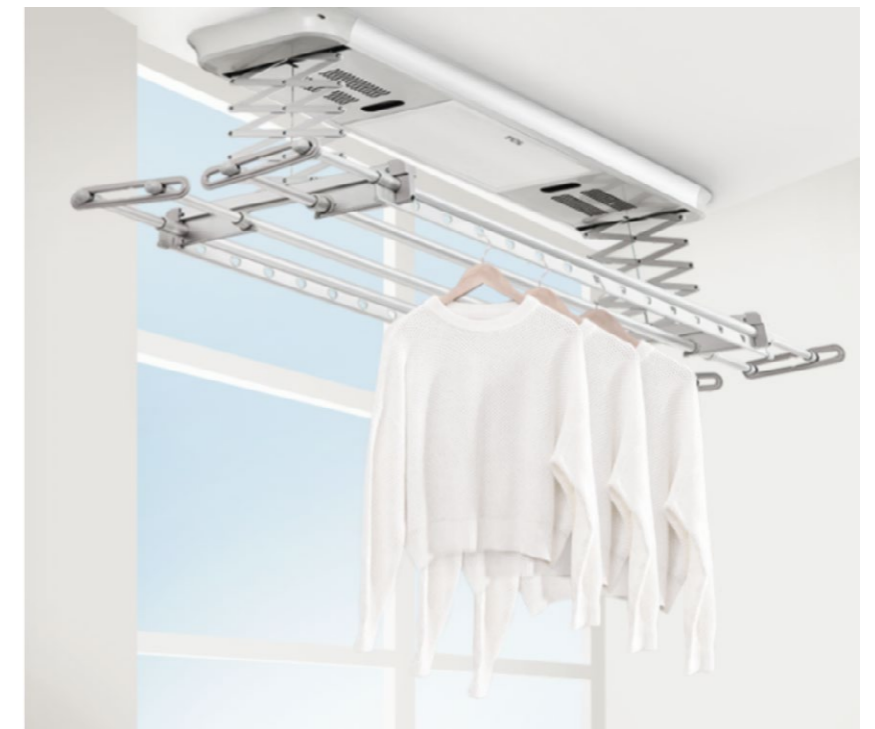
In the TCL IoT intelligent door lock K6P, we take the lead to use nano-silver antibacterial material for door handles, which effectively inhibits Escherichia coli, staphylococcus aureus, etc., with an antibacterial rate of 99%, so that each user can feel relieved to touch them. Such door locks are so safe that even people with weak immune systems, like children, can touch at will and are no longer afraid of being invaded by bacteria.

Smart fresh air conditioner understanding you



We have launched the "small blue-wing" fresh air conditioner equipped with a 60m<sup>3</sup>/h fresh air system without reaming to replace foul indoor air, dilute PM2.5, methanal and other harmful gases, and create a deep sleep environment with abundant fresh oxygen. With the built-in gas monitoring sensor for total volatile organic compounds (TVOC), it can detect a variety of common indoor harmful gases in real time to keep air quality under control. The visual, lift-type, unique airfoil structure of small blue wing can effectively prevent the discomfort caused by outdoor air with uneven temperature, and when it is not in use, it will be closed to effectively prevent dust and ash and ensure the inflow of real fresh air. 14 gentle breeze blades and 854 micropores function together to soften strong airflows to prevent straight blowing of cold air. There is also a high efficiency particulate air filter (HEPA) of superfine quality and top grade that enables quadruple deep purification to effectively fight bacteria and viruses, and the fifth-generation 58°C high-temperature self-cleaning function for 35min of high-temperature drying sterilization, making the air conditioning air healthier.

Smart sterilizing clothes dryer understanding you



In the TCL smart clothes dryer we have rolled out, the two built-in UVC ultraviolet lamps can kill germs and mites on a large scale to effectively reduce bacteria and viruses breeding in clothes without harm to human skin, and can effectively prevent clothing fading and damage due to the sunlight.

## Cybersecurity and privacy protection

TCL Industries attaches great importance to network security and privacy protection, and complies with applicable laws and regulations on data and privacy protection worldwide. It formulates and implements the *Privacy Management Policy*, *Information Security Management Manual*, *Confidentiality Management System*, *Privacy Incident Emergency Response Process*, *Data Subject Rights Response Process* and other management documents, integrates data and privacy protection requirements and information security management into relevant business processes by constructing a top-down cybersecurity organization structure to enhance the security awareness and capability of all development, operation & maintenance and operation employees, and ensures that cyber security and privacy protection are continuously consolidated and keep pace with the times through innovation and optimization of management and technology.

### Establishing an effective management structure

We have set up a Network Security and Privacy Protection Management Committee (the "Committee"), and constructed a network security and privacy protection management architecture consisting of the Committee, the network and privacy protection task force (the "Task Force") and all business departments at three levels.

The Committee is responsible for deciding and approving the Company's overall strategy, work plan and material issues related to network security, privacy protection and information security; the Task Force is responsible for organizing the formulation of systems related to network security, privacy protection and information security, making overall planning for and guiding the implementation of the relevant work by each business department, and ensuring the orderly implementation of the Company's network security, privacy protection and information security work; each business department advances and fulfills the relevant work tasks in accordance with the Task Force's requirements and provisions of systems.

### Strengthening network security service capability

We constantly promote the building of network security service capability, and construct a security situation platform for continuous and effective monitoring and early warning of security threats; we also strengthen security standards and security tests of application systems to timely discover and patch security vulnerabilities; in particular, we carry out periodic security assessment, test and improvement of core application systems and infrastructures, and centralize management of infrastructures and applications to provide sound software and hardware basis for security guarantee.

In addition, we establish the TCL global security emergency response center, maintain the cooperation with security researchers, and continuously handle various security issues raised by users and security enthusiasts in the industry. We also encourage security enthusiasts to proactively report vulnerabilities they discovered to us by offering rewards, thus promoting timely repair by the Company and improving security services in an effort to protect users and a broader ecosystem.

### Promoting the establishment of a cybersecurity system

Based on the cybersecurity demands in different countries and regions, we have formulated the "cloud-pipe-connection-terminal-user" full-link security baseline requirements for the entire product line of terminals, building a unified security defense system; before the launch of products, we will conduct a series of security assessments, including evaluation on source code defects, vulnerability scanning, artificial source code logic audit, black box testing, compliance standards satisfaction, data encryption, etc., to ensure the security protection ability of products and help users cope with the latest security risks.

Facing the development trend of household equipment interconnection, we divide the components of smart household into four product and service categories, namely cloud, function, product and data, following the "cloud-pipe-connection-terminal-user" chain, and carry out classified and graded security management of them. Based on user demands, different security measures will be adopted for products and services with different security levels to promote efficient management of cybersecurity and data security.

In terms of internal cybersecurity of the Company, we have created a unified management platform of high automation integration covering the whole process of product research & development, and emphasizing security and business collaboration, so as to realize online, process-based and standardized security management and improve internal cybersecurity management capability.

- Shenzhen TCL New Technology Company Limited (深圳 TCL 新技术有限公司) and TCL King Electrical Appliances (Huizhou) Co., Ltd. have passed the ISO 27001 information security certification
- Our Pan Smart Screen business unit has passed the product network security TÜV certification
- Both our Communications business unit and Pan Smart Screen business unit have passed the TrustArc Privacy Certification
- Our RT51 TV has passed the information security certification ETSI EN 303645 for the Internet of Things by the German TÜV

### Optimizing supply chain network security management

We have developed third-party data management requirements and introduced suppliers only after they have passed the security assessment and test. We have signed the *Business Confidentiality Agreement* with suppliers to ensure that the suppliers meet the data and privacy protection requirements.

### Continuously enhancing the security awareness of all employees

We keep carrying out security technology training, including cloud security impact assessment training, training on correction methods for security red-line issues, lectures on security test and attack-defense confrontation technology, etc., to improve the security management skills of professionals.

We widely publicize the importance of privacy protection, and strengthen the Company's overall awareness of privacy protection through multi-level and hierarchical training, such as privacy compliance training for new employees, privacy specialist training camp and customized training for relevant staff.

### Respecting and protecting user privacy

We comply with the privacy protection requirements of different countries and regions, and our TCL brand products and services have passed multiple international authoritative certifications for security and privacy, such as the information security management system certification ISO/IEC 27001, TrustArc enterprise privacy certification, IoT information security certification ETSI EN 303645, which creates a trustworthy brand for users.

Case: TCL Electronics participated in the formulation of Supplementary Equipment Identification Specifications for OTT<sup>5</sup> Terminals



Against the backdrop of growing data security issues brought by China's strengthening of data security, personal information protection requirements and the rapid development of OTT terminals, under the leadership of China Academy of Information and Communications Technology, TCL Electronics, as a representative of smart TV manufacturers, worked with research institutions, industry associations, smart TV manufacturers, joint-venture manufacturers, OTT media, and data companies to jointly formulate Supplementary Equipment Identification Specifications for OTT Terminals to standardize data security and personal information protection in the OTT terminal industry.

Case: Building a video conference system putting the user security first



As a professional audio and video solution provider owned by Getech.cn, Sky Tech independently researched and developed a video conference system—Sky Tech Octopus Cloud Conference (hereinafter referred to as "Sky Tech Cloud Conference"). Since the roll-out of Sky Tech Cloud Conference, we have been focusing on the user communication data security by constantly strengthening the product data security guarantee in various aspects such as encryption algorithm, security settings, privacy protection, and professional operation.

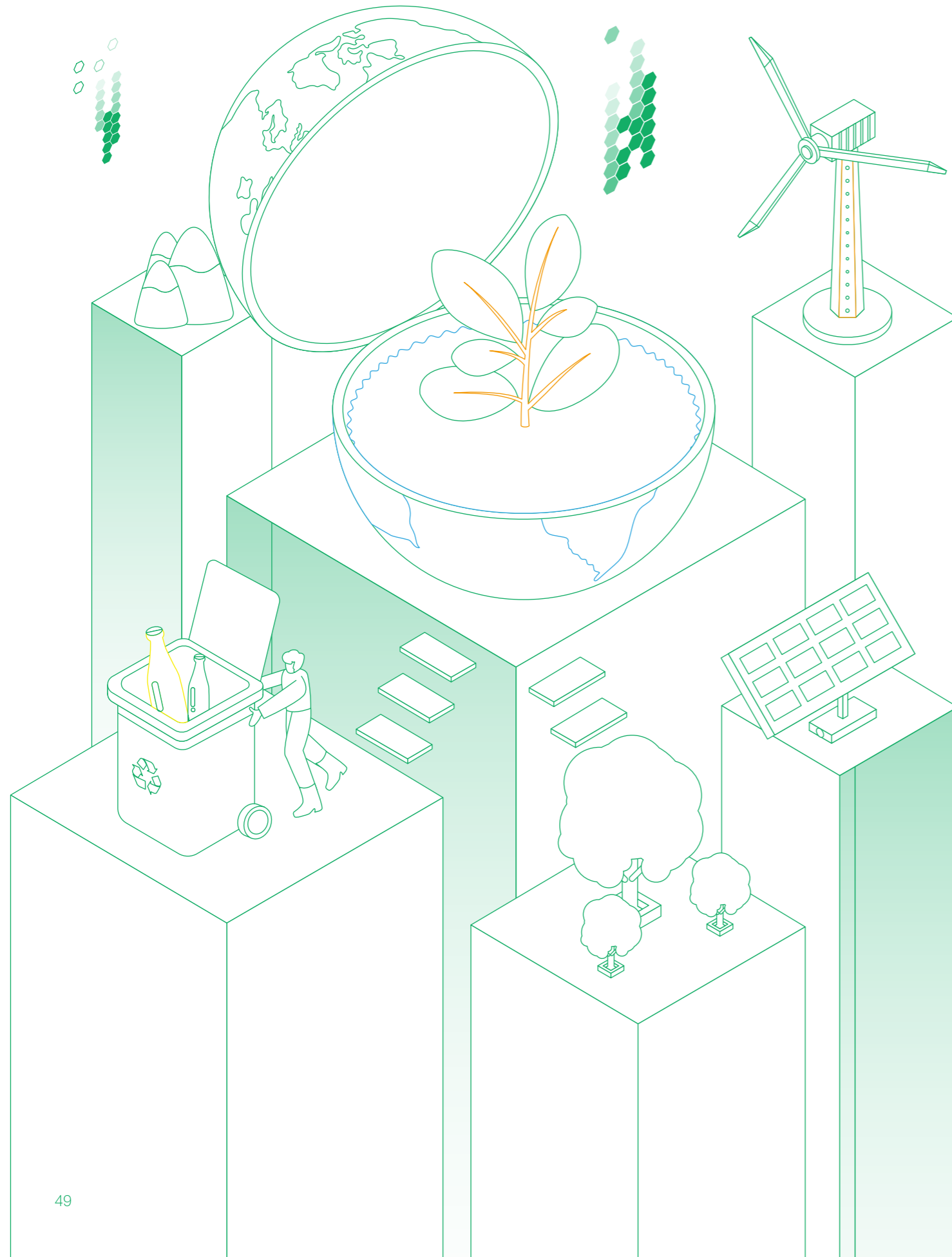
Advanced encryption algorithm: The AES-256<sup>6</sup> encryption algorithm was adopted to guarantee the security of meeting contents, and all client sides and server sides were encrypted by SSL/TLS security protocol for protection, ensuring the communication security for users.

All-around security options: A plenty of security options are available for setting by the meeting administrators as required. For example, for Sky Tech Cloud Conference, the feature of locking a meeting room is available. After a meeting is locked, even a person who knows the password required for attending the meeting cannot attend such meeting until the approval by the meeting chairperson, so that the meeting privacy and security are guaranteed.

Strict implementation of privacy protection: We undertake not to collect or lease user information, which is fulfilled and released as a term of the *Privacy Policy* to effectively ensure the personal information security of users.

<sup>5</sup>OTT (Over the Top Terminal) refers to the controllable and manageable service provided through the public internet to transmit video contents to TVs. Its receiving terminals are intelligent TV sets or a combination of OTT box and traditional TV set.

<sup>6</sup>AES (Advanced Encryption Standard) is constructed based on three block ciphers, namely AES-128, AES-192 and AES-256. Each of those ciphers uses a 128-digit, 192-digit or 256-digit encryption key to encrypt or decrypt a 128-digit data block. AES-256-digit encryption is at the strongest encryption level with the longest encryption key.



## Green Development Creating Goodness for Nature

Green development is not only a strategic choice in response to global climate change, but also the only way to break through the environmental bottleneck of resources faced by enterprises in development. Continuously practicing the philosophy of green development and low-carbon operation, and focusing on the environmental impact brought by the Company, TCL Industries is devoted to making greater contributions to the accomplishment of China's "dual carbon (carbon peaking and carbon neutrality)" strategic goal by pushing forward green products and operation, and driving stepwise the green and low-carbon development of the industry.



## Manufacturing green products

TCL Industries conceives that there is no conflict between technological development and environmental protection. We attach importance to not only technology diffusion to benefit people's livelihood but also the impact of products on environment. We are dedicated to improving environmental management throughout the product life cycle to reduce environmental impacts.

### Raw material acquisition stage

- Use of recyclable materials
- Hazardous substance management and control
- Reduction of non-environment-friendly workmanship

### Stage of product use

- Product energy efficiency optimization
- Extension of product life
- Clean production and green packaging

### Stage of the end of lifecycle

- Design for disassembly
- Harmless disposal of waste products
- Waste recycling

## Selecting environment-friendly materials

Paying attention to the environment-friendly nature of products from the source, we actively use green, harmless and recyclable materials to reduce environmental pollution.

### Use of recyclable materials

We use reusable engineering plastics and metals to make sure all raw materials meet the requirements of EU RoHS.

### Hazardous substance management and control

We formulate and comply with the *Standards for Restricted Substances, Procedures for Control of Restricted Substances* and other systems. The raw and auxiliary materials involved in product design, R & D, manufacturing, assembly, installation, service and other processes fully comply with the requirements of RoHS Directive, and the hazardous substances such as lead, mercury, cadmium and hexavalent chromium are under strict control.

### Reduction of non-environment-friendly workmanship

In terms of the appearance of plastic products, we adopt spray-free materials and advanced injection molding technology to avoid post-treatment affecting environmental performance such as spraying.

## Rolling out energy-saving products

Learning cutting-edge concepts of energy conservation design, and focusing on the energy efficiency performance of products, we continue to develop products that comply with global energy efficiency policies and regulations to improve the energy utilization rate of our products.

### Better energy efficiency performance

We have launched a washing machine with national energy efficiency index 1 and a recycling ratio of no less than 70%, to advance the reduction and reuse of product materials and package.

We have rolled out air-conditioning products certified as green and low-carbon appliances to help consumers develop a green and low-carbon lifestyle.

We have 10 LCD TV products that reach the national energy efficiency index 2 and are selected into the "list of green design products" of the Ministry of Industry and Information Technology of the People's Republic of China.

### More autonomous energy conservation control

There is an energy conservation management feature in our mobile communication products and the intelligent power consumption protection function is enabled by default, by which the system will automatically switch to the Eco Mode when the battery is lower than 20%.

## Producing durable products

We launch high-quality and durable products. By selecting durable materials, implementing the comprehensive reliability test before product delivery, and establishing internal testing institutions such as TCL refrigerator and washing machine laboratory to ensure that the products are strictly tested, we provide consumers with high-level and high-quality products. Meanwhile, we continuously provide consumers with high-quality system experience and convenient maintenance services to prolong product life and reduce product replacement caused by quality problems.

### Selecting durable products

With comprehensive consideration of the life span of products in design stage, we select durable material for production.

### Starting reliability tests

Before mass production and delivery of new products, we test the functional and long-term operational reliability of complete machine and parts. Taking into account the actual use of products in daily life, we set comprehensive reliability tests such as free drop test, high and low temperature environment test, salt spray corrosion resistance test and wear resistance test, so that the products can be working well in situations such as drop, crash, heat and cold, dryness and wetness variations.

### Improving the smooth system experience

We continue to upgrade product systems to bring consumers a lasting and smooth user experience, fulfill the value of products and reduce the frequency of product replacement.

### Providing convenient maintenance service

Our product maintenance service network covers the whole world. Through the official website or other channels, consumers can find the nearest maintenance service site and enjoy our quick and convenient maintenance services. In addition, we also provide door-to-door service as well as repair service by delivery, as aiming to efficiently solve product problems for consumers and prolong the life span of products.

Case: Creating a smooth and comfortable system UI5.0 for smart-screen products



In 2021, through in-depth research on the fluency of use, the overall UI design and the adaptation to various application scenarios, we created an innovative TCL smart screen system UI5.0 to provide users with a more comfortable use experience. The system won the 2021 German Red Dot Award known as the "Oscar" in the design industry in August.

TCL smart screen system UI5.0 adopts a new immersive design. Through the deep integration of modules and pictures, each page is perfectly adapted to the background picture in layers, icon design, floating windows and other details. In addition, with the integration of the natural dynamic effect system into the switching of internal modules of the system, and the imitation of the real physical motion rules, liquid global dynamic effect system is made, by which the user action switching is smoother and easier.

## Promoting green packaging

Packaging materials are important consumable materials in the product life cycle. On the premise of guaranteeing the product quality, we reduce the use of packaging materials by means of green packaging, lightweight packaging and packaging recycling.

### Green packaging

We actively respond to the international trend of plastic packaging reduction, make technical improvements and reduce the plastics in the packaging by selecting environmentally friendly materials such as paper and soy ink, in a bid to promote the green packaging.

### Lightweight packaging

We promote the reduced packaging design, and implement the measures such as downsizing the packaging boxes of products and accessories across the globe, thereby effectively reducing the use of packaging materials. In addition, we use paper packaging materials to reduce the product weight and volume, optimize the packaging layout to reduce the void ratio of the product packaging, and increase the loading quantity to reduce greenhouse gas emissions from transportation of goods.

### Packaging recycling

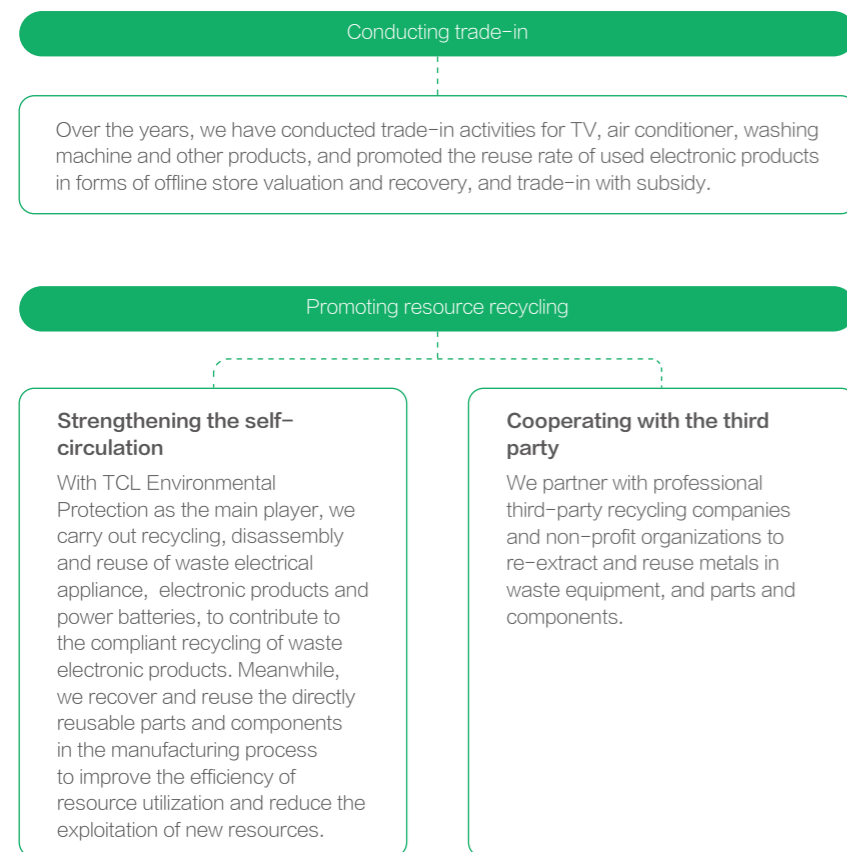
We encourage recycling of packaging materials in the supply chain, and require suppliers to recycle packaging cartons, card boards and plastic containers provided to improve the utilization rate of packaging materials.



Using paper materials to replace plastics for the outer packaging of mobile communication products, USB cable and earphone cable

## Boosting recycling

We take the initiative to fulfill the obligation of extended producer responsibility. By conducting trade-in and promoting resource recycling, we maximize the recycling of electronic wastes in an effort to reduce the impacts of waste electronic products on the environment.



### Case: Recycling of electronic products



In the North American market, we work closely with the partner MRM, an ISO 14001 certified electronics manufacturer recycling management company to offer a mobile device return mailing program covering the North America that makes it convenient for customers to return their waste mobile devices (such as mobile phones and tablet computers), in a bid to reduce the impacts of electronic wastes on the environment, and reuse the scarce materials contained in the electronic devices.

We also cooperate with the non-profit organization Call2Recycle to launch a safe and convenient battery recovery program. Customers can discard unwanted or end-of-life rechargeable batteries at more than 34,000 available collection points in the North America. In this way, we promote the recycling and reuse of battery materials.

## Improving resource efficiency

TCL Industries realizes that resources are not inexhaustible. When using resources, we pay more attention to the sustainable use of resources, aiming to continuously improve the efficiency of energy, water and other resources in the operation process, scientifically and reasonably use resources and reduce unnecessary waste of resources.

### Energy management

We focus on reducing energy consumption in all operational activities, and implement energy saving actions in the supply chain to reduce unnecessary waste of resources. We have formulated internal policies such as the *Energy Management System Manual*, *Regulations on Energy Management and Regulations on Water and Electricity Conservation Management* to clearly specify the selection and transformation of energy-saving and consumption reducing equipment, energy conservation and consumption reduction management in the production process, water and electricity consumption monitoring management, and so on, thus reducing the waste of resources.

We have continuously carried out energy conservation and emission reduction projects for years, including air compressor system transformation, motor energy efficiency improvement, LED energy conservation transformation, injection molding machine servo transformation, energy conservation improvement of central air conditioning system, etc. Meanwhile, we actively promoted the utilization of renewable energy, and having implemented ice-storage projects, photovoltaic power generation projects, solar heating for staff dormitory and other projects for years. While ensuring the operational efficiency, we actively explore the application of renewable energy technologies in an attempt to build a clean, low-carbon, safe and efficient energy system and support the green development.

#### Case: TCL Electronics conducted the greenhouse gas review



TCL Electronics has spontaneously carried out greenhouse gas emission investigation and verification every year since 2017, in accordance with the ISO 14064 series of greenhouse gas management standards and *General Rules for the Accounting and Reporting of Greenhouse Gas Emissions by Industrial Enterprises*. In 2021, we completed the greenhouse gas review of 2020 and output the verification report according to ISO 14064, building valid basis for the formulation of initiative for energy consumption and greenhouse gas reduction.

### Water management

We insist on protecting and saving water. We have formulated the *Regulations on Water Resources Management* to regulate the production and domestic water use in the plant area and reduce the waste of water. All the water we use in the production and operation comes from municipal tap water to ensure a stable water supply. Meanwhile, in order to reduce the water consumption, we have set water-saving management targets, taken water saving measures including inspection of water utilization, equipment improvement and water valve regulation, and carried out multiple reclaimed water recycling projects such as waste washing water recovery of injection molding parts, to improve the water efficiency.

#### Case: Transformation for recycling of cooling tower water in the washing machine factory



Aiming at problems such as large water consumption for the wire test of washing machines and waste of water resources caused by direct discharge, our washing machine factory built recovery devices for outlets of cooling towers that have been put into use currently, and added the wire mesh on the top of the outlets for filtering to recycle the water discharged from the wire test in the workshop. When the water discharge can satisfy the demand of cooling towers, the operation of the existing water makeup system of cooling towers will stop, thus reducing the waste consumption by the recycling of reclaimed water.

## Reducing pollutant discharge

Paying great attention to the management of pollutant discharge in the production process, we have built and operated efficient pollutant treatment facilities to monitor and manage the relevant parameters in the process of pollutant treatment, thus ensuring the compliance of waste disposal.

### Pollutant control

We have formulated internal systems including *Regulations on the Management of Sewage, Waste Gas Emission and Noise Control, Management System of Waste Gas Equipment and Management Regulations on the Operation of VOCs Treatment Facilities* to standardize the management of sewage, waste gas and noise. Meanwhile, we have developed corresponding management actions, and have a qualified third-party institution annually monitor various indicators for the sewage, waste gas and noise in the production workshop and factory boundary, so as to guarantee the compliance of pollutant discharge.

#### Waste water management

- To conduct regular cleaning of sewage and rainwater pipes to ensure smooth discharge;
- To strictly separate sewage pipes from rainwater pipes, and set up sewage treatment facilities and equipment to ensure effective sewage treatment before discharge.

#### Exhaust gas emission management

- To conduct regular inspection and maintenance of environmental protection facilities and equipment for exhaust gas treatment to ensure good working condition;
- To make emergency plans for exhaust gas leakage to deal with emergencies;
- To improve the processes, and reduce the use of spraying and screen printing processes, to reduce exhaust gas emissions in the production process;
- To centrally collect the exhaust gas with fans and discharge aloft after plasma purification to ensure that the exhaust gas emission meets the regulatory requirements.

#### Noise management

- To provide sound isolation and shock proof for the equipment emitting noise of more than 90 decibels to ensure that the workshop noise meets the legal limit standards, and minimize the factory boundary noise to reduce the impact on the lives of nearby residents;
- To provide necessary hearing protection products as well as the training on their use for the workshop staff, and supervise the use of such products by the staff, so as to minimize the occupational health hazards caused by noise to the staff.



## Waste management

We have developed the *Measures for Control and Treatment of Pollution by Solid and Liquid Wastes*, the *Regulations on Waste Treatment Management* and the *Operation Guidelines for Hazardous Waste Treatment* and other management documents to improve the management of solid wastes, and properly sort and dispose of the solid wastes, so as to avoid major environmental impacts caused by operational activities. We regularly entrust professional institutions to inspect, monitor and control the management of workplace environment, solid waste and hazardous chemicals to ensure that the waste disposal comply with national and local standards.

### General waste

We recycle and treat general waste according to their types:

Waste packaging materials: We recycle them as much as possible. For the waste packaging materials that cannot be recycled, we classify them into cartons, plastics and EPS (expandable polystyrene) and then hand them over to a qualified third party for unified disposal.



Non-recyclable industrial waste: delivered to qualified third-party recycling companies for disposal.

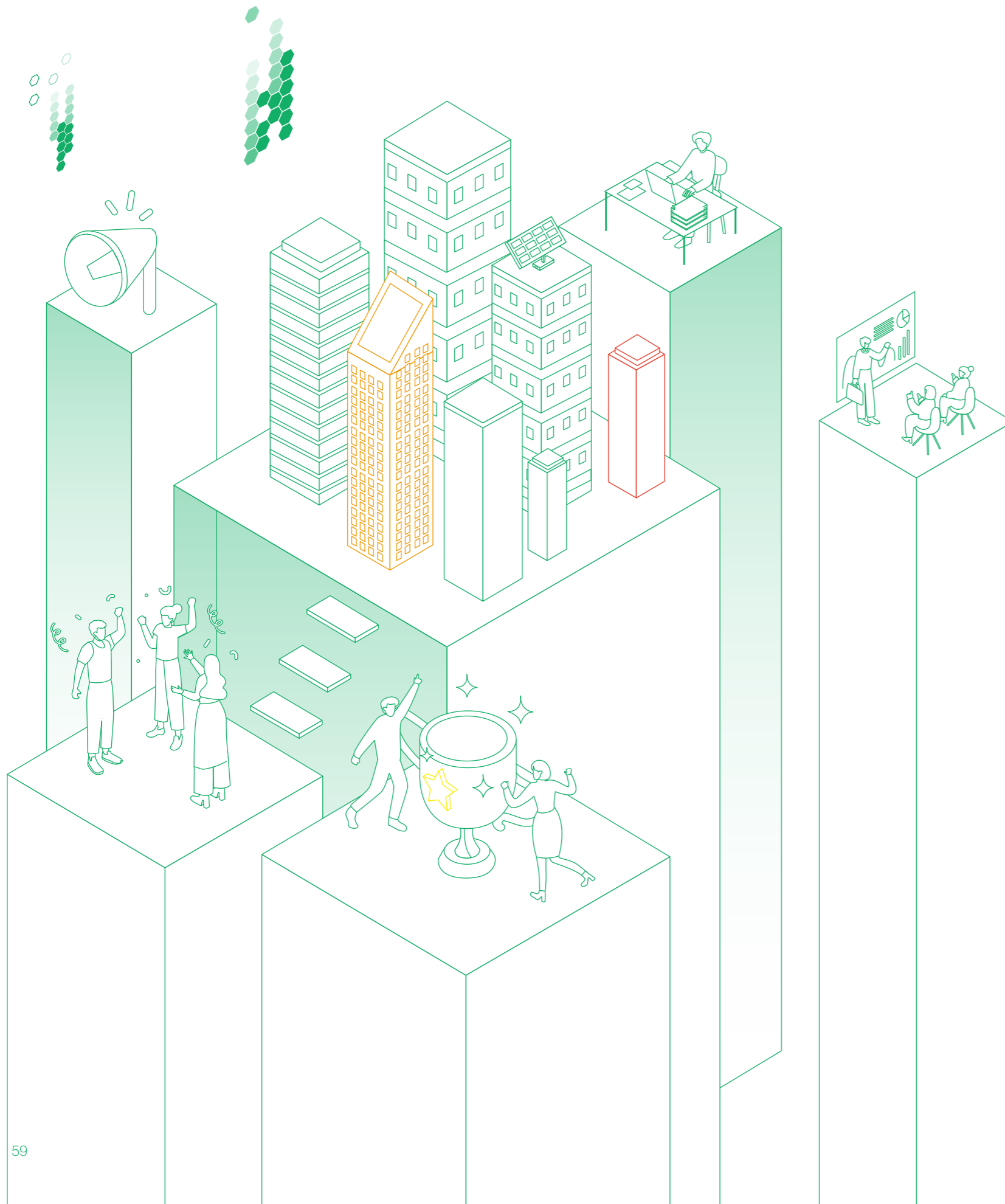
### Hazardous waste

For the hazardous waste, such as coating liquid waste, paint residue, oil bearing wastewater and other hazardous chemicals as well as waste barrels, we have implemented the responsibility system for hazardous waste management level by level and standardized the management process of hazardous waste:

Safe storage: We set up dedicated hazardous waste warehouse for the storage of hazardous waste, and arrange special personnel to take charge of the entry and exit management of hazardous waste;



Compliant disposal: We implement the collection, storage and transfer of hazardous waste in a timely manner, and sign waste disposal contracts with qualified third parties to ensure that all the hazardous waste is properly disposed of.



## Ecological Harmony Delivering Warmth to the Society

TCL Industries adheres to the "people-oriented" principle, always pays attention to the protection of employees' rights and interests, builds a scientific training system and diverse development channels, and creates a safe, healthy, warm and harmonious working environment for employees. At the same time, we actively promote supply chain management, perform social responsibility, and join hands with all parties to build a harmonious society.



## Protect employees' rights and interests

TCL Industries continues to focus on attracting and discovering talent and creating a respectful, inclusive, diverse and positive working atmosphere for all employees to build a passionate, creative and sustainable talent development team.

### Equal employment

We constantly optimize our internal human resources management system, introduce talent through various channels such as campus recruitment, social recruitment and school-enterprise cooperation, and have formulated the *Recruitment Management Procedures* to firmly eliminate discriminatory acts on grounds of gender, age, religion, nationality, or any other factor when recruiting employees and arranging jobs.

### Protection of rights and interests

We attach importance to the basic rights and interests of our employees and have formulated the *Employee Handbook* to protect the legitimate rights and interests of our employees in remuneration, benefits, promotion and leave, etc. We strictly manage the labor hours of our employees, resolutely eliminate forced labor and continue to build harmonious labor relations.

We conduct regular market remuneration surveys to ensure that our remuneration levels are competitive in the market, and have established a remuneration structure covering fixed salaries for positions, performance bonuses and medium- and long-term incentives to ensure that the employee remuneration reflects the position value and personal contribution. In addition, we provide various welfare guarantees for our employees. In addition to basic benefits such as five social insurances and one housing fund and paid annual leave, we also provide eligible employees with company welfare allowances such as commercial insurance, communication subsidies and computer subsidies, as well as internal benefits such as commuter bus service, staff dormitory accommodation and holiday welfare and gifts.



Case: Promotion of Serial Campus Recruitment Events

We actively carry out campus recruitment programs and are committed to introducing excellent global young talent to provide a driving force for organizational development. We have derived a series of special recruitment activities from the core talent program – Super A Special Trainee, such as the Super A-Young Program, R&D Special and Marketing Elite, to provide sufficient talent replenishment for the Company's development.

By the end of 2021, our campus recruitment covered 15 top colleges and universities at home and abroad, with a cumulative donation of nearly RMB1 million worth of TCL smart education machines. TCL Industries has established "TCL University Talent Training Bases" with South China University of Technology, Nanjing University, Sichuan University, Hunan University, Central South University, Huazhong University of Science and Technology, Chongqing University and Xidian University. It also organized TCL experts to go to the campus to jointly explore the cooperation between industry, academia and research to support business development, and established talent training bases of major universities in TCL to further promote the healthy development of school-enterprise relations.

## Create a safe environment

TCL Industries always treats the health and safety of employees as the top priority and ensures the constant and effective implementation of occupational health and safety and emergency management. We care for the physical and mental health of our employees and provide them with comprehensive health management care and services.

### Safety management structure

We have established an organizational structure for safety management, including the Production Safety Committee (hereinafter referred to as the "Safety Committee") and the Production Safety Office (hereinafter referred to as the "Safety Office"), clarifying the roles and responsibilities of organizations at all levels and fully implementing safety management responsibility.

#### Production Safety Committee

The Safety Committee is directed by the Chief Executive Officer of the Company, and consists of the first responsible person of each affiliated enterprise, with overall responsibility for the production safety of the Company.

#### Production Safety Office

The Safety Committee authorizes the director of the Safety Office, and the main personnel of affiliated enterprises in charge of production safety serve as members. The Safety Office is responsible for establishing and improving the production safety management system and procedure, developing and implementing annual production safety planning, inspecting, following up and supervising the enterprises to remedy all kinds of potential accident risks, and organizing the annual production safety rating work.

### Production safety management

We have formulated the *Production Safety Management Regulations* to clarify the safe production procedures and effectively promote safe production.

#### Signing of the responsibility letter for production safety

The Safety Committee prepares and signs an annual responsibility letter for production safety with major affiliated enterprises each year, specifying the annual production safety objectives and the safety management responsibilities of affiliated enterprises.

#### Development of a production safety plan

The Safety Committee prepares annual production safety plans based on the latest laws and regulations and industry standards, and continuously promotes the improvements of safety issues.

#### Safety inspections

The Safety Office conducts at least one safety inspection of the affiliated enterprises every year. Through on-site inspections, information checks and employee interviews, it evaluates and rates the potential accident risks, and issues safety inspection reports to the Safety Committee and relevant enterprises, requiring relevant enterprises to develop remediation measures and plans within a specified time and output safety risk remediation reports to the Safety Committee for filing. If a hazardous accident risk is found, we will issue an accident risk remediation notice to require the enterprise to immediately stop production and conduct remediation.

3,464

In 2021, we identified and addressed a total of 3,464 hazards

2,923

Conducted a total of 2,923 safety activities

233,614

Participants

RMB 24 million

We have invested RMB24 million in a comprehensive upgrade and special renovation of safety equipment and facilities, storage environments, power distribution systems and restricted space

- TCL Air-Conditioner (Zhongshan) Co., Ltd. has passed ISO 14001 Environmental Management System Certification and ISO 45001 Occupational Health and Safety Management System Certification
- TCL Household Electric Appliance (Hefei) Co., Ltd. has passed ISO 14001 Environmental Management System Certification, ISO 45001 Occupational Health and Safety Management System Certification and National Safety Production Standardization Level-2 Enterprise Qualification Certificate
- TCL King Electrical Appliances (Huizhou) Co., Ltd. has passed ISO 45001 Occupational Health and Safety Management System Certification
- Huizhou TCL Mobile Communication Co., Ltd. has passed ISO 45001 Occupational Health and Safety Management System Certification and National Safety Production Standardization Level-2 Enterprise Qualification Certificate

#### Development of an emergency response plan

We require our affiliated enterprises to develop emergency response plans for various accidents, set up emergency response organizations and emergency rescue teams, enhance the comprehensive emergency response capabilities of the enterprises, and regularly organize all employees to participate in emergency response drills for accidents to enhance their emergency self-rescue capabilities.

#### Promotion of the development of a safety culture

We continue to conduct safety training courses on safety knowledge, work-related injury prevention, chemical usage and emergency response measures, and require special operators to pass safety-related examinations to ensure that they are equipped with safety awareness and professional safety skills to enhance the overall safety level of the Company.

### Occupational health management

We value the management of employees' occupational health, and have formulated the *Management System for Occupational Disease Protective Equipment*, commissioned a third party to conduct annual testing of occupational disease hazards, conducted special inspections of workplace hazards, and allocated labor protective equipment for employees in special positions, and the relevant safety management departments will supervise and inspect the storage, use and replacement of the labor protective equipment. In addition, we care deeply about the health condition of our employees, organize annual medical check-ups for them, and offer psychological counseling services to safeguard their mental health.



TCL Communication launches Mental Health Day



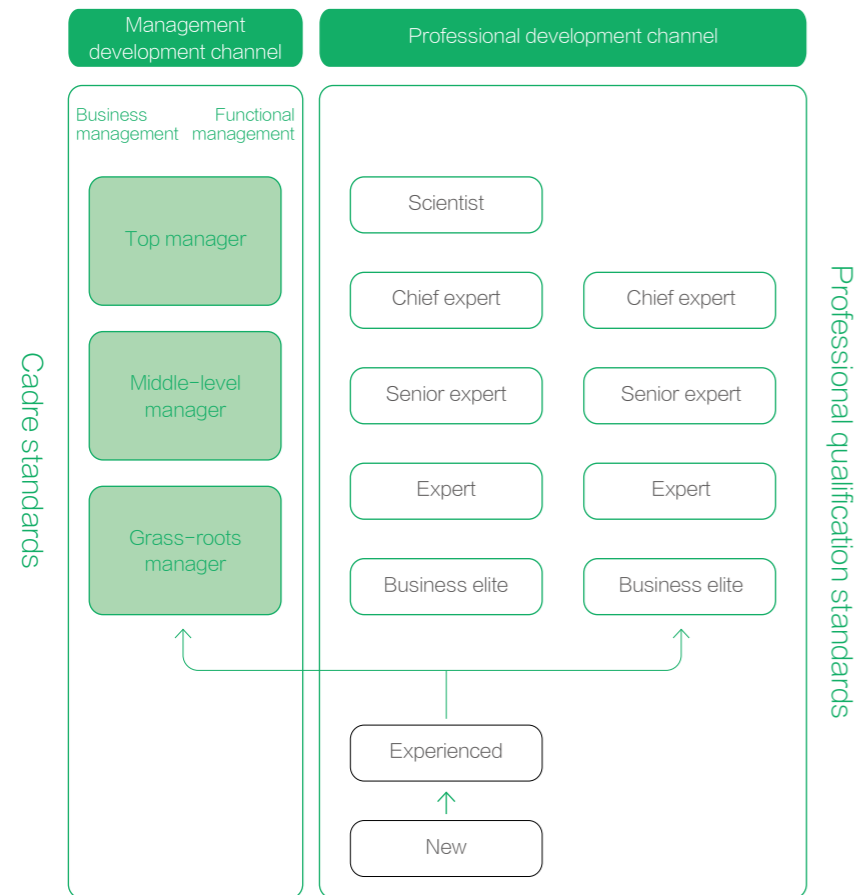
Tonly Electronics launches "Two Cancers" screening for female employees

## Encourage employee growth

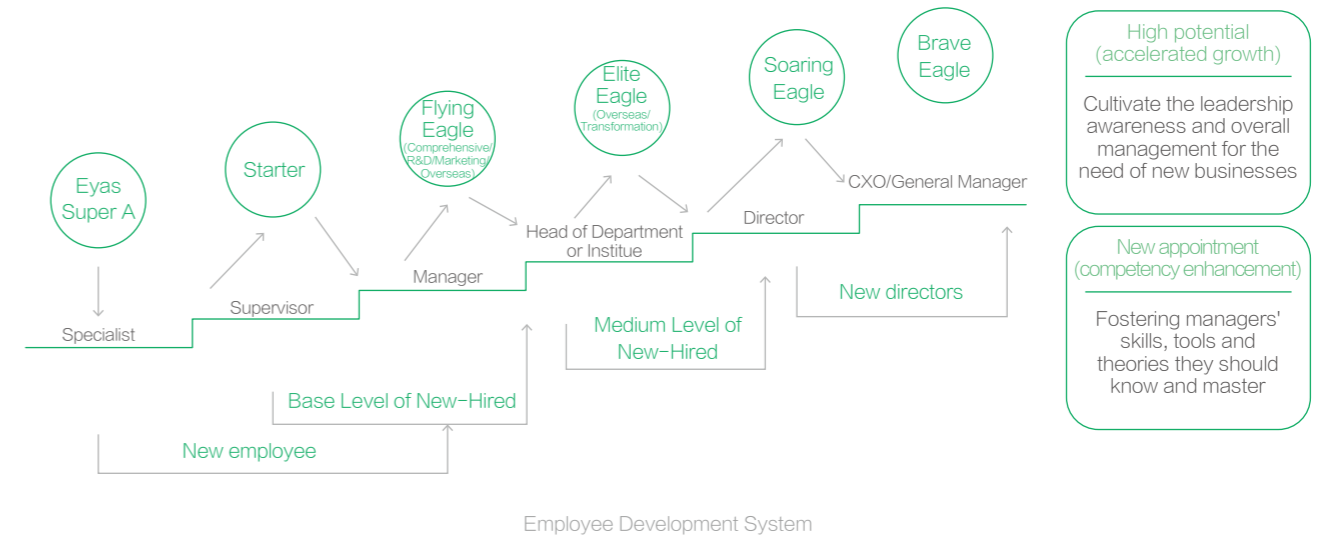
TCL Industries values the growth and development of employees, constantly improves the talent training system and provides employees with diverse career development channels and equal promotion mechanisms, supplying employees with nutrient-rich soil for growth.

### Career development

In strict accordance with the *Employee Handbook*, we provide multi-dimensional development channels for our employees in profession, technology and management area. Every year, we identify key positions and key talents through the talent pool, develop a talent echelon through talent selection and training mechanisms, and cultivate a talent team with an international vision, professional quality and professionalism through effective talent development channels.



Employee Career Development Channels and Promotion Model



In addition to a comprehensive training system, we have introduced multiple training methods to meet the learning needs of different employees.

**On-the-job learning**

From the entry of new employees to their transfer, the business and HR departments will provide in-department training and implement mentorship to help employees quickly familiarize themselves with the environment and learn from the benchmark.

**Special training**

Develop reserve cadres based on business development needs, such as EMBA/MBA training for middle and senior management cadres.

**External training**

If external training is needed for new technologies and professions, departments shall make an application, which will be reviewed by the HR department and approved by relevant authorized persons before the organization for participation. In September each year, awards will be given to certified lecturers.



Case: Super A Special Trainee Program

The Super A Special Trainee is a strategic talent development program that seeks students with excellent backgrounds and high performance from the student recruitment pool and with five years of continuous training, each business division conducts targeted competency enhancement training according to the characteristics of the industry and job to help the trainees to become management or professional reserve talent with high potential. In 2021, there were 1,500 available courses for Super A Special Trainee in total, with 1,010 training sessions.

Case: Technology for All Program

The Technology for All Program is developed and recorded by Industrial Research Institute of TCL Electronics, and the Organization Department, with 178 technical courses divided into three major technical categories and ten secondary technical sub-categories, including display technology, intelligent technology, semiconductor chips and power devices, covering the main technical areas of the Company, with the participation of nearly 300 internal technical experts. In 2021, the program was launched on T Academy, the Company's internal learning platform, for all managers and employees to learn.

### Employee training

In order to match the skills and expertise of our employees with the Company's development needs, we implement various talent development and employee training programs to help them explore their potential and create greater value with the Company.

100%

The percentage of all employees trained

27.11 hours

The average training duration per employee

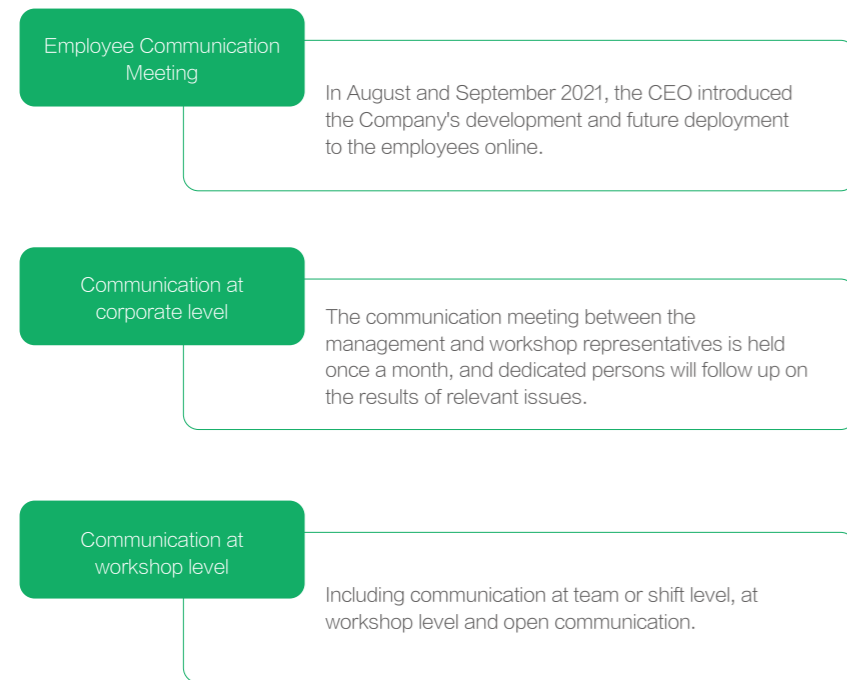
## Caring for employees' life

TCL Industries cares the feelings of employees and smoothens employee communication channels, by organizing various employee activities to enhance their happiness and sense of belonging.

### Communicating with employees

We value the opinions of our employees and collect their opinions and suggestions through employee communication meetings, employee complaints and employee satisfaction surveys to enhance communication and interaction with them. We continue to promote employee satisfaction and work ethic surveys and continuously improve human resources management based on the results.

Employee Communication Channels



#### Case: Tonly Electronics Holds Q1 Employee Communication Meeting



On April 27, 2021, Tonly Electronics held a communication meeting for new employees in the first quarter of 2021. More than 60 people were invited to the meeting, including the Director of the Human Resources Center, heads of business departments and representatives of new employees in the first quarter. During the meeting, the representatives of new employees expressed what they had seen and heard since joining the Company, and the leaders of relevant departments on the spot answered the questions raised and made timely responses and improvements to the employees' opinions.

## Employee activities

We appreciate the dedication of our employees and care for their work and lives. We have established a mutual aid fund, carried out caring activities such as holiday celebrations and employee birthday parties to provide sympathy and care for them, and organized various and wonderful recreational activities such as team building, interest associations and talk shows to enrich the lives of employees.



Tonly Electronics sends Spring Festival greetings to employees



Employee birthday party of Tonly Electronics



Mid-Autumn Garden Party of Tonly Electronics



TCL Talk Show



TCL Communication table tennis association activities



TCL Financial Service Walking Challenge

#### Case: TCL Electronics Supports Employees in Difficulty



TCL Electronics carries out employee support activities and strives to protect their basic living condition. In order to improve the living conditions of employees in difficulty, we have launched a love fund-raising activity for employees in June 2021, with a total of 683 people donating a total amount of RMB65,215 and a total of RMB35,000 to four employees whose families were in difficulties throughout the year.



## Promote responsible supply

TCL Industries continuously improves the whole-procedure management system of suppliers, clarifies the whole life cycle management of supplier development, admission, assessment and exit, and regularly trains and empowers suppliers to improve the quality of supply and achieve win-win development with suppliers.

### Standardize supplier management

We have established a comprehensive supplier management system and formulated the *Supplier Introduction and Elimination Management Procedure*, *Supplier Evaluation Management Regulations* and other policies to comprehensively standardize the whole-procedure management of supplier introduction, evaluation and exit.

#### Supplier introduction

We conduct a qualification review of potential suppliers, including quality management, hazardous materials management and financial management. The quality management review covers 137 specific elements of 11 categories, including research and development, raw material control, production process control, corporate and social responsibility system, supply guarantee, corporate compliance and supply chain security. The suppliers are strictly and comprehensively reviewed and managed.

#### Supplier assessment

For suppliers already in cooperation with us, we adopt a graded and categorized management approach and use the QCDS assessment method in the daily assessment to assess and score each supplier's monthly quality (Q), price (C), delivery (D) and service (S) on all fronts. By quantifying the assessment, it is helpful for suppliers with poor performance to identify and improve their own shortcomings in a timely manner, and for suppliers with consistently poor performance, we will lock up or eliminate them according to the corresponding specifications.

#### Supplier enhancement

We engage third-party institutions to diagnose the supply capability of our suppliers and make recommendations for improvement based on the results to enhance their supply level. In addition, we conduct supplier communication activities such as global supplier conferences, eco-partner conferences and strategic summits for stagnant years, and hold regular operation meetings with strategic and important raw material suppliers to communicate our procurement requirements and optimize supply management.

## 200

We conduct conflict minerals surveys on nearly 200 suppliers for our mobile communications products

## 30

30 suppliers of major sheet metal parts, electronic materials and copper tubes for our air conditioning products to ensure that the materials supplied are sourced from environmentally and socially responsible suppliers.

### Promote responsible procurement

We focus on sustainability in procurement, actively promote supply chain risk assessment and conflict minerals management, and promote the construction of responsible supply chains together with upstream and downstream partners of the industry chain to fulfill our social and environmental responsibilities.

#### Supply chain environmental and social risk assessment

We actively carry out environmental and social risk assessments of our suppliers, and have signed the *Corporate Social Responsibility Notice*, *Environmental Compliance Statement*, *Quality Agreement*, *Integrity Agreement*, *Anti-Terrorism Security Cooperation Agreement* and *Social Responsibility Commitment for Subcontractors and Suppliers* with all suppliers of production materials to clearly regulate the code of conduct of our suppliers in terms of environmental and social responsibility and ensure that the products supplied are in line with environmental benefits. At the same time, we encourage suppliers to pass social responsibility certifications, including RBA (Responsible Business Alliance Code of Conduct), SA8000 (Social Accountability Standard) and SMETA (Sedex Members Ethical Trade Audit). The certifications are linked to supplier ratings.

#### Conflict minerals management

We actively respond to the requirements of the RBA (Responsible Business Alliance Code of Conduct) and GeSI (Global e-Sustainability Initiative) by formulating the *Regulations on Refusing Procurement of Conflict Minerals* and signing the *Restricted Substances Declaration* and *Letter of Guarantee on Refusing Conflict Minerals* with our suppliers, requiring all packaging, parts and/or finished products provided to be free of the restricted substances listed in the declaration, and suppliers should provide documentary evidence such as raw material test lists and third-party test reports to ensure that the products contain no conflict minerals. If a supplier is found to be using conflict minerals, we will immediately stop the use and purchase and demand a written explanation from the supplier; if the supplier has consciously violated the rules, the Company will terminate the cooperation with the supplier.

## Fulfillment of social responsibilities

TCL Industries is committed to transmitting positive social energy by actively participating in public welfare undertakings. It focuses on investment in education, children with difficulties, community development and anti-pandemic and disaster relief, gives back to society with practical actions and strives to become a helper in realizing people's aspirations for a better life.

### Support education development

We actively promote the sharing of educational resources and help to expand the education scope, improve local education and promote educational equity by conducting experience labs, donating to children in need and commending rural teachers.

#### Co-organized TCL-TV Lab

In January 2021, the TCL-TV Lab co-organized with Shenzhen Yucai Group was officially launched. Through TV exhibitions, interactive experiences and professional lectures, the lab enables students from different disciplines and stages to learn about TV and stimulates their interest and exploration of expertise in unknown areas.

We will organize open days for students to interact with professional engineers, and identify students with potential abilities and interests to continuously develop professional talent.



#### Supporting the "Tomorrow-iCAN" First-Generation College Student Grant Program

In September 2021, the TCL Electronics Love Foundation donated RMB100,000 to the China Charities Aid Foundation for Children to support the Tomorrow-iCAN - First-Generation College Student Grant Program, which provides financial support and assistance to high school students of an immediate family without college students yet, and offers them fully support and enhancement in terms of study, character and ability, in order to shape them into the first generation of college students in their family and an important force for social development and class mobility.



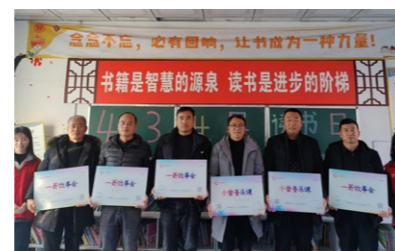
#### Launch of the 7th "TCL Hope Project -Candlelight Awards Program"

In 2021, more than 400 outstanding rural teachers in 23 provinces were awarded under the "TCL Hope Project -Candlelight Awards Program". Since the establishment of the program, we have invested a total of more than RMB38 million in it and 2,600 outstanding rural teachers from over 2,000 schools have been awarded cash incentives and seven-day offline candlelight classroom training, providing opportunities of mutual interaction and growth for more outstanding rural teachers.



#### Launch of the third batch of "Eagle" Story Club and "Xiaoxue Music Class" programs

In 2021, the third batch of pilot schools for "Eagle" Story Club and "Xiaoxue Music Class" of TCL Foundation was officially established. The program will continue to use the method of "technology + public welfare" to reach more rural schools, allowing more children to enjoy the power of technology innovation and contributing to the promotion of educational equity.



Case: The Launch of The Third Batch of "Eagle" Story Club and "Xiaoxue Music Class" Programs



In 2021, the third batch of pilot schools for "Eagle" Story Club and "Xiaoxue Music Class" of TCL Foundation was officially established. With the official establishment of the third batch of pilot schools, the coverage of "Eagle" Story Club was further expanded to 14 rural pilot schools in 9 provinces, with a total of 50 Eagle story boxes distributed. The Eagle storytelling machine was used to select appropriate stories to gather children in storytelling sessions to popularize famous literary tales from the past and present, bringing quality educational resources and opportunities to over 2,000 rural students.

By 2021, the "Xiaoxue Music Class" has been launched in 13 schools in 10 provinces across China, with a total of 50 Xiaoxue music boxes distributed and more than 3,000 students covered, allowing students to contact with and appreciate classic songs in a more vivid way through interactive music appreciation, online music classes and music knowledge quizzes, and using the power of music to help students grow up healthy and happy.

### Care for children in need

We insist on fulfilling children's hopes and dreams, provide livelihood support and warm companionship for children in need, give them a happy childhood and help them grow up with happiness.

#### "Promote Public Welfare to Jointly Protect Children" – Care for special children

In 2021, we collaborated with the Special Children's Painting Studio to care for special children with intellectual disabilities, autism and Down's syndrome by donating RMB60,000 to purchase adaptive sports training courses and supporting training kits for special children based on the number of steps walked by employees. At the same time, we invited special children to paint on the theme of TCL's 40th anniversary and held a charity painting exhibition and charity sale at the Company to call for public attention to special children.



#### Donations to Ai You Foundation by the TCL Foundation

On May 9, 2021, TCL Foundation donated a total of 37 units of air conditioning equipment to Ai You Foundation, worth RMB270,000. The equipment was used to support the construction of Ai You New Shanghai Child Care Center and was installed and tested by TCL's professional technicians. We are committed to providing a more comfortable living environment for children.



### Deliver community warmth

We actively practice the spirit of great love and participate in community public welfare activities and construction to deliver good faith and warmth to the community.

#### Sponsorship of the Nantou Charity Parade

In January 2021, TCL Air Conditioning Division sponsored the Charity Parade in Nantou Town, Zhongshan City, Guangdong Province with RMB100,000. The donations were used to help the needy, the elderly and the disabled, save lives, support students in need, and assist in improving the lives of people in need in the community.



#### Voluntary tree planting activities

On the afternoon of Arbor Day on March 12, 2021, more than 50 volunteers from Tonly Electronics came to Fenghe Park in Huizhou City, Guangdong Province to carry out the 2021 10th Tonly Volunteer Tree Planting – "Planting Trees, Greening Tonly", calling on people to participate in environmental protection and attach importance to ecological balance.

### Support anti-pandemic and disaster relief

Faced with the challenges of the COVID-19 pandemic and natural disasters, we have actively assumed our social responsibility to support the affected areas in Henan Province, as well as Guangzhou City and Zhongshan City in Guangdong Province, donating supplies to frontline workers and participating in voluntary services to contribute to the protection of people's health and to tide over the difficulties together.



#### Donation of supplies to the anti-pandemic front line

In June 2021, the COVID-19 pandemic broke out again in some areas of Guangzhou City, Guangdong Province. Guangzhou TCL Internet Microcredit Co., Ltd. of the Company urgently collected electric fans, mineral water and disposable mackintoshes for frontline workers in the fight against the pandemic through the Guangzhou Yuexiu District Peace Promotion Federation, providing them with a refreshing break from the summer heat and contributing to the pandemic prevention and control.



#### Anti-pandemic voluntary services

On June 26, 2021, TCL Air Conditioning Division organized 14 employees to participate in the voluntary services at the vaccination site of the cultural and sports center in Nantou Town, Zhongshan City, Guangdong Province, to assist in the on-site guidance and order maintenance.

#### Free maintenance service to flood-affected residents in Henan

In August 2021, Henan Province was hit by extremely heavy rainfall and suffered from flooding. TCL Air-Conditioners provided free on-site maintenance services to local users to reduce the impact of natural disasters on their lives.



## Epilogue

Year 2021 was the 40th anniversary of TCL. Over the past 40 years of development, we have remained true to our original aspiration, focused on the intelligent terminal products and services, concentrated on upgrading products and extending our business, accelerated our global presence and kept sharpening our core competitive edges, showing great development momentum throughout our life cycle and achieving great leaps in a high-quality development.

In the future, with the commitment to building a "Chinese intelligent manufacturing" brand, TCL Industries' product research and development and technical innovation will be powered by the needs for intelligence, scenarios, health, social contact and integration, and TCL Industries will tailor-make omni-scenario one-stop solutions of intelligent and healthy life and continue to push forward the exploration for the global presence, to grow into a globally competitive technological enterprise and facilitate the strong backing to the implementation of the "dual circulation" strategy of China. With a view to the interconnection between things, we also work with excellent peers to jointly provide consumers with an omni-scenario living system featuring more intelligent, more convenient, more considerate, and more comfortable one-stop service, thus procuring a state of life of higher quality with a higher happiness index.

Green development will be the theme of China's future development. With green production and products leading to the green development, we proactively respond to the national call for the strategic goal of "double carbon". Under the tenet of green production, we comprehensively promote green manufacturing, give high priority to environmental risks and environmental pollution, constantly improve our manufacturing techniques, and keep upgrading our green production by way of building green factories, implementing energy-saving renovation projects, managing water resources effectively, using renewable energy sources, etc. In the meanwhile, we advocate the promotion of the green consumption model, keep improving the energy efficiency of our products through technical innovations, and lessen the adverse effect of the production and use of our products on the environment, striving to be a frontrunner in becoming an environment-friendly enterprise.

Looking ahead, TCL Industries will constantly adhere to the corporate mission of "creating fantasy with technologies to enjoy an intelligent lifestyle" to make consumers' dreams of a beautiful life come true, insist on the innovation driven by technology, and promote the green low-carbon development, thereby assisting in China's effort to achieve both economic and social development as well as environmental protection.





## Key Performance Indicator Form

Environmental performance			
		Unit	Data of 2021
Air pollutants	VOC emissions	Ton	157.02
GHG	Total GHG emissions	tCO <sub>2</sub> e	234,822.23
	GHG emission intensity	tCO <sub>2</sub> e/ RMB 100 million operating revenue	222.37
	Scope 1 Total GHG emissions <sup>1)</sup>	tCO <sub>2</sub> e	15,745.02
	Scope 2 Total GHG emissions <sup>2)</sup>	tCO <sub>2</sub> e	219,077.21
	Total diesel consumption	L	455,546.24
Energy use	Total gasoline consumption	L	432,629.10
	Total natural gas usage	CBM	7,053,637.29
	Total outsourced electricity	KWh	371,720,061.24
	Consumption of outsourced steam	Ton	240.00
	Solar power generating capacity	KWh	29,098,710.61
Water resources use	Total water consumption	Ton	3,852,652.86
	Water consumption intensity	Ton/ RMB 100 million operating revenue	3,648.35
Hazardous waste	Total amount of hazardous waste <sup>3)</sup>	Ton	1,747.91
Non-hazardous waste	Total amount of non-hazardous waste <sup>4)</sup>	Ton	7,736.65
	Total usage of packaging materials	Ton	120,471.99
Use of packaging materials	Paper packaging materials used <sup>5)</sup>	Ton	108,066.52
	Plastic packaging materials used <sup>6)</sup>	Ton	12,405.47

<sup>1)</sup>Scope 1 Total GHG emissions: GHG emissions from the burning of fossil fuels such as diesel, gasoline, natural gas, and industrial production; Scope 1 GHG emissions are calculated on the basis of the *Guidelines for Accounting and Reporting of GHG Emissions of Enterprises in Other Industries (Trial)* issued by the General Office of the National Development and Reform Commission.

<sup>2)</sup>Scope 2 Total GHG emissions: GHG emissions from outsourced electricity and steam heat; (Scope 2) GHG emissions are calculated on the basis of the *Guidelines for Accounting and Reporting of GHG Emissions of Enterprises in Other Industries (Trial)* issued by the General Office of the National Development and Reform Commission. The involved electricity emission factor for mainland China is determined based on the *Guidelines for Accounting and Reporting of GHG Emissions of Enterprises Power Generation Facilities (2022 revision)* issued by the Ministry of Ecology and Environment of the People's Republic of China, while the involved electricity emission factors for international regions are determined based on *Carbon Footprint Country Specific Electricity Grid GHG Emission Factors*.

<sup>3)</sup>Total amount of hazardous waste: includes waste liquid of paint, waste oil and paint residue, oily waste water, empty barrels and other hazardous wastes. The statistical scope involves TCL Electronics, White Household Appliances Business Unit, and Air-Conditioner Business Unit.

<sup>4)</sup>Total amount of non-hazardous waste: includes waste cartons, waste plastics, waste plastic foam (EPS) and other non-hazardous wastes. The statistical scope includes TCL Electronics, White Household Appliances Business Unit, and Air-Conditioner Business Unit.

<sup>5)</sup>Paper packaging materials used: include cartons and paper instructions.

<sup>6)</sup>Plastic packaging materials used: include EPS packages.

Social performance			
		Unit	Data of 2021
Research and development	Number of patents newly granted	PCS	1,900
	Accumulative number of patents granted	PCS	10,806
Employee composition	Total number of employees	Person	57,496
	Number of male employees	Person	36,143
	Number of female employees	Person	21,353
Employee training	Percentage of trained employees <sup>1)</sup>	Percent	100%
	Percentage of trained male employees	Percent	61.43%
	Percentage of trained female employees	Percent	38.57%
	Average training hours per employee <sup>2)</sup>	Hour	27.11
	Average training hours per male employee	Hour	29.59
Occupational health and safety	Average training hours per female employee	Hour	22.90
	Number of deaths related to work	Person	0
	Total lost days due to occupational injury	Days	957
Supplier composition	Number of suppliers in mainland China	Unit	3,971
	Number of suppliers in Hong Kong, Macao, Taiwan, and overseas regions	Unit	397
Public welfare investment	Contribution of funds	RMB0,000	39.50
	Value of goods donated	RMB0,000	7.75
	Number of volunteers	Personnel	1,047
	Voluntary service hours	Hour	43,509

<sup>1)</sup>Percentage of trained employees=Number of employees trained of that gender/Total number of employees trained

<sup>2)</sup>Average training hours per employee=Training hours of employees of that gender/Number of employees of that gender

## Indicator Indexes

### Response to the United Nations Sustainable Development Goals (SDGs)

Goal	Goal Content	Action
Goal 1	Eliminate poverty	Support education development, care for children in need, deliver community warmth, support anti-pandemic and disaster relief
Goal 2	Eliminate hunger	Support education development, care for children in need, deliver community warmth, support anti-pandemic and disaster relief
Goal 3	Good health and well-being	Protect product quality and safety, create a safe environment
Goal 4	Quality education	Deepen industry-university-research cooperation, encourage employee growth, and support education development
Goal 5	Gender equality	Protect employees' rights and interests
Goal 6	Clean water and sanitation facilities	Promote cleaner production, improving resource efficiency, and reduce pollution emissions
Goal 7	Cheap and clean energy	Promote cleaner production, improving resource efficiency
Goal 8	Decent work and economic growth	Protect employees' rights and interests, care for employees' life
Goal 9	Industry, innovation and infrastructure	Strengthen cooperation and exchange, assist in standard formulation, deepen industry-university-research cooperation, technically far ahead of the pack, create advanced products, promote intelligent manufacturing, advocate technological inclusion
Goal 10	Narrow the gap	Support education development, care for children in need, deliver community warmth, support anti-pandemic and disaster relief
Goal 11	Sustainable cities and communities	Energy saving and emission reduction, green products, and green supply chain
Goal 12	Responsible consumption and production	Creating more environmentally friendly products, promoting cleaner production, promoting smarter management, manufacturing green products, improving resource efficiency, reducing pollutant discharge, build a green supply chain, maintaining quality and safety, improving user experience
Goal 13	Climate action	Manufacturing green products, improving resource efficiency
Goal 14	Life below water	Improving resource efficiency
Goal 15	Life on land	Reduce pollutant emissions
Goal 16	Peace, justice and strong institutions	Observing business ethics, protect information security
Goal 17	Partnerships for the goals	Enhancing cooperation and communication, assist in standard formulation, deepen industry-university-research cooperation, promote responsible procurement

### GRI Standard Index Table (Core)

GRI guideline indicator	Details	Related section (chapter) in this report	Remark
General standard disclosure			
GRI 102: General Disclosures 2016			
Organizational profile			
102-1	Name of the organization	About TCL Industries	
102-2	Activities, brands, products, and services	About TCL Industries	
102-3	Location of the organizational headquarters	About TCL Industries	Shenzhen City, Guangdong Province
102-4	Location of operational activity	About TCL Industries	Mainly Chinese Mainland
102-5	Ownership and legal form	About TCL Industries	
102-6	Market of service provision	About TCL Industries	
102-7	Scale of the organization	About TCL Industries	
102-8	Information on employees and other workers	Ecological Harmony – Delivering Warmth to the Society	
102-9	A description of supply chain	Ecological Harmony – Delivering Warmth to the Society	
102-10	Significant changes to the organization's size, structure, ownership, or supply chain	About TCL Industries	
102-11	Precautionary principle or approach	Our Sustainable Development Management Green Development – Creating Goodness for Nature	
102-12	External initiatives	Green Development – Creating Goodness for Nature	
Ethics and integrity			
102-16	A description of the organization's values, principles, standards, and norms of behavior	Corporate Governance – Safeguarding Operation	For details, see the official website of TCL Industries: <a href="https://www.tcl.com/cn/zh">https://www.tcl.com/cn/zh</a>
Governance			
102-18	Governance structure	Corporate Governance –Safeguarding Operation	
Stakeholder communication			
102-40	List of stakeholders	Our Sustainable Development Management	
102-41	Collective bargaining agreements	Not applicable	There is no formal collective bargaining agreement within the Company, but employees may enjoy the freedom to join the union and bargain collectively
102-42	Criteria for identifying and selecting stakeholders	Our Sustainable Development Management	The criterion for identifying stakeholders is the degree of mutual impacts between them and the Company's daily operation
102-43	Modes of communication with stakeholders	Our Sustainable Development Management	
102-44	Key topics and concerns raised	Our Sustainable Development Management	
Reporting practice			
102-45	Entities included in the consolidated financial statements	About This Report	
102-46	Defining report content and topic boundaries	About This Report Our Sustainable Development Management	

GRI guideline indicator	Details	Related section (chapter) in this report	Remark
102-47	List of material topics	Our Sustainable Development Management	
102-48	Data recompilation	Not applicable	
102-49	Change in reporting	About This Report	
102-50	Reporting period	About This Report	
102-51	Date of the previous report	Not applicable	This report is TCL Industries' first corporate social responsibility report
102-52	Reporting cycle	About This Report	
102-53	Contact point for inquiries regarding the report	About This Report	
102-54	Claims of reporting in accordance with the GRI guidelines	About This Report	Core options
102-55	GRI content index	GRI indicator indexes (core)	
102-56	External guarantee/assurance	Not applicable	
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	Our Sustainable Development Management	
103-2	The management approach and its components	Our Sustainable Development Management	
103-3	Evaluation of the management approach	Our Sustainable Development Management	
Economic issues			
GRI 201: Economic performance 2016			
Management approach		About TCL Industries	
201-1	Direct economic value generated and distributed by the organization	About TCL Industries	
GRI 203: Indirect economic impacts 2016			
Management approach disclosure		Ecological Harmony – Delivering Warmth to the Society	
203-1	Infrastructure investment and service supported	Green Development – Creating Goodness for Nature Ecological Harmony – Delivering Warmth to the Society	
GRI 204: Procurement practices 2016			
Management approach disclosure		Ecological Harmony – Delivering Warmth to the Society	
204-1	Proportion of spending on procurement from local suppliers	Ecological Harmony – Delivering Warmth to the Society	
GRI 205: Anti-corruption 2016			
Management approach disclosure		Corporate Governance – Safeguarding Operation	
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance – Safeguarding Operation	
205-3	Confirmed corruption cases and actions taken	Corporate Governance – Safeguarding Operation	

GRI guideline indicator	Details	Related section (chapter) in this report	Remark
GRI 206: Anti-competition behavior 2016			
Management approach disclosure		Corporate Governance – Safeguarding Operation	
206-1	Legal cases involving anti-competition behavior, anti-trust and monopoly behavior	Not applicable	During the reporting period, there was no case in which the Company was prosecuted for inappropriate competition or monopoly behavior.
Environmental issues			
GRI 301: Materials 2016			
Management approach disclosure		Green Development – Creating Goodness for Nature	
301-1	Materials used by weight or volume	KPI Form	
GRI 302: Energy 2016			
Management approach disclosure		Green Development – Creating Goodness for Nature KPI Form	
302-1	Energy consumption within the organization	Green Development – Creating Goodness for Nature KPI Form	
302-3	Energy intensity	KPI Form	
GRI 303: Water and discharge 2018			
Management approach disclosure		Green Development – Creating Goodness for Nature KPI Form	
303-1	Mutual impact of shared water resources	Green Development – Creating Goodness for Nature KPI Form	During the reporting period, municipal water supply was the only source of water in each place.
303-5	Water consumption	KPI Form	
GRI 305: Emissions 2016			
Management approach disclosure		Green Development – Creating Goodness for Nature KPI Form	
305-1	Direct (Scope 1) GHG emissions	KPI Form	
305-2	Energy indirect (Scope 2) GHG emissions	KPI Form	
GRI 306: Waste water and waste 2016			
Management approach disclosure		Green Development – Creating Goodness for Nature KPI Form	
306-2	Waste by category and method of disposal	Green Development – Creating Goodness for Nature KPI Form	
GRI 307: Compliance with environmental protection laws and regulations 2016			
Management approach disclosure		Green Development – Creating Goodness for Nature	
307-1	Non-compliance with environmental laws and regulations	Not applicable	No relevant incident occurred during the reporting period

GRI guideline indicator	Details	Related section (chapter) in this report	Remark
Social issues			
GRI 403: Occupational safety and health 2018			
Management approach disclosure		Ecological Harmony – Delivering Warmth to the Society	
GRI 404: Training and education 2016			
Management approach disclosure		Ecological Harmony – Delivering Warmth to the Society	
404-1	Average hours of training per year per employee	KPI Form	
GRI 413: Local communities 2016			
Management approach disclosure		Ecological Harmony – Delivering Warmth to the Society	
413-1	Operational activities through local community communication, impact assessments, and development programs	Ecological Harmony – Delivering Warmth to the Society	
GRI 416: Customer health and safety 2016			
Management approach disclosure		Product Innovation—Make Lives Wonderful	
416-1	Breaches of health and safety regulations relating to products and services	Not applicable	No relevant incident occurred during the reporting period
GRI 418: Customer privacy 2016			
Management approach disclosure		Corporate Governance – Safeguarding Operation	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable	No relevant incident occurred during the reporting period
GRI 419: Socioeconomic compliance			
Management approach disclosure		Our Sustainable Development Management	
419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable	No relevant incident occurred during the reporting period

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