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# **About This Report**



This is the 8<sup>th</sup> annual sustainability report released by TCL Communication Technology Holdings Limited (hereinafter referred to as "TCL Communication", or "the Company"). Prepared under the principles of "accuracy, balance, clarity, comparability, completeness, timeliness and verifiability" specified by GRI standard, this report mainly discloses the principles, major progress, achievements, and future plans of TCL Communication about sustainability management. In the future, the Company will regularly publish annual sustainability report according to the calendar year.

#### **Reporting Scope**

Unless otherwise specified, our reporting scope focuses on our manufacturing site Huizhou TCL Mobile Communication Co., Ltd., and CNY is the currency unit applied in this report.

#### **Reporting Reference**

This report is prepared mainly with reference to the following standards.

- Global Reporting Initiative Standards
- UN Sustainable Development Goals (SDGs)
- **↓** UN Global Compact
- ♣ ISO 26000: Guidance on Social Responsibility

#### **Reporting Period**

The information and data in this report cover the time period from January 1, 2022 to December 31, 2022. However, in order to achieve continuity and completeness of the report, some information may extend from the outlined period.

#### **Data Source and Reliability Statement**

All data disclosed in this report are acquired from documents and records in TCL Communication, which is authentic and accurate with no false record or misleading statement.

#### **Report Confirmation and Approval**

This report has been approved and confirmed for release by CSR Committee.

#### Access to and Feedback on this Report

You can access to the electronic version of this report through the official website link of TCL Communication: <a href="https://www.tcl.com/global/en.html">https://www.tcl.com/global/en.html</a>. For any report-related comments or suggestions, please contact: tct.csr@tcl.com.

#### **Information Restatement**

No information in the previous report needs to be restated.

# A Message from CEO





As a promising international group, TCL has been committed to build itself into a century-old company that is worthy of trust from its stakeholders. Guided by this vision and mission, TCL Communication has been engaged in providing smart products and services, staying focused on product upgrades and shaping core competitiveness while upholding sustainable development.

TCL Communication aims to create smart living user scenarios in family, mobile and commercial use. We have all-scenario product solutions including mobile phones, tablets, routers, TWS, trackers, smart watches, video conference devices etc. Right now our tech is empowered by 5G high-speed mobile Internet, and in the near future, all our product solutions will be fully integrated with each other. We also take full account of the health and safety of consumers by providing customized, intelligent, convenient, and comfortable products and services, like our NXTPAPER eye protection technology.

Green and sustainable development has become an underlying value for future development. Abiding by the principle of green manufacturing, we are constantly propelling the implementation of energy saving and transformation projects, effective resource management, and the utilization of renewable energy. Meanwhile, we have made continuous efforts in green product development to undermine the adverse impact of our product in its life cycle on the environment.

Our 2022 campaign #TCLGreen aimed to amplify the significance of sustainability efforts in communities across the world, working with artist Kevin Chu to create an art installation, which told TCL's ESG story through physical, interactive and virtual art.

Additionally in 2022, TCL showed its support to women across the world. #TCLforHer provided a platform for aspiration and growth, encouraging women from all walks of life and passions to inspire greatness in each other. We continue to fully respect the demands of our stakeholders, comprehensively managing privacy protection, information security and other aspects to live up to their expectations. We also understand the importance of healthy operation for the standing development of our company, and strictly abide by the governing laws and regulations. For our employees, we have a sound occupational development system, a complete mechanism for safeguarding their legitimate rights and interests, and a platform for competence building. For our supply chain, we have a sustainable sourcing mechanism for maintaining harmonious supplier partnerships and achieving a win-win platform for mutual growth of cooperative partners.

In the future, TCL Communication will keep the promise of sustainable development, and continue to make contributions to the economic, social and environmental development of the society by fully leveraging its resources and technological advantages and joining hands with our stakeholders.

Aaron Zhang

#### **About TCL Communication**



Founded in March 1999, TCL Communication is a world leading mobile terminal manufacturer and internet service provider, and one of the core industries of TCL Group. It is the first global multi-brand mobile company providing a connected experience via leveraging all of its products and services.

#### Vast Product Portfolio.

TCL Communication has been committed to rendering advanced and extremely intelligent devices and experience for consumers around the world. The products mainly include handsets, tablets, mobile connected devices, wearable devices and accessories.

#### Strong Sales Network.

TCL Communication has established a marketing network with six regions as its core, covering North America, Latin America, Europe, Middle Africa, Asia-Pacific and China, and it has businesses in over 160 countries and regions. Besides, the Company has maintained solid partnerships with over 80 global first-tier mobile operators and retailers for more than 20 years.

#### **♦** Advanced R&D Technology.

TCL Communication has more than a dozen R&D centers and product laboratories around the world. The Company is among the few companies in the world with core technology patented licenses for 2G, 3G, 4G and 5G.

#### Complete Quality Assurance System.

TCL Communication boasts a single in-house factory (TMC) in Huizhou, Guangdong Province. With a leading SMT production line and MMI automatic testing system and an annual capacity of 120 million units, the factory ensures efficient manufacturing and strict quality control. Meanwhile, TCL Communication has a complete system for quality control featured by ISO9001, TL9000, ISO14001, ISO45001, SA8000, GSV, ISO27001, ISO27701, ISO14064, ISO50001 and IATF16949 certifications.

Following our mission of "Building a Sustainable & Connected Future with Advanced Technology", TCL Communication will keep in investing in advanced technology to provide products and services with extreme experiences for consumers, uphold sustainable development with a strong user orientation, and join hands with our stakeholders to build an open and beneficial industrial ecology.



# **Mobile phones**

























**Tablets** 











TCL LEINIAO AR







TCL303

























TCL10TABMID





TCLBOOK 14 60











TCLMOVETIME FamilyWatch





















TCL LINKHUB®



















































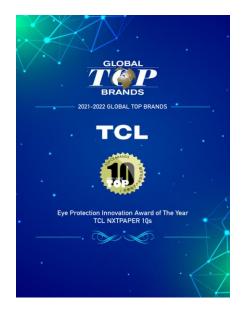






#### **Product Awards**



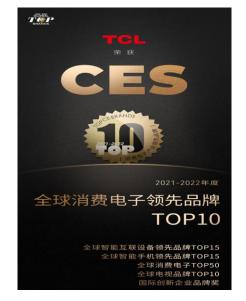












#### Our Brand Value



TCL makes inspirational technology for those destined for greatness and inspire people to pursue greatness through product, platform & opportunities.

The stimulus that drives people to act, create, develop or change

The moments in life when we achieve our goals, reach our potential, surprise ourselves and amaze others

# INSPIRE GREATNESS









As a global mobile company, TCL Communication is committed to empowering consumers to enjoy the latest technologies and making contributions to sustainable development around the world. The Company has established a sustainability management system to ensure cross department coordination to appropriately respond to challenges and opportunities posed by internal and external environment changes and seek for continuous improvement in sustainable development.



# **Sustainability Management System**



Given an overall consideration of the internal and external environment and comprehensive requirements from local laws, government, customers and employees, TCL Communication determined the scope for CSR management system and built a top-down management framework, Corporate Social Responsibility Committee in 2015. The Committee is in charge of holistic sustainable development and managing important CSR-related issues with the following responsibilities:

- ◆ Set the tone of TCL Communication's sustainability commitment
- Formulate the sustainability strategy
- Evaluate the effectiveness of sustainability programs
- Identify sustainability risks and top material topics based on consultation with stakeholders and determining the respective internal controls
- Communicate our sustainability performance with stakeholders
- Review the effectiveness of the Company's risk management process on sustainability topics
- Oversee the preparation of the sustainability report

A company representative from senior management is delegated to ensure the implementation of the CSR management system and checking its effectiveness periodically, and the CSR management representative is appointed to be responsible for routinely monitoring and promoting continuous improvement in CSR management.



The Company has a complete process system, including Identification and Evaluation Control Procedure for Environmental Factors, Hazard Sources and Corporate Social Responsibility Factors, to identify the environmental, health & safety and labor risks. In the process, risks are rated according to the frequency, consequences and probability, and adequate measures are taken for risk control to ensure compliance.





- ◆ Energy conservation and consumption reduction. The Company operation and products are beneficial to energy conservation and consumption reduction of raw materials.
- Green Production. In line with the customer requirements for hazardous substances and Hazardous Substance Process Management. Forbidden or restricted use of hazardous substances. Promotion of hazard-free treatment on processes and products and green production for environmental protection.
- ◆ People orientation. The Company provides occupational health and safety training for employees to enhance their health & safety awareness and capabilities, and strives to create a safe, healthy and comfortable working and living environment.
- Health and safety. The Company has established an occupational health and safety responsibility management system to improve safety production and constantly elevate the occupational health conditions of employees.
- Accountability. The Company shoulders responsibility for providing premium services to our customers, for the healthy development of employees, for win-win cooperation with partners, for environmental protection and saving as corporate citizens.
- Benefit the society. The Company fulfills its corporate social responsibility to ensure the sustainable development of enterprises, and improve the quality of life while pursuing excellence.

# **Stakeholder Engagement**



The sustained healthy development of the Company cannot be separated from the standing support and trust of stakeholders. The Company has set up a platform for encouraging comprehensive and genuine communication. In this way, the Company can actively investigate and respond to the expectations and requirements proposed by stakeholders, so as to evaluate sustainability risks, increase operation transparency and achieve benign and closer relationships with stakeholders.

Stakeholders	Employees	Customers/ users	Suppliers	Shareholders/ investors	Government	Communities	Public organizations
Focus	Health and safety in workplace Compensation, benefits and incentives Capacity building Working experience Employee relationship Work and life balance	Product safety and high quality Protection of information security and privacy Timely and efficient service Environmental friendliness and carbon emission reduction After-sales recycle	Fair and transparent selection process Stable financial performance and payment Long-term cooperation Training	Company businesses Long-term development plan and financial performance Company governance and risk control	Compliance management Safeguard rights and interests of employees Stable operation Drive regional economic growth Green operation	Contribute to sustainable development of communities Share development fruits	Cooperative relationship Experience and expertise sharing Information communication and sharing
Several ways for communication	Regular communication meeting SPT meeting Staff suggestion box Questionnaires Hotline, email Face to Face activity with the management Labor Union & HR Policy Consultation Day	Customer satisfaction survey Customer meeting/ workshop CSR questionnaires Customer audit, investigation and cooperation projects After-sales service	On-site audit and communication Regular visit High-level exchanges	Phone call and email Work report Performance setting and evaluation	Attend meeting  Policies and regulations	Community programs Public welfare activities Interaction through company website and social media	Regular communication Program cooperation

# **Materiality Analysis**

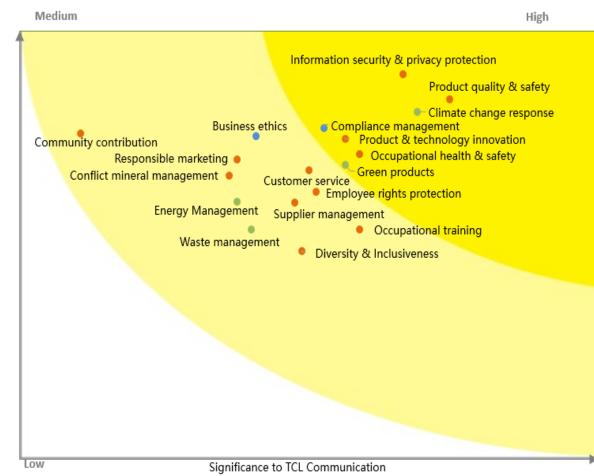


Based on the information collected through stakeholder engagement, a wide range of environmental, social and governance issues that worth attention are hence generated. Materiality analysis is a vital input for the Company to elevate its sustainability management level, and is also beneficial for the Company to focus on the key areas that affect its operation. Therefore, materiality analysis is carried out to comprehensively evaluate and prioritize these issues. In the future, the Company will commence special management work for the material issues to pursue continuous improvement in sustainable development guided by its overall development strategy.



Social

#### Materiality Matrix



# **Sustainable Development Goals & Progress**



Theme	SDGs	2028 Goals	TCL Actions	Progress in 2022
Focus on Technology and Product Innovation	3 GOOD HEALTH  8 DECENTI WOOK AND  11 SUSTAINABLE CITIES  12 CINCAMPTON AND DOOR THE SHORT AND COMMUNITIES  17 PART THE SHORT AND COMMUNITIES  18 DECENTI WOOK AND D AND RESTRICTION AND PRODUCTION AND P	No complaints on product environmental performance     No complaints on products endangering consumer health and safety     Percentage of recycled materials used in product packaging reaches 85%     100% suppliers sign Environmental Materials Declaration	The Company has been devoted to product research while pursuing products which are more environmentally friendly and user friendly, such as hazardous substance substitution, recycled materials application and energy-efficiency product research.	<ul> <li>No complaints on product environmental performance</li> <li>No complaints on products endangering consumer health and safety</li> <li>Percentage of recycled materials used in product packaging reaches 70%</li> <li>100% suppliers sign Environmental Materials Declaration</li> </ul>
All about Our Customers	9 NOUSTRY, NOUVATION AND STATEMENT THE AND COMMODITIES AND COM	<ul> <li>100% of employees receiving information security awareness training</li> <li>No whistling on information and privacy security</li> </ul>	The Company has been engaged in information and privacy security by establishing management system and structure, formulating rules and procedures, risk assessment, emergency response and regular training.	<ul> <li>100% of employees receiving information security awareness training</li> <li>No whistling on information and privacy security</li> </ul>
Compliance Management	5 GENDER  8 DECENT WORK AND EDWARD SOWTH  10 REDUCED  10 REQULATIVES  12 RESPONSIBLE REPRODUCTION REPRODUCTIO	<ul> <li>100% of suppliers signing Integrity Agreement</li> <li>No bribery, corruption, extortion and embezzlement incidents</li> <li>No whistling on money laundering incidents, unfair competition, false advertising incidents and information security</li> <li>100% of workers are trained on business ethics</li> <li>100% coverage of conflict of interest declaration</li> <li>100% information confidentiality commitment coverage</li> </ul>	The Company has been focusing on compliance management through Business Behaviors Code, regular training courses, and risk assessment and control, as well as whistle-blowing mechanism.	<ul> <li>100% of suppliers signing Integrity Agreement</li> <li>No bribery, corruption, extortion and embezzlement incidents</li> <li>No whistling on money laundering incidents, unfair competition, false advertising incidents and information security</li> <li>100% of workers are trained on business ethics</li> <li>100% coverage of conflict of interest declaration</li> <li>100% information confidentiality commitment coverage</li> </ul>
Ingrained in Green Development	7 AFFORDABLE AND CLEAN BLEEDING AND COMMUNITIES  11 SISTAMABLE CITIES CONCINE	<ul> <li>Total amount of energy consumption 2100tce</li> <li>Total GHG emissions 2366926.27tce</li> <li>Total natural gas consumption 90000 m³</li> <li>Total amount of water consumption 120000 m³</li> <li>Industrial welding exhaust emissions 100% conform to standard</li> <li>Kitchen fume emissions 100% conform to standard</li> <li>Factory boundary noise 100% conform to standard</li> <li>VOC emissions conform to standards</li> <li>No chemical leakage incidents</li> </ul>	<ol> <li>The Company has been continuously promoting energy-saving reformation and renewable energy use for optimizing energy structure.</li> <li>The Company has been keeping up closely with governing laws and regulations for environmental pollutants and conducting regular inspection by authorized parties.</li> <li>The Company has always been strict with chemical treatment to ensure safety.</li> </ol>	<ul> <li>Total amount of energy consumption 2787tce</li> <li>Total GHG emissions 1919715.29tce</li> <li>Total natural gas consumption 102565 m³</li> <li>Total amount of water consumption 138084 m³</li> <li>Industrial welding exhaust emissions 100% conform to standard</li> <li>Kitchen fume emissions 100% conform to standard</li> <li>Factory boundary noise 100% conform to standard</li> <li>VOC emissions conform to standards</li> <li>No chemical leakage incidents</li> </ul>

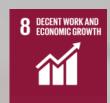


Theme	SDGs	2028 Goals	TCL Actions	Progress in 2022	
People-centered Development	3 GOODHEAITH AND POVERTY  AND PRICE RIGHTS  S CENNER LOOKING GROWTH  TO REDUCE TO RECOGNIZE OF THE RESULTS  16 PARE RIGHTS NSTITUTIONS NSTITUTIONS NSTITUTIONS	<ul> <li>No Complaints on child labor use, forced labor, harassment and inhumane treatment</li> <li>100% timely signing ratio of new employee labor contracts</li> <li>Social insurance coverage 100%</li> <li>100% Percentage of workers with 1-day off in 7 consecutive days</li> <li>100% on-time salary release</li> <li>Frequency of management attending company-level employee communication meetings exceeds once a quarter</li> <li>100% timely closure ratio of problems on communication meetings</li> <li>100% coverage of quarterly performance evaluation</li> <li>95% timely completion ratio of annual training plan</li> <li>No safety accidents resulting in disability or death</li> <li>No occupational disease, poisoning incidents</li> <li>No major fire and explosion incidents</li> <li>No major mechanical security incidents</li> <li>No major public security and asset thievery incidents</li> <li>No deaths due to occupational injury</li> </ul>	The Company has been adhering to its people-oriented policy in its development. We focus on safeguarding legitimate rights and interests of employees and care about the development of them.	<ul> <li>No Complaints on child labor use, forced labor, harassment and inhumane treatment</li> <li>100% timely signing ratio of new employee labor contracts</li> <li>Social insurance coverage 100%</li> <li>100% Percentage of workers with 1-day off in 7 consecutive days</li> <li>100% on-time salary release</li> <li>Management attending company-level employee communication meetings once a quarter</li> <li>100% timely closure ratio of problems on communication meetings</li> <li>100% coverage of quarterly performance evaluation</li> <li>92% timely completion ratio of annual training plan</li> <li>No safety accidents resulting in disability or death</li> <li>No occupational disease, poisoning incidents</li> <li>No major fire and explosion incidents</li> <li>No major public security and asset thievery incidents</li> <li>No deaths due to occupational injury</li> </ul>	
Empowering Ecology for a Better Future	3 GOOD HEALTH AND WELLERING  WAS PROJECT WORK AND AND WELLERING  10 REQUESTED  10 REQUESTED  17 PARTITIESSIN'S FOR THE GOODS	<ul> <li>Supplier Corporate Social Responsibility Notice Coverage reaches 100%</li> <li>CSR audit coverage for new supplier introduction reaches 100%</li> <li>On-time CAP submission and corrective actions taken for supplier annual auditing reaches 100%</li> </ul>	The Company has been promoting social responsibility across its supply chain by including CSR requirements into supplier contracts, CSR risk assessment, CSR audit and training program.	<ul> <li>Supplier Corporate Social Responsibility Notice Coverage reaches 100%</li> <li>CSR audit coverage for new supplier introduction reaches 100%</li> <li>On-time CAP submission and corrective actions taken for supplier annual auditing reaches 100%</li> </ul>	

# Focus on Technology and Product Innovation

TCL Communication has been keeping investing in areas close to the wellbeing of people (such as intelligence, health, low carbon and energy conservation), and leads the industry in technology innovation with an aim to enrich life experience of people with cutting-edge products and services, which is a precise illustration of the concept "The Creative Life" of the TCL Group.













# **Strategy and Pathway for Innovation**



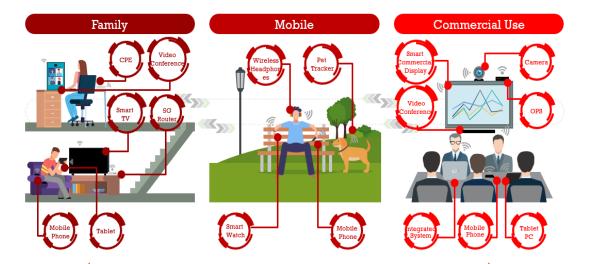
Guided by the mission of "building a connected world and make life better" and empowered by "AI x IOT" strategy with 5G high-speed mobile Internet, TCL Communication aims to create smart living user scenarios in family, mobile and commercial use that are fully integrated with each other.

"AI"

with intelligent display as its core

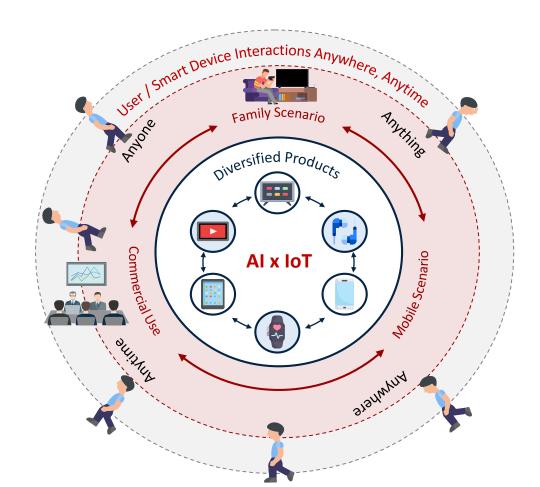
"IOT"

to create smart life that covers all scenarios and all categories for users



AI x IOT with 5G high-speed mobile Internet

With its leading technology in 2G to 5G, which is manifested by its software operation system, smart photographing and video technology, edge computing, smart connection and sensor application technology, the Company is capable of providing all-scenario product solutions including CPEs, mobile phones, tablets, wireless headphones, pet trackers, smart watches and video conference devices.

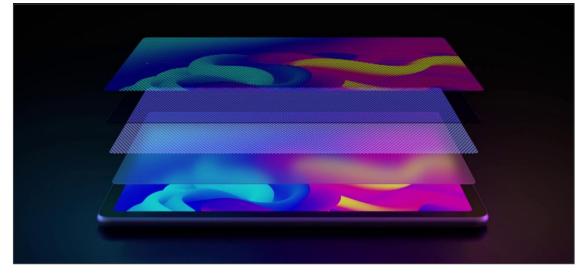


# TCL NXTPAPER DISPLAY TECHNOLOGY

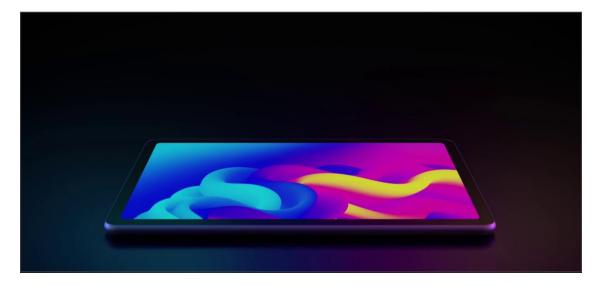




**MULTI-LAYER EYE PROTECTION** 



TÜV CERTIFIED LOW BLUE LIGHT



**RETAINING ORIGINAL COLORS** 



**ANTI-GLARE** 

#### **Star products**





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
are equipped with large-sized and high-definition
displays and innovative NXTVISION display
enhancement technology, offering users immersive
visual enjoyment.



TCL 40 Series 5G Smartphone
Featuring NXTVISION screen display enhancement
technology, 5,000mAh long-lasting battery and 50MP
Al powered three camera system, equipped with
7nm high-performance 5G processor, providing users
with experience at lightning speeds.



TCL TAB 8 LE

Adopting MediaTek high-performance processors, large batteries, and dual speakers, as well as a 4G LTE network, it achieves a perfect combination of performance and design in an ultra compact and lightweight tablet.



TCL NXTPAPER 12 Pro

The ultra-thin body integrates NXTPAPER display technology, 6nm high-performance processor, and electromagnetic writing technology, providing users with a full-time and full scene paper-based eye protection experience.



TCL LINKHUB 5G CPE HH512

Advanced 5G CPE enable users to access blazing-fast speed and enjoy highly available network experience. A powerful throughput of up to 3.47Gbps ensures low-latency 8K streaming and resource-heavy gaming. Seamlessly host up to 192 user devices with concurrent dual-band Wi-Fi 6. A TCL Connect App provides parental controls and secure guest network features.



TCL LINKZONE LTE CAT6 Mobile Wi-Fi MW63
Featuring light weight, fast speed and powerful connection, MW63 Mobile WiFi provides users boosted network experience. Made elegant and pocketable at 82g, the design and fast connection speed suit daily access and professional needs. A robust chipset supports dual bands at 2.4 GHz & 5 GHz to run stable 4G speeds for up to 32 Wi-Fi connections, with up to 8 hours battery life.

### **Design for Users**

TCL Communication strives to investing in technological development that brings benefit to the society and the wellbeing of users. That is why the Company has always been committed to developing products that are highly adaptive to different users with flexible and powerful capabilities.

#### Design for Customer Health

#### Low blue light certification

We have been endeavoring to develop products that are better for consumers' health. To illustrate, our products have gained the Low Blue Light certification developed by TÜV Rheinland which is a display-specific testing standard that measures a display's blue light intensity, wavelength, and on-screen flickering during brightness changes. In 2022, our mobile phones (T676H, T676K, T676J, T776H, T776O) and tablets (9494G, 9194T) have passed the certification.

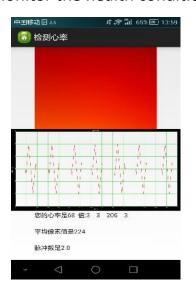




# TCL

#### Heart rate monitoring function

The Camera Laboratory of TCL Communication has developed an application in 2022 to realize real-time heart rate detection by continuously collecting images by the camera and flash of mobile phones, without the help of any smart wearables. Enabled by this technology, our mobile phones can monitor the health conditions of their users.





#### Watch cloud assistant

We have also introduced the fall detection service to our watches. If the user occasionally falls down, there will be a "fall alert" notice on the screen and the user may send this notice to his/her emergency contact for help. Users may also get a quick read on their heart rate while wearing the watches. Besides, there are functions such as daily activity record (count steps, calories burned & distance walked), and sleep monitoring (track sleep duration, cycle and efficiency. Understand light sleep, deep sleep and wake up time) to enable users have their health conditions under control.

# $\bigcirc$ $\iota$

### UI Barrier-free Design



Our mobile phones sold to North America follow the American National Standard Methods of Measurement of Compatibility between Wireless Communications Devices and Hearing Aids. With Hearing aid compatibility, our products do not have harmful effect on hearing aids, while providing reliable hearing aid service for or hearing-impaired people.

For hardware design, we provide two ways of coupling including acoustic couple and magnetic OTA, so as to realize compatibility of different hearing aids, and the sound quality is free from being affected by environment noises. For software design, we have developed clear and easy-to-use operational interface to achieve the switch between ordinary sound mode and hearing aid mode.

For children users, our tablets adopt the product design which is more suitable to their nature, usages and behaviors.

**Color**: establish a clear color class, set visual distinctions for foreground, background and interactive operation, and design reasonable color richness for children of different ages to reduce the complexity of visual information while maintaining the appeal to children users.

Page organization: product layout design keeps the content concise and focused to the maximum extent, controls the amount of information, and reduces the cognitive and operational obstacles caused by information overload for children users.

**Interactive operation**: choose to use simple gestures that can be easily completed by children, enlarge icons, buttons and spacing in the product to prevent touch by mistake, and reduce the cost of learning interactive operations for children users.



Meanwhile, we consider product attributes while strengthening brand recognition. For children's products, it is necessary to reach a kind of resonance between the media and children. IP is the best embodiment of brand cognition for children. Emotional design of multiple scenes is adopted to design IP image "KIKI" as a good friend of children, so as to reduce children's resistance to learning and boring feelings.

# **Product Quality Management**



Upholding the quality policy of "Customers first, Best-in-class Product Quality and Continuous Improvement", TCL Communication has been making continuous efforts in optimizing its quality management system, upgrading product manufacturing process. All departments work in collaboration to integrate quality control into the life cycle process of products, thus ensuring product quality and accommodation to the market development. Besides, efforts have been exerted on the capacity elevation of customer service and protection of rights and interests of customers.

Automatic production	We continuously work to promote intelligent manufacturing, and introduce automatic equipment in key processes, such as 3D solder paste detector, AOI optical inspection equipment, CCD inspection equipment to achieve unmanned operation of most stations, improve automation management level and effectively improve production efficiency while ensuring product quality.
Sound quality assurance system	TCL Communication attaches a high value on product quality by developing internal procedures such as Incoming Materials Quality Control Procedure, Product Quality Inspection Control Procedure, Nonconforming Products Control Procedure, and ensure strict accordance with product standards.
Strict requirements to control quality risks	TCL Communication has equipped with a group of competent quality personnel to conduct supervision and measurement of critical processes that have an effect on product quality, thus controlling quality related risks and guaranteeing product quality to meet user requirements.

Certified with ISO9001 Quality Management System and TL9000 (Telecommunication Leadership 9000), TCL Communication is capable of safeguarding product quality across the entire product life cycle, including project definition, research and development, production and maintenance.

Meanwhile, we have optimized our product R&D process, introduced the integrated product development (IPD) process during the reporting year, incorporating the market demands and user insights into our product planning and development system, and further promoted the IPD process to our smart mobile display (SMD) product line (such as tablet and laptop) and smart connected device (SCD) product line to improve the effectiveness of our product development and render valuable products and services for users.

TCL Communication manages and controls product quality by setting targets. It sets annual targets in seven dimensions: process failure rate of critical parts, first pass yield of production, quality incident rate, yearly repair rate, customer complaint rate, external failure cost rate (single-machine maintenance cost) and service NPS, analyses and evaluates the achievement of the targets every month, and makes an annual summary. In 2022, the overall targets were achieved in four dimensions.

TCL Communication places considerable value on the skills and management capabilities of employees affecting product quality. Hence the Company will formulate a quality training plan and targets on a yearly basis, which covers management system courses, professional/technical courses, general courses and management development courses.



### Case Study | 2022 Quality Activity

In 2022, TCL Communication initiatively carried forward DFMEA special improvement program in Huizhou factory and formed a R&D DFMEA special program team in Huizhou. TCL Communication has fully implemented the promotion of the company's quality culture and raised employees' awareness of quality management through workshops, internal process trainings, external lecturers' practical trainings, seminars, arrangement of quality management lists for each core department and special review meetings.











#### Case Study | 2022 Quality Activity

In 2022, TCL Communication carried out a QCC (Quality Control Circle) improvement program presentation contest to encourage more employees to contribute to the Company's quality improvement work by collecting employees' quality improvement ideas, implementing programs with desirable improvement results and benefits into the production process, and giving certain rewards to the employees giving a presentation.

6 employees have participated in the speech contest from different departments and more than 630 participated in the quality knowledge contest.



# **Safeguarding Product Safety**

TCL

With safety and quality taken as the core of products, TCL Communication has closely followed relevant laws and regulations from home and abroad, established sound product quality and safety management. Our products are subject to relevant safety certification in accordance with international safety standards.

To ensure reliable and safe products delivered to end users, TCL Communication has formulated Environment-related Substances Management Standard for chemicals control in its products, which is also available on our official website. As seen, the Company has established comprehensive hazardous substances control procedures, which ensure our products meet REACH, RoHS and customer-required Halogen-Free requirements.

TCL Communication initiated a halogen-free technical standard program in 2022 based on the legal and customer requirements with the aim to achieve halogen-free bill of materials for handsets. We updated the Environmental Materials Management Standard V1.7 and continuously updated the corresponding environmental requirements for both internal and external supply chain control.

# TCL Communication joined the CTIA Association 17 and strived to build a CTIA Authorized Testing Lab

In 2022, TCL Communication has joined the CTIA Association and will persist in promoting CATL construction work, striving to meet customer requirements for equipment hardware reliability certification.

- ◆ Identify relevant requirements from customers or laws and regulations, and convert into internal product design process.
- ◆ Evaluate material application circumstances and technological features of different raw materials, so as to adopt the applicable material which is more environmental friendly.
- ◆ Assess the risk of hazardous substances if not avoidable under current technical conditions.

#### New product development phase



#### **Sourcing phase**

- ◆ Give priority to sourcing from suppliers with a sound hazardous substance control system.
- Make clear the requirements for project HSF management and deliver them to suppliers.
- All raw material suppliers are required to provide hazardous substance testing reports issued by certified third parties in accordance with relevant standards.

#### **Product realization phase**

- Integrate relevant requirements into process control, shipping and nonconforming products management.
- Product test as a whole by third-party agencies.

#### **Sustainable Product Innovation**



TCL Communication is held responsible for its products across the entire life cycle and we have been incorporating green concept into all stages of a product's life cycle, which include raw materials acquisition, product design, production and transport, product use and end-of-life disposal, also known as "from cradle to grave".

# Raw Materials Acquisition

In this stage, we have ingrained green concept into product packaging and raw materials selection. We have resorted to several ways such as "3R" principle to apply more environmentally friendly materials to our products.

 Lightweight design in packaging to reduce resource consumption. We have been continuously optimizing packaging lightweight design and voidage rate reduction.



Former: 184×95×63 mm 212g



Former: 172×89×60 mm 94g



Optimization: 180×85×42 mm 128g



Optimization: 172×89×50 mm 69g

 Digitalization. We reduce inbox documents and optimize PSI by simplifying the content of PSI on the basis of compliance related laws and regulations, adopting electronic format instead of paper and uploading it on the website, creating a user-friendly interface on that allow end users to get the information conveniently and accurately. Environmentally friendly materials applied in packaging for speeding up circular economy. For instance, we adopt soybean ink instead of traditional oil ink to minimize the impact on environment. Our packaging includes 70% recycled paper. Our product packing box applies FSC certified ones, which is beneficial to stabilizing the living environment of endangered species and biodiversity as well as the ecological system.





#### Soybean ink

Soybean ink is used for packaging printing, which is renewable, harmless, recyclable and disposable.

#### **FSC** certified

FSC certified packing box is used for minimizing the harmful effect on the environment and living species.

Plastic replacement in packaging to promote sustainable consumption.
 We have designed our packaging to remove the use of plastic bags, ribbon and films, which is replaced by all-natural materials.



Charger packing: remove the plastic bag and change to paper bag

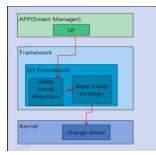


Security sticker: remove the plastic and change to paper

 Hazardous free materials applied for minimizing the impact of end-oflife treatment. TCL Communication has established hazardous materials management system in accordance with QC080000 to ensure all the products are in conformity with environmental standards.

# Product Design

• Improving product energy efficiency. We have been devoted to research in eco-design of our products with an aim to manage the environmental impacts of our products. For instance, Antenna and RF innovatively design reduces call scene consumption by 10%, the highlight screen design reduce LCD consumption by 10%, LCD high-definition and high-brightness technology – reduce the LCD daily brightness backlight consumption by 23% through wedge light guide plate dot technology and backlight frame reflective surface processing technology.



#### Sleep mode strategy

An application capable of intelligent prediction of sleep time of users and disabling non-essential applications from running in the background, limiting the power consumption during sleeping to 2%.



#### **Smart 5G strategy**

Smart switch to 5G and reduce power consumption by 10%.

Normal saving mode: if there is no large data running, 5G is limited when screen off or battery is very low. Super saving mode: limit 5G except games, online videos, downloads applications.

• Lightweight product design. For instance, we replace front housing alloy with front housing aluminum sheet, reducing 4.1g of each product. Besides, we reduce battery cover CNC thickness from 0.95mm to 0.65mm, reducing 6g of each product. We also remove chargers upon request by customers.

Before	After	
Front housing alloy	Front housing aluminum sheet	Battery cover
7.1		
29.2g	25.1g	



# Production and Transport

In the process of product manufacturing, we use energy-saving equipment as much as possible and save energy through relevant management regulations. Besides, we also have a distributed PV system in place for optimizing energy structure. For the transport process, we resort to the optimization of delivery tools, such as air change to sea shipment and train delivery from China to EU, which has reduced the transportation emissions by 44000 tce in 2022.



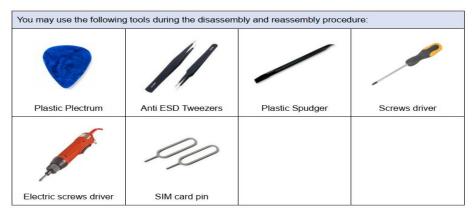




# O Product Use



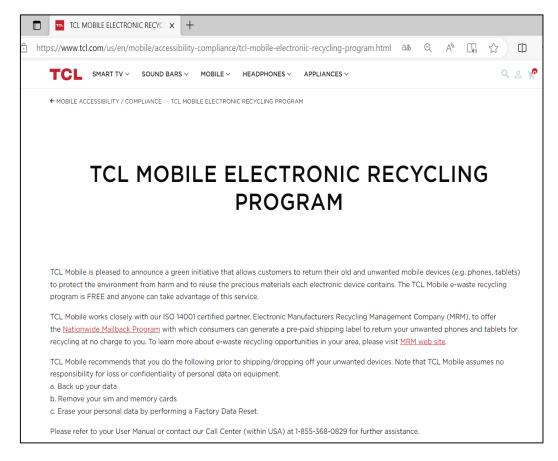
- TCL Communication is committed to rendering more durable products for our users. Each product has experienced stringent environmental shock test and drop test.
- Easy-to-dismantle design is widely applied to our products. The unified specification of screws, buckles and screens can be the best example. Therefore, standardized disassembly tools such as screw drivers and plastic spudgers are merely required for disassembly, enabling easy dismantling. Moreover, these tools are also in unified specification, which makes it easy for reuse and recycling.



# Product Disposal

- The disposal of products may bring harmful effects to the environment.
   TCL Communication proactively fulfills its extended producer responsibility obligations and takes various measures to reduce its environmental impact.
- We actively participate in the WEEE program and provide funding to support local recycling systems by working with professional thirdparty recycling companies.

 For instance, we have launched an electronic recycling program and worked closely with our ISO14001 certified partner, Electronic Manufacturers Recycling Management Company (MRM) in the US, to offer the Nationwide Mailback Program (http://www.mrmrecycling.com/recyclenow.php) with which consumers can generate a pre-paid shipping label to return their unwanted phones and tablets for recycling.





# O Product Environmental Impact Assessment

We also closely follow the environmental impact of the whole life cycle of products, and are committed to minimizing the carbon emissions generated throughout the process of product production, transportation, use and disposal. We continue to promote carbon labeling of our products, with the aim of guiding and meeting consumers' demand for green consumption and environmentally friendly products through green design.

# TCL products has been certified with "Carbon Footprint Label"

TCL router HH500V has been certified with "Carbon Footprint Label" with per functional unit product: 68 kg of CO2e, which has passed the certification of professional organizations and conducted carbon emission verification according to the "ISO14067 and PAS2050". It is the long-term concept of the Communication division to provide consumers with healthy environmental protection and high-quality experience.





#### TCL products have been UL ECOLOGO certified

Our products including mobile phones (models including DUBAI VZW, BUFFALO and DOHA TMO), tablets (TCL TAB Disney Edition 2) and watches (WATCH 43 ADUIT) have been UL ECOLOGO certified.



# **All About Our Customers**

TCL Communication has been constantly improving service capacity and quality by constantly collecting user feedback, smoothing channels for communication with users and carefully analyzing the demands from users. Meanwhile, the Company also values protection of user rights and interests, and takes the initiative to be accountable for marketing and advertising. Besides, the Company also lays emphasis on privacy protection within its supply chain and exerts great efforts on avoiding user information leakage accidents.









#### **Fast Response to Customer Needs**

Customer feedback is a vital impetus for keeping TCL Communication moving forward. We have Quality Claim Management Procedure, and Customer Compliant & RMA (Return Material Authorization) Handling Procedure in place to address quality compliant from our customers, and specially-assigned personnel from departments are held responsible for analysing and investigation, and then containment and preventive measures are taken regarding these issues.

TCL Communication prioritizes the voice of customers and focus on the practical demands of customers via collecting customer feedback through various means, so as to continually optimizing its aftersales service capacity.

# **Support Center**

To promptly meet the demands for product maintenance and repair from consumers, TCL Communication has developed an official service application "Support Center", an user-friendly, easily accessible and informative application that renders Manual & FAQ, Help & Feedback, Contact us, Diagnosis, Device Info, Apps Rating, Battery & Memory and other self-services for device users. The service configuration has been constantly improved through technical inspection since 2018 to enhance user experience.



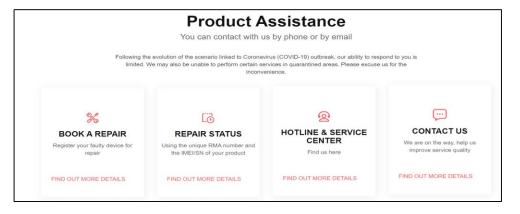


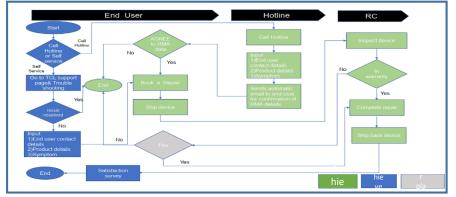
Yearly evolution for better user experience





TCL Communication boasts a maintenance & repair network all over the world in order to provide fast response to customer needs. We have hotline, on-site repair centers and a repair booking system (RMA) in place to resolve product issues for end users. To illustrate, users can access TCL "Product Assistance" page on official website (<a href="https://mobile-support.tcl.com/uk/en/mobile-support/rma-type.html">https://mobile-support.tcl.com/uk/en/mobile-support/rma-type.html</a>) and input contact details, product details and symptoms, and then book a repair service and ship the device to local service center. For the devices with quality issues in warranty, users can get their devices function well without any cost.





30

# **Information Security & Privacy Protection**



The increasingly complicated network security threats in the world have posed a potential risk on effective company management. Confronted with the severe environment, TCL Communication has established ISO27001 Information Security Management System in 2020 to effectively manage operational risks and ensure lasting trust from our customers.



#### Information Security Management

#### Mission for Information Security

Build a comprehensive information security protection system for TCL Communication, guarantee its core information assets and industrial competitiveness, and support its performance goal achievement.

The Company has deployed advanced security tools, such as watermark and anti-disclosure system, mobile device management system, network access and boundary security optimization. Meanwhile, the Company also takes management measures to prevent information leakage by regular training to raise information security awareness for employees and conducting information security quarterly inspection.

For third-party trade secrets in business negotiation or cooperation, if information disclosure by both parties is involved, the information assets disclosed by both the Company and the partner are properly protected. The Company will sign confidentiality agreements with its partners, which specify the confidential information, confidentiality obligations and liabilities for breach of contract, and protects the legitimate rights and interests of both parties with respect to their confidential information. The company strictly complies with the provisions of the confidentiality agreement and protects the information assets of both parties, laying the foundation for the good cooperation between the two parties.





#### **Individual Privacy Protection**



TCL Communication attaches great importance to network security and privacy protection, and complies with applicable laws and regulations on data and privacy protection worldwide. In 2022, TCL has passed ISO27701 Privacy management System certification, formulated and implemented the Privacy Subject Rights Response and Privacy Incident



Handling Process, and updated the top-down privacy security organizational structure, integrated data and privacy protection requirements and information security management into relevant business processes and improved security awareness and capabilities of all R&D and operation personnel.

#### Optimize privacy management structure

We optimize the organizational structure of privacy protection work, guide, supervise and evaluate the work related to information security and privacy protection management, guide various departments/regions to carry out data and privacy protection work, and each business department promotes and implements relevant work tasks in accordance with the requirements of the working group and regulations to ensure the effective operation of privacy information management.

#### Improve security incident handling process

In response to privacy incidents, we have formulated the Privacy Incident Emergency Response Process to regulate the privacy incident handling process. If a privacy security incident occurs, the recipient of the incident shall, within 12 hours after receiving the report, organize a meeting or communication with personnel in the relevant field, set up a temporary working group for incident response, organize and guide incident investigation, emergency handling and evidence preservation, and promote the proper solution of the problem. TCL Communication has no privacy incident in 2022.

#### Continuously strengthen safety awareness of all staff

In 2022, we continue to carry out special security technology training and privacy specialist salon to enhance the security management capabilities of professionals. In addition, we publicize the importance of privacy protection to all employees through E-learning courses, official accounts tweet and offline propagation.



# **Responsible Marketing**



TCL Communication strictly abides by Advertising Law of the People's Republic of China and other marketing laws and regulations of other countries by stipulating the making and use process of various kinds of promotion materials through guiding documents such as TCL Core Material Review Procedure for Product Marketing & Retail, and Product Marketing Tools Specification. The Company requires all advertisements and promotion materials shall be authentic, clear and shall not deceive users in any possible way.

Camera Magic. Large Storage

TCL Communication has a standard preparation, review and approval process for videos, photos, advertorials and other materials for public release. From the first draft to the final draft, we review and confirm them by sales, 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, we will add an appropriate explanatory description.

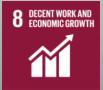


# **Compliance Management**

TCL Communication has always been committed to adhering to the vital belief of compliance management. We attach great importance to business ethics, exert efforts on improving the intellectual property rights protection system, enhancing compliance operation in an all-round way, and promoting sustainable and sound development.











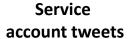


#### **Code of Conduct**

In order to ensure the company's sustainable and healthy development, clear development obstacles, resolutely oppose corruption, resolutely rectify the business management activities in violation of business ethics and market rules and the impact of fair competition in unfair transactions.

In 2022, we signed the integrity agreement with our stakeholders, which clearly regulated the conduct code during business activities, violating which may lead to fine or even terminate cooperation. With an aim to strengthen the self-discipline awareness and business personnel, cultivate good professional ethic and behavior, we announced Code of Conduct of Sourcing and Business Personal which includes code for Position Authority, Bribery, Giving & Received Gift, Business Entertainment. All our employees are required to declare the conflict of interest on a yearly basis. Any misconduct, malpractice, or irregularities can be reported to official email tct.ia@tcl.com.









# **Anti-corruption & Anti-bribery Management**

TCL Communication takes a zero-tolerance attitude towards corruption and bribery in any form. We are committed to following the principles of fairness, honesty, and transparency at any time, and take effective anti-corruption and anti-bribery measures. No confirmed incidents on corruption or bribery was found in the Company in 2022.

Establishing a management system	We have formulated the Anti-commercial Bribery Compliance Policy to clearly regulate the Company's business activities and established an anti-commercial bribery compliance management system. Our operations are assessed for risks related to corruption.
Regulating business behaviors	We specify the code of integrity, and make strict provisions on power abuse, bribery, gifts, commercial hospitality for employees, and ensure that employees clearly understand them.  In the Partner's Code of Conduct, we have made clear our anti-corruption requirements on business partners and required them to sign the agreement, which prohibits them from offering any form of improper benefits to our employees.
Strengthening education and exchange	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, and specific courses on T-learning platform, etc.

# **Anti-monopoly and Unfair Competition**



# O Promoting Fair Competition

We commit to participating in market competition in a fair, just, and kind manner; we treat our competitors and their products with utmost respect and integrity; we forbid any activities that will damage a fair market competition environment, including intentionally damaging the business reputations of others, resorting to business bribery, violating trade secrets, etc.

We have developed corresponding policies and procedures to maintain and promote effective market competition; to advance the development of economy and technology, while prohibiting the hindering of positive and efficient market operations through restrictive competition agreements or abusing a dominant market position; we take effective measures against improper behaviors such as false advertisement and deliberate confusion to protect fair market competition and safeguard the interests of the public and consumers.

# Strengthening Anti-monopoly Management

To promote the sound development of market economy we 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, including but not limited to sales price policies, distribution contracts and price adjustment letters. And the Compliance and Legal Affairs Department pre-assesses the Company's marketing and 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 antimonopoly application screening.

# Enhancing Compliance Awareness

We highly value the promotion of employees' awareness of trade compliance. In 2022, we issued the Letter to 4lEmployees from the Management of TCL Industries Holdings regarding Export Control and Sanctions Compliance to all employees, requiring members of the Board, senior management and all the other employees to abide by export control and sanction laws of relevant countries and regions applicable to the business. We also organized export compliance training for our major business units, with the aim of improving employees' understanding of our trade compliance requirements.

# **Ingrained in Green Development**

The concept that "lucid waters and lush mountains are invaluable assets" has been embraced by the world. TCL Communication has realized the importance of green development and we strive to make contributions to building a beautiful world where humanity and nature exist in harmony. On the one hand, we try to manage our environmental impact by improving the resources utilization efficiency, reducing resources consumption, and eliminating waste emission. On the other hand, we invest in green development regarding product research & development by introducing the concept of product life cycle. In this way, we can achieve green operation with favorable economic, environmental and social impact, and contribute to realization of global carbon neutrality goals.







#### **Actively Cope with Climate Change**

The Company has been fulfilling the concept of sustainable development by participating in the decarbonized economy transformation, save energy resources by using more renewable and alternative energies, and make sure our practice meets and goes beyond the legally required goals.

## Low-Carbon Development Goals and Path

In response to national "Carbon Peak and Carbon Neutrality" strategy, we have defined a "three-step plan" to advance the progress in a sound and orderly manner. Relying on innovative technologies and focusing on energy-saving transformation, the Company has promoted the research and development of green manufacturing processes and the energy-saving of technology common facilities. At the level of the whole value chain, starting from the dimensions of green design, green supply chain, green manufacturing, green logistics, green packaging, green marketing and service, green recycling, the upstream and downstream industrial chain is driven to jointly achieve low-carbon development, and contribute to the high-quality development of China and the world economy.

In 2023, TCL Industries Group published the Carbon Neutrality Whitepaper, in which the low-carbon development goal was released, that is, to reach carbon peak in 2030 and reach carbon neutrality in 2050.



#### Risks

- Negative impacts of extreme weather events on corporate infrastructure and operations
- Compliance risks due to failure of following the "dual carbon" policy
- Cancellation of orders or termination of cooperation due to failure to comply with customers' policies or requirements
- Hindered product access to European and American markets or increased tax cost due to deficiencies in attention to green trade
- Decreased overall competitiveness due to missed low-carbon transition opportunities

#### **Opportunities**

- Closely follow and respond to the green trade barriers brought about by the "dual carbon" goal in a timely manner to gain market opportunities or advantages
- Meet customers' "dual carbon" policies and requirements
- Expand PV business
- Pursue low-carbon transition to increase efficiency and decrease cost in operations and energy use
- · Enhance corporate image

#### Response strategies

- Build a low-carbon production model
- Improve the green design of products
- Manage supply chain carbon emissions
- · Increase climate change resilience
- Improve disclosure of information on carbon emissions
- Establish a green and low-carbon image
- · Build a talent pool for the "dual carbon" goal

#### Action plans

- Develop and launch green-design and highenergy-efficiency products
- Deploy low-power-consumption equipment
- Conduct energy-saving programs
- Establish an energy management system
- Monitor and manage suppliers' greenhouse gas emissions, and promote the application of the ISO 14064 Standard
- Facilitate and support suppliers to join the CDP (Carbon Disclosure Project) supply chain information disclosure
- Closely monitor carbon emissions trading
- Develop green power through purchasing or self-built PV
- Explore emerging green businesses such as distributed household PV and smart energy storage



#### **Greenhouse Gases Calculation**

In response to the Sustainable Development Goals and CDP Climate Change Disclosure Program, we embarked on a greenhouse gas inventory work in 2018 and established Greenhouse Gas Inventory Management Procedure is formulated according to ISO 14064: 2006 standard to guide internal GHG management and data collection to ensure accurate, transparent, and fair reporting of greenhouse gases emitted by the Company.

A GHG inventory group is established to be responsible for identifying energy consumption within the company, calculating the quantity of greenhouse gas emitted by the Company, and establishing effective measures to lower the consumption of energy and the emission of greenhouse gases. Our inventory is verified by qualified third-party agency SGS. Our emission data is open to public through our annual Sustainability Report, EcoVadis, and CDP questionnaire.

year	Scope 1	Scope 2	Scope 3
2021	1,296.01	20,914.74	2,929,688.17
2022	729.13	13,693.11	1,905,293.05

TCL Communication has committed to Science-based Target Initiative in 2021 and set our carbon emission targets. That is, we commit to reduce absolute Scope 1 GHG emissions 42% by 2030 from a 2021 base year. We commit to reduce absolute Scope 2 GHG emissions 42% by 2030 from a 2021 base year. We also commit to reduce absolute Scope 3 GHG emissions 25% by 2030 from a 2021 base year. Our latest review of progress towards GHG reduction targets showed that we are ahead.



# **GHG Emissions Reduction Actions**



In recent years, TCL Communication has been actively engaged in energy saving and promoting greenhouse gases emission reduction, so as to reduce the impact of greenhouse gases on global warming.

#### Technical or equipment upgrading for energy efficiency

We have been constantly improving energy efficiency through technical upgrading, so as to improve the production process with digital technology, optimize operation efficiency of equipment and enhance the accuracy of process management.

#### Air compressor online monitoring system

The air compressor system we have equipped is capable of realizing remote monitoring and fault diagnosis of air compressor by automatically controlling the air compressor to match the load of the gas end, the unnecessary air supply pressure is reduced, the pressure of the pipe network is stabilized. The energy can be saved in the main engine, auxiliary machinery, pipe network and terminal end.



#### **Automatic equipment upgrading**

Our automatic equipment upgrading can be illustrated in the following picture, for instance, the self-made automatic screw machine has been upgraded to fifth generation, and the automatic PT testing platform has been upgraded to second generation.



#### Waste heat recovery system for reducing energy consumption

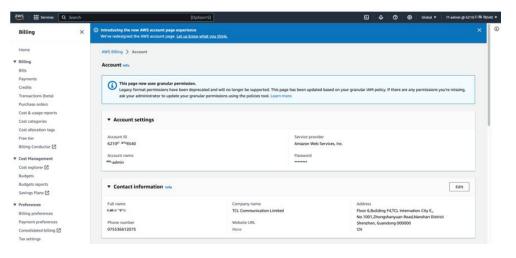
We have a 1200 cold tons heat recovery system equipped to reuse the heat from the water-cooling unit for heating domestic and production hot water, resulting in the heat pollution of condensation heat on the environment and the reduction of operational noise of the cooling tower.



#### Energy consumption reduction for IT infrastructure



We cooperate with Amazon Web Services for data cloud storage, which is a solution based on green data center and capable of raising the energy-efficiency ratio and reducing greenhouse gas emission through green algorism.



#### Fluorinated GHG emission control

For the purpose of safeguarding operational safety and reducing emission of fluorinated greenhouse gases, we have taken the following measures.

For equipment cooling agent, we have formulated equipment operation and maintenance procedures with three-level maintenance requirements to ensure normal operation.

For heptafluoropropane fire extinguishers, we have assigned a qualified third party for storage amount and protective area inspection.

For chemicals control, we have daily inspection of our chemical storage room and secondary leakproof containers are well equipped.

#### Actions taken for energy conservation

#### **Lighting system optimization**



photosensitive switch



redundant lamp removal



street lamp reduction



reminder on the switch

#### **Transportation tools replacement**





replace diesel forklift to electric forklift

optimize shuttle bus shifts

#### **Green Manufacturing & Operation**



TCL Communication highly values the impact on ecological environment of our operation and product manufacturing, and has committed to creating a harmonious environment for ecology.

# Environmental Management System

In strict accordance with relevant governing laws and regulations for environmental protection, and ISO14001 Environmental Management System, TCL Communication has a strict management system for environment and resources and energy control while complying with governing environmental laws and regulations. In the reporting year, the Company did not experience any non-compliance resulting in fines from environmental laws.



In 2017, our manufacturing factory was certified as "Green Factory" by the Ministry of Industry and Information Technology which proved that while maintaining product function, quality and occupational health of our staff, our factory can satisfy the requirements of infrastructure, management system, energy and resources input, and environmental performance.

The direct emission from energy consumption, indirect emission from purchased electricity and transportation of goods account for a dominant part of carbon emission. To strengthen our energy management, TCL Communication has established an energy management system in accordance with ISO50001:2018 in 2022. We have formulated corresponding regulations regarding energy saving. Besides, we also strived to reduce energy consumption through third-party energy diagnosis, data monitoring and analysis.

Type of energy used	2021	2022
Diesel (kg)	176.4	7
Petroleum (L)	10,570.06	8973.66
Natural gas (m³)	118,667	102,466.90
Renewable energy consumption (MWh)	0	816.71

#### TCL Communication builds a green industrial park

TCL Communication launched a distributed photovoltaic power generation project in June 2022 which covered an area of approximately 40,000 square meters, and the total installed capacity was expected to reach approximately 4 megawatts upon completion. The annual average power generation capacity is approximately 4.4 million kWh, saving approximately 1,400 tonnes of coal consumption, and reducing carbon dioxide emissions by about 2,000 tonnes per year.





#### Environmental awareness training



For better inculcating the awareness of environmental protection in our employees, we have regular pre-job and occupational training courses on ISO14001 basics, energy saving and waste control.





#### Environmental emergency drills

For enhancing the skills and capacity of staff handling with hazardous chemicals leakage, we carry out hazardous chemical leakage emergency drills on a yearly basis. In this way, our staff responsible for handling chemicals can be more sensitive when chemical incidents occur.











#### Water Resources and Wastewater Management

The Company sources water from water-supply system and mainly applies to cleaning in production place, office and living water, cooking and cleaning in the canteen. No industrial wastewater is produced in the Company and sanitary wastewater is disposed to the municipal sewage pipe network for treatment in strict accordance with relevant standards.

The Company implements Provision on Water Resources Management and strives to elevating conserving efficiency with both management and technology.

The Company has water-saving management objectives for different departments and explicitly requires employees to reduce water consumption as far as possible, enhance water-saving awareness on the premise of ensuring product quality and turn off the tap at any time to prevent the occurrence of water waste such as long running water.

#### TCL Communication adopts water recycling system

Our factory is equipped with an intelligent drinking water control system, which filters tap water through reverse osmosis technology, enabling 1:1 ratio between clean water and waste water. The clean water is sent to the pipeline terminal through the direct drinking water system and the waste water is discharged into the reservoir for garden watering. The amount of recycled water in 2022 is 980 m<sup>3</sup>.



#### **TCL** Communication adopts water cooling system



We have a water-cooling system consisting of 6 sets of centrifugal chillers. It is the cooling source of the central air conditioning, through which the circulating water leading to each room or equipment is cooled to chilled water, and the chilled water is pumped to the fan coil or other devices that need to be cooled, flowing in the coil to take away the air or the heat in the equipment. After the frozen water absorbs heat, the temperature rises, and then returns to the chiller, thus forming a closed and complete chilled water cycle.



63% of the reflow ovens in the SMT workshop is equipped with an internal water-cooling system, which is located under the cooling unit. The cooling water is transported by the pump from the water tank to the cooling circulation system, the hot water is injected by the heat exchanger and then cooled back to the tank.

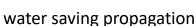
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#### Water saving actions







water saving toilet tank

## Waste Management

TCL Communication is strict with waste management for the sake of environment. In line with the ISO14001 Environmental Management System and relevant governing laws and regulations, the Company has established Provision on Prevention and Control of Waste Pollution to regulate waste management.



For hazardous waste treatment, mainly including organic solvent waste, office consumable waste, used batteries and chemical packaging waste, we have a designated person for collection, registration and archive management, and regularly hand it over to treatment companies which are identified to be qualified by the environmental agency. For non-hazardous waste like cartons and plastics, we collect them and give to professional recyclers for recycling and reuse. For domestic waste, we have transfer agreements with the municipal sanitation for collection and disposal.

#### Chemical management procedure Chemical safety assessment is required before introduction. Introduction Check the necessary qualification of hazardous chemical transport transportation vehicles and personnel. Customized special carts are used to transport chemicals, and chemical operators must wear protective equipment; Daily **Storage** inspection of chemical staging rooms, setting stock limits for chemical staging rooms, and use leak-proof containers. The chemical manager shall pack the chemicals, and PPE shall be worn during packaging operation. When chemicals are used at the production site, they must be packaged in a unified container. Usage Chemical containers must be equipped with safety labels, and corresponding MSDS needs to be pasted on a location easily accessible to employees. Packaging boxes, containers, waste liquid, rags for the purpose of **Disposal** hazardous chemicals are recycled into the hazardous waste bucket and handed over to a qualified third party for disposal.

# People-centered Development

TCL Communication is grateful to the more than 5,000 employees who have devoted themselves to our vision as a creative and respectable business. The Company has always been putting people first and endeavoring to safeguard the legitimate rights and interests of its people to a standard higher than laws and regulations. Meanwhile, the Company has done a great job in ensuring employee health and safety under different working environments. In line with the operational strategy of an international group company, TCL Communication renders diversified resources and platforms for its staff, aiming to build a staff system that is equal and friendly, and where common ground are sought while differences are reserved.

















#### **Fair & Transparent Recruitment Practice**

TCL Communication has constantly maintained its vision of respecting and absorbing the most outstanding talents through formulating recruitment strategy and satisfying business needs.

In order to establish a clear recruiting process, we have taken the following measures,

- We have a clear and reasonable salary range defined for every post and candidate. Despite of different gender, age, religion and other individual personalities, our candidates will be treated equally without any prejudice.
- We have well-written job description with clear job responsibilities which will not lead to misunderstanding. In this way, we can also outline the specialized skills, required certifications, or beneficial background information we need for candidates.
- We have a clear recruitment process outlined on the recruitment brochure and we are specific about the number of interviews that will be conducted and the timeline for notice of interview results.





### **Employee Rights Protection**



In strict accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other governing laws and regulations, TCL Communication has a set of procedures for internal management in place like Employee Manual and integrated Management Manual, so as to secure the rights and interests of employees in recruitment & demission, compensation & benefits, working hours, freedom of association and collective bargaining, holidays and equal opportunities, and render a fair working environment for employees indifferent ages, locations and functions.

For better fulfilling its social responsibility especially for employees, TCL Communication has established a valid SA8000 system in its factory since 2009 and undergone strict periodical audits to ensure compliance with standards.

We have Recruitment Management Procedure to ensure a competitive and fair employment environment that renders development and growth opportunities for our employees. Abiding by the principle of respect for people and human rights, we strictly prohibit the use of child labor by checking the effective identification documents in recruitment and orientation. For young workers, we have Employee Rights Protection Management Procedure to specify the management procedure to protect their rights from being impaired in addition to social insurances and housing provident fund, we also offer annual health check program for all employees and commercial insurance.

In 2022, considering different requirements of our employees, we developed a customized insurance program for them and their family members, with wide insurance coverage threshold and elder age coverage. 46



#### Caring and thoughtful benefits

# **Statutory** benefits

Company

benefits

Social insurance, housing provident fund, all statutory holidays

#### Overtime pay

1.5 times for overtime on working days, 2 times on rest days and 3 times on statutory holidays.

#### **Holidays benefits**

Half day off on Children's Day for employees with kids under the age of 14.

Parental leave for parents with kids under the age of 3. Nursing leave for elderly (for employees as the single child in the family).

#### Work-life balance

Phone bill reimbursement, work overtime shuttle bus, business travel allowance, flexible working time.

#### Health care

Annual health check, medical room, gymnasium, commercial insurance.

#### Specialized benefits



# TCL Communication stand firmly against sexual harassment

We firmly safeguard the legitimate rights and interests of our workers and fight against immoral behaviors. For instance, we have a proper mechanism for preventing sexual harassment. Our security personnel and management have regular training on this topic. Then we also have an adequate procedure on workplace sexual harassment to clearly define the term and the disciplinary measures for breaches. Besides, we also have propaganda posters pasted on the bulletin boards with hotline and mailbox for the convenience of any complaints and whistle-blowing. Then the persons responsible for handling this issue will immediately help to protect the victims.



#### **Diversity and Inclusiveness**

Diversity and inclusiveness is the cornerstone for long-term development of TCL Communication. The uniqueness and rich experience of each employee contributes to achieving the vision of the Company, and the Company is held responsible to communicate its core values globally.

We have employees hired from diversified cultures and races both in management and staff, and we believe that a global work environment can better serve our customers around the world.

Keeping diversified culture and giving it into full play is a solid base for maintaining competitiveness of the Company. The Company promises equal employment opportunities, and make efforts to avoid discrimination, harassment and other misconduct from occurring in workplace. No discrimination or harassment is allowed in hiring and employment practices based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status. Besides, the Company also show respect for the disabled and have hired a number of disabled people in our factory, and facilitated working and living environment for them. The Company has non-discrimination training courses to create more opportunities for diversified people with different personalities.



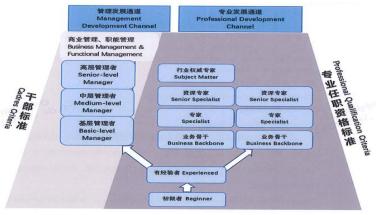
## **Occupational Training & Development**



TCL Communication highly values the growth and development of its employees, so that we constantly improve our talent cultivation system and provide diversified occupational paths and equal promotion mechanism for them.

## Occupational Development

TCL Communication has designed multi-dimensional development paths for our staff, mainly including technological / professional development and management development channels. For both development paths, we have set clear pathways and the promotion standard. The Company organizes Employee Career-path Program each year to expand the growth path and guide the self-development of our employees. Employees participating in the program will receive a degree reflecting their technical capability and work competence based on their knowledge, skills, quality and behaviors. In this way, a talent assessment system and selection mechanism are established for talent team building, and a team with international insight, occupational quality and professional skills.



Occupational development path



In order to set a basis for employee motivation, employee development, career planning, organizational development and optimization, TCL Communication quarterly assesses achievement of the work objectives and development performance of employees and motivates employees to achieve and consistently exceed performance goals. To be specific, the company adopts two performance management tools: Key Performance Indicator (KPI) and Contract to Success (CTS), the ultimate goal of which is to support the growth of employees. Employee's performance assessment results will be directly associated with their position adjustment, salary adjustment, bonus payment, outstanding employee reward and promotion, such as Stars of Accountability and Annual Evaluation of Excellence.



Besides, we also have a comprehensive cultivation system for frontline workers. For newly-recruited employees, we have probation period for experience and practical operation prior to position to better exploit the interests and advantages of beginners. For on-job employees, we have a "partnership" plan, mentorship project for one-to-one guidance, technical skills training and specialized training system, so as to help beginners grow into experienced workers as soon as possible. Apart from that, we also have skill competitions, annual excellent employee selection, and different kinds of team building activities to ensure that our employees work with satisfaction and cheerfulness. To facilitate reasonable mobility of talents, we have resorted to several measures, such as internal recruitment, job transfer and promotion.



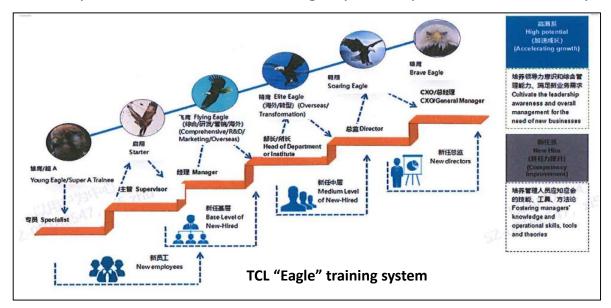


# Talent Training

For better leveraging the strength of our employees to scale new heights and giving full play to their talents, TCL Communication has diversified cultivation and training programs to help them unearth their potential to the utmost and creating values with the Company. The all-round training program covers common knowledge, corporate culture, frontier science and technology, professional skills, leadership cultivation and so on. For enhancing the consciousness of our employees on learning, we have developed a T-learning platform on which our employees are entitled to attend various online courses of their interest at any time.



The special "Eagle" training system is designed for incubating the leadership and management skills of our management staff. Since eagles are the kings of the sky, we wish our staff become high-flyers and pioneers in the industry.





fresh graduate training



fresh graduate training

In addition to the talent cultivation system, we have also developed diversified ways of training for our employees to satisfy their demands. For instance, we have pre-job and on-job training for new employees including HR orientation training and tutoring system to help newcomers quickly accommodate to the environment and learn from skilled ones.

Besides, we have also carried out special training programs in 2022 according to the needs of business development, such as IPD training, English training course, 6sigma training course, skill competitions, mobile phone repairing course and so on. Furthermore, in case of the need for external training for new technology or certification, we also organize external training for relevant employees.



### **Health and Safety in Workplace**

By sticking to the policy of "people orientation, and ensure health & safety", TCL Communication has been endeavoring to build a healthy and safe working environment for our employees and other on-site stakeholders, continuously improving the health and safety management level with cooperative partners.

#### Health & Safety Management Structure

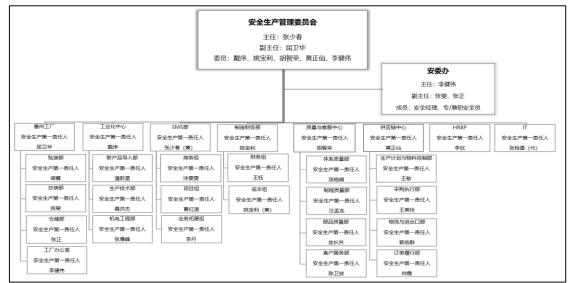
The Company has a certified ISO45001 system in place for occupational health and safety management and has established a Work Safety Management Committee to be responsible for ensuring health and safety in workplace, implementing relevant health and safety laws, regulations and policies, and timely resolving major health and safety issues.

The General Manager of factory is appointed to be the director of the Committee, and the leaders for all departments are appointed to be the major responsible persons for safety management. Besides, we have full-time or part-time safety coordinators equipped in each department for assisting safety management.

The Company has constantly perfected internal management system to ensure appropriate identification of occupational health risks, and qualified third parties are entrusted for regular inspection of occupational hazard factors.

The Work Safety Management Committee will regularly supervise and check the storage, usage and replacement of these equipment. Workers under such circumstances will receive regular health examinations as required by relevant regulations.





#### **Work Safety Management Committee**

The Company has formulated Protective Equipment and Supplies Management Procedure to ensure suitable personal protective equipment is provided for our staff.



#### Personal protective equipment

Protective eyeglasses, protect eyes from being harmed by foreign matters.

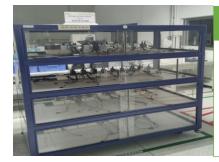
Protective earplug, protect hearing for employees from noise.

Protective gloves, protect hands from being scratched.

Protective shoes, protect feet from being injured by a crashing object.



In order to cripple the negative impact of noise on our staff, we have different means of noise mitigation ways, such as shock-absorbing pads and shields, and we also have protective earplugs for the operators.



#### shield for ringing test

We have equipped a protective shield for noise absorption of the ringing test of mobile phones. In this way, the noise for operators can be drastically reduced.



#### protective earplug wearing

We have protective earplugs for operators of noisy equipment and control the noise to an acceptable and controllable level.

# Health & Safety Risk Control

In 2022, the Company has further enhanced emergency response management and conducted a comprehensive analysis and annual update of hazard identification result for an in-depth control of all the risks. In this year, we conducted 234 times of health & safety inspection in our factory and a total of 508 potential hazards were identified. The tops hazards among them include equipment safety, fire safety and workplace environment.

Health & safety hazards inspection coverage	100%
Health & safety hazards rectification rate	98%

In terms of emergency drills, the Company has organized regular emergency drills in our factory with an aim to raise the awareness and capabilities of employees in case of emergencies. For instance, we held fire drills both in the workplace and dormitories, chemical and natural gas seepage drills, food poisoning drills, electric shock drills and natural disaster drills held in 2022 to impart knowledge to employees which is more applicable under emergency.

#### Part of Emergency drills held in TMC (2022)



Special emergency drills conducted in 2022	13
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#### 个人防护用品穿戴要求 化学品分装操作要求 防腐蚀液护目镜: 镜片出现凹痕或划痕等影响正常使用时 自吸过滤式防毒面具 当面罩出现裂痕、破裂或污染现象,或头 堵塞、无异物和按压部位 过滤式防毒面具、耐酸碱 无漏气 手套),检查分装区无火源 感觉空气污染物味道或刺激性或感觉呼吸 阻力明显增加时,必须立即更换。 手套出现破损或发硬时,必须立即更换。 盖子密封盖好,收拾现场 离液面,再按压几次直 至将虹吸管内剩余液体 标准穿戴效果图 流入清洗剂桶中 容器2/3处即可停止按压

## Ergonomic Design

Considering the ergonomics design as the fundamental theoretical basis, we have optimized work processes to prevent the repetitive strain injury for our workers. On the one hand, the Company has greatly improved engineering control, such as automatic controlled producing equipment such as auto-guided vehicles for materials transportation and auto screw driving machine, forklift and elevators. On the other hand, the Company has also implemented management control, such as shift work, 10 minutes break, and working time control to avoid heavy pressure on workers.



auto guided vehicle

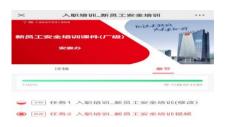


automatic conveyor

# Health & Safety Awareness Training



We strictly implement rules in Training Management Procedure to conduct work safety education and training for our employees and onsite subcontractors, mainly including safety laws, management rules and three-level safety education for adequate knowledge accumulation and appropriate certification. Besides, comparative study and discussions will be regularly held on lesson learning from incidents occurred in the factory and the same industry. On-site warning signs, obvious reminders and daily supervision as well as other ways to standardize operation and enhance work safety.



Online training for new employees



Safety training for production line team leaders



Safety training for high-level management

Safety training for onsite subcontractors

New employee safety training coverage	100%
External safety training (H)	312H
Safety skill upgrading training (H)	1800H



### **Caring for Our People**

TCL Communication attaches great importance to the work feelings and experience of employees, therefore the Company has smoothed the channels for communication, and organized various kinds of employee activities to alleviate work pressure, raise the sense of happiness and belonging of employees.

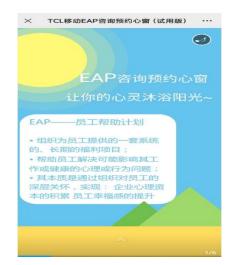
# Communication with Employees

We value the opinions of our staff, and continue to promote communication and interaction with them via regular communication meetings, employee complaints, satisfaction survey, suggestion boxes and emails. We have been constantly enhancing the satisfaction and commitment degree investigation of our employees and improving human resources management.

We have regular communication meetings on company and workshop levels. For company level, the communication meeting is held on a quarterly basis between the management and workshop representatives from different departments, on which employees are free to express their complaints or suggestions on every aspect of the company management, and then there will be specially assigned persons to follow up the status of the complaints to ensure proper handling. For workshop level, regular workshop communication meetings are organized every month by employee representatives on which workers may unveil their complaints and the representatives will be responsible for reporting to higher management and seeking solutions.

#### TCL Communication conducts EAP program

In order to help with our employees in solving their mental or behavioral problems, we offer a systematic and long-term EAP program for them. Our employees can make an appointment for EAP consulting through an easily-accessed widget. With a national certified psychological consultant in place, our EAP program is a comprehensive psychological service which helps our employees increase resistance to stress, maintain mental health, and cope with unprecedented incidents. In this way, the psychological pressure facing our employees can be drastically reduced and the work efficiency and performance can be greatly improved. Moreover, for employees from minority groups, they can also access to EAP consulting if they are facing the behaviors going against their manners and customs. Then the EAP program will help to eliminate their inadaptation confronting them.





# Employee Activities

We appreciate the hard work of each employee and we are concerned about their daily work and life. In order to reach a balance between life and work for them, we have actively organized rich recreational activities such as various ball matches, singing competitions and festival celebration activities. In this way, our people are able to maintain physical health while enjoying themselves in their leisure time, thus making their daily life more vibrant.















## Caring for Vulnerable Groups

For female workers of childbearing age, we have baby-care rooms which provide a comfortable, safe, tidy and private place, and people-oriented services for working mothers in need. In accordance with standard requirement, the rooms are well equipped with hot water, wash basins, desks, chairs, sofa, dry/wet tissue, refrigerators, air conditioners and power sockets. In this way, the sense of belonging of working mothers can be dramatically enhanced, and the relationship between them and the company can be more harmonious.





Nursing room

**Nursing room** 



For disabled employees, we have organized different levels of communication meetings with disabled employees on the National Disability Day in May 2022, on which we gave presents (mainly daily necessities) to them, listened to their voices, and provided support to them.





**Communication meeting on National Disability Day** 





With an aim to further enhance the sense of happiness and security of the disabled and resolve the problems facing them in daily life, we have equipped with specialized window and chairs in the canteen, userfriendly toilet seats in the bathroom, and customized dormitories with necessary and handy services, which is a manifestation of our care and love for them.



Access for the disabled



#### **Supplier CSR Management System**

TCL Communication has been committed to establishing a long-term stable cooperative relationship with its suppliers by means of supplier CSR certification, risk evaluation, on-site audits and training to urge the suppliers to establish a sound CSR management system and build a win-win relationship with mutual trust that is stable and sustainable.

# Supplier Responsible Management

TCL Communication adopts the "Survival of the Fittest" rule to management suppliers by conducting periodic performance evaluation, identifying key suppliers and signing strategy contract and service agreement with them, conducting QBR with key suppliers regularly to assess the changes of their strategic direction and willingness to cooperate, financial risks, industrial status, cost structure or industry price level, continuous cost optimization capability, capacity and supply capability, R&D capability and quality assurance capability.

The Company has established a supplier CSR management system that covers labor rights, health and safety, environmental protection, conflict minerals, business ethics, and greenhouse gas emission. Our Ethical Code is published on the website and Corporate Social Responsibility Notice is delivered to ensure that our management requirements are properly conveyed to suppliers.

Supplier risk evaluation



Supplier audit and supervision





Supplier performance improvement

# Supplier Risk Evaluation



Based on the Ethical Code and relevant requirements for suppliers, TCL Communication has established a risk evaluation system covering both new suppliers and suppliers on the AVL list. It covers supplier side CSR evaluation and CSR risk evaluation.

Supplier side CSR evaluation is designed for the purpose of raising the awareness of suppliers on social and environmental responsibilities, and enabling suppliers to provide the information regarding to CSR management system and practice. In this way, suppliers can provide the conformant evidence for review.

CSR risk evaluation is a tool before auditing to identify the high/medium/low CSR risk of our suppliers based on the manufacturing processes, geographical locations, and enterprise scale. For different levels of risks, we adopt various measures to mitigate risks.

#### Supplier CSR bottom line requirements

- 1. Child labor is strictly prohibited.
- 2. Forced labor or prisoned labor is strictly prohibited.
- 3. Any kinds of abuse or harassment is strictly prohibited.
- 4. Any working conditions endangering employee health and safety is strictly prohibited.
- 5. Any severe environmental pollution incidents is strictly prohibited.
- 6. Any media crisis and mass unexpected incidents is strictly prohibited.
- 7. Any dishonest or immoral behaviors is strictly prohibited.



#### **Supplier Audit and Supervision**

TCL Communication has a strict Supply Chain CSR Audit Procedure in place for guiding supplier compliance management. Following the Responsible Business Alliance (RBA, previous named EICC) audit practices, all new suppliers are required to complete self-assessment on their sustainability performance with supporting documents. The Company will make an audit plan yearly based on trade volume, and supplier manufacturing processes which are related to high EHS and CSR risks and previous audit scores. Audit activities include but are not limited to management interviews, staff interviews, documentation review, on-site inspection and conclusion meetings.

#### Supplier Audit Standards of the TCL Communication

1	CSR Management system
2	Labor rights
3	Business ethics
4	Health and safety
5	Environment
6	Conflict minerals
7	Greenhouse gas emission

There are four categories of audit results and once severe violations (such as child labor) are found, the audit will be terminated immediately and our sourcing department will take necessary actions. For other violations found in the audit, suppliers who are not compliant with our requirements shall submit corrective action plans. As part of the auditing activity, and with an aim to help our suppliers elevate their sustainability performance, TCL Communication provides guidance on root cause analysis and corrective and preventive actions for suppliers. And we also offered training on CSR management to all of our buyers in different operations.

In 2022, more than 30 suppliers were introduced and they were required to provide self-assessment for the CSR Audit Checklist. Accordingly, we required them to work out follow-up actions for risky violations. Due to COVID-19, we conducted on-site audit for 9 suppliers with major violations occurred in health and safety. Then we communicated our audit results to them and rendered our suggestions for them.

#### **Responsible Minerals Sourcing**

With priority given to the sustainability of sourcing, TCL Communication has been actively pushing ahead risk assessment and conflict minerals management of the entire supply chain, and striving to build a responsible supply chain for adequate fulfillment of social and environmental responsibilities. The Company will also publish Conflict Minerals Annual Report for interested parties to understand its progress on this part.

# O Conflict Mineral Management System

First of all, we have a conflict minerals policy that is formal and open to the public to manifest our commitment to safeguarding human rights and the environment. Besides, we also have formulated Conflict Mineral Report Operation Procedure to guide the implementation of the policy, in which the roles and responsibilities of relevant departments are outlined and the sourcing requirements and due diligence procedure on suppliers are also specified. Then we have set up a CSR Committee with a function of sustainable sourcing for risk control and developed a management system to help identify and control risks. The group is led by the leader of our supply chain center, with sourcing and quality team as executive members. The sustainable sourcing working group is responsible for overall control of the management system and report the risks timely to high-level management for further investigation and control.

Besides, we also work closely with our suppliers for capacity building and whistleblowing mechanism to ensure our management is transparent. TCL Communication has included the conflict mineral requirements into our supplier contracts and all of the suppliers are required to declare not to source minerals from the covered countries. TCL Communication provides our suppliers and external stakeholders with a grievance mechanism allowing them to voice any concerns or breaches upon conflict minerals.

# O Due Diligence Taken in 2022 and Results



Upon initial screening based on the materials supplied, we found out 91 key suppliers concerning conflict minerals in 2022. Therefore, we conducted due diligence program upon these suppliers in the form of CMRT and EMRT management.

#### Critical data involved:

- Supplier response rate: 100% (91/91)
- A total of 212 smelters and refineries was identified in the supply chain and the RCOI of them has been identified from the RMAP certification.
- Among the 212 SORs, all of them have passed the RMAP process.

Conflict	Number of	Number of	Number of SORs	Number of	Ratio of
minerals	SORs	Conformant	under RMAP	extended or	Conformant
		SORs		SORs	SORs
Tantalum	30	30	0	0	100%
Tin	57	57	0	0	100%
Tungsten	34	34	0	0	100%
Gold	91	91	0	0	100%

#### **Contributing to the Community**

TCL

TCL Communication has been striving to deliver positive energy to the community and play an active role in public welfare with a focus on helping vulnerable groups including the disabled, children and fighting against the pandemic. The Company has made tangible contributions to the society and has made itself a promoter for a better life.

#### Caring for People in Need

There's a Volunteer Association under the Labor Union of Huizhou TCL Mobile Communication Co., Limited which is composed of employees from different departments and positions who are enthusiastically devoted to public welfare activities.

The association is to serve people in need help inside and outside the company, such as: loving donations to support the lives of poor elderly people and giving finance aid to students, visiting and consoling the widowed elderly and children in nursing homes, schools, military and police barracks, and participating in large-scale public welfare activities.

#### Clothing donation activity in winter

In November 2022, we joined hands with the "White Whale Platform" to carry out the "warmth from old clothing" clothing donation activity in winter. A total of 260 kg of usable clothing was collected to help the poor people in remote mountainous areas smoothly pass through the cold winter.



#### Overseas public welfare activities

We value the global development strategy, actively carry out overseas public welfare activities, and convey a positive image of the Company.

In 2022, our Global CSR Team, on behalf of the Company, donated EUR 3,000 to overseas public welfare organizations and input funds and manpower to create colorful tourism activities for many children with Duchenne muscular dystrophy (DMD), providing them with care and support.



#### Supporting anti-pandemic and disaster relief

When a disaster strikes in one location, help comes from all quarters. In the face of the challenges of COVID-19 and natural disasters, we have actively assumed social responsibilities, supported COVID-19 prevention and control in Guangdong Province, provided assistance to flood-stricken areas Yingde, donated emergency supplies for them, pooled the positive energy of earthquake relief, and helped people overcome difficulties.



#### Supporting COVID-19 prevention and control in Huizhou

In October 2022, in order to help people back to work and school after the National Day holiday, TCL Communication mobilized employees to participate in voluntary COVID-19 prevention services in public areas such as parks, hospitals, and communities in Zhongkai District, Huizhou City, Guangdong Province and assist in COVID-19 prevention support work such as disinfection, sterilization, cleaning, nucleic acid detection, travel code inspection, and guidance for diversion of people and vehicles in high-speed railway and expressway areas.

#### Supporting the front work of flood control in Yingde

In June 2022, many places in Guangdong suffered from such natural disasters as rainstorms, floods, and landslides due to the continuous heavy rainfall, with particularly severe disasters in Yingde City. TCL Communication immediately organized volunteers to disaster-stricken areas in Yingde and they assisted in road rescue, disinfection, sterilization, cleaning, and power generation equipment transportation, provided emergency supplies such as mineral water and instant noodles for affected people, and helped the people there control floods and rescue and rebuild their homes as soon as possible.



#### Fighting against COVID-19



Faced with the challenges brought by the severe pandemic, the Company has undertaken its responsibilities as a corporate citizen around the whole world and made contributions for safeguarding the health and safety of people and getting through tough times together.







**FRANCE** 

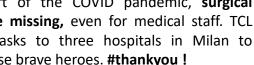
## Masks to hospitals

**ITALY** 

#### Fruits to hospitals

At the start of the COVID pandemic, surgical masks were missing, even for medical staff. TCL supplied masks to three hospitals in Milan to support these brave heroes. #thankyou!

The well-loved weekly fruit basket, which is offered by the works council to the Nanterre's office, has been reallocated to the medical staff of Nanterre's local hospital during the lock-down period in France. #strongertogether!



#### **SPAIN**

#### Smartphones to homeless people

COVID the pandemic has highly affected homeless people in terms of health, jobs, and digital inclusion. TCL donates sixty mobile phones to the NGO Mensajeros por la Paz with the aims to facilitate their social integration.



















COVID working group has been created with members from the workers council and HR Department. Its main goal is to adapt the Company actions, by constant awareness on COVID-19's situation in each country.

100% teleworking was implemented during the confinement months and 2 days at the office the other months. The Company provides employees with office supplies (such as ergonomic chairs, a second monitor) to make their home office conditions comfortable.



**HOME**Office implementation



**EU Hotline** 



The context of COVID could generate concern and distress. An EU psychological hotline has been set up to help employees deal with stress and anxieties.

All managers were encouraged to keep communication within their team in order to avoid the isolation of some employees which could generate stress. A discussion group was created to share positive and funny news.



Actions against

# **Key Performance Indicators**

Topic	Key performance indicators	2020	2021	2022
	Total amount of energy consumption (tce)	2984	3176	2787
	Total natural gas consumption (m3)	108375	118667	102565
Energy	Total purchased electricity (MWh)	22829.07	24259.64	21281.93
consumption	Total renewable energy consumption (MWh)	-	-	816.71
	Total water consumption (m3)	133746	143577	138084
	Total GHG emissions (tCO2e)	-	2941899	1919715.29
	Total Scope 1 GHG emissions (tCO2e)		1296.01	729.13
	Total Scope 2 GHG emissions (tCO2e)		20914.74	13693.11
GHG emissions	Total gross Scope 3 GHG emissions (tCO2e)	-	2919688.17	1905293.05
	Total gross Scope 3 Downstream GHG emissions	-	74408.68	629725.21
	Total gross Scope 3 Upstream GHG emissions	-	2845279.49	1275567.84
	Industrial welding exhaust conforms to standard	100%	100%	100%
	Kitchen fumes conform to standard	100%	100%	100%
Air pollutants	Factory boundary noise conforms to standard	100%	100%	100%
	VOC emissions conform to standards	100%	100%	100%
	Chemical leakage incidents	0	0	0
	Total weight of hazardous waste (t)	13.33	43.25	36.46
Callalinata	Total weight of non-hazardous waste (t)	1629.89	1538.75	1401.47
Solid waste	Total weight of waste recovered (t)	1643.22	1582	1437.93
	Disposal ratio of hazardous waste	100%	100%	100%
Water pollutants	Total weight of pollutants emitted to water (kg BOD/year)	65544.64	51244.32	56548.26



Topic	Key performance indicators	2020	2021	2022
	Recycled materials used on packaging	55%	60%	70%
	Percentage of suppliers signing Environmental Materials Declaration	100%	100%	100%
Product use	Complaints on products endangering consumer health and safety	0	0	0
	Customer complaints on product environmental performance	0	0	0
	Weight of EEE placed on the market (kg)	-	-	4107000
End-of-life disposal	Weight of WEEE collected (kg)	-	-	215700
Environmental training	Percentage of the total workforce across all locations who received training (internally or externally) on environmental issues	100%	100%	100%
Risk assessment	Percentage of all operational sites for which an environmental risk assessment has been conducted	100%	100%	100%
Social performa	nce			
Topic	Key performance indicators	2020	2021	2022
	Complaints on child labor use, forced labor, harassment and inhumane treatment	0	0	0
	Timely signing ratio of new employee labor contracts	100%	100%	100%
Working	Social insurance coverage	100%	100%	100%
conditions & labor rights	Percentage of workers with 1-day off in 7 consecutive days	100%	100%	100%
	On-time salary release ratio	100%	100%	100%
	Percentage of sites for which human rights impact assessment has been conducted	100%	100%	100%

6/

Topic	Key performance indicators	2020	2021	2022
Social	Frequency of management attending company-level employee communication meetings	1/month	1/month	1/quar ter
	Timely closure ratio of problems on communication meetings	100%	100%	100%
dialogue	Percentage of the total workforce across all locations who are covered by formal collective agreements	100%	100%	100%
	% of the total workforce across all locations who are covered by formally-elected employee representatives	0.68%	0.71%	0.76%
	Quarterly performance evaluation coverage	100%	100%	100%
	Timely completion ratio of annual training plan	90%	90%	92%
Career	Average hours of training provided per employee	6.23	9.82	20
development & training	Percentage of the total workforce across all locations who received career- or skills-related training	100%	100%	100%
	Percentage of the total workforce across all locations who received regular performance and career development reviews	100%	100%	100%
	Number of safety accidents resulting in disability or death	0	0	0
	Occupational disease, poisoning incidents	0	0	0
	Major fire and explosion incidents	0	0	0
Employee	Major mechanical security incidents	0	0	0
health &	Major public security and asset thievery incidents	0	0	0
safety	Total number of deaths due to occupational injury	0	0	0
	Total number of days lost due to occupational injury	5	15	35
	Percentage of all operational sites for which an employee health & safety risk assessment has been conducted	100%	100%	100%



Topic	Key performance indicators	2020	2021	2022
Employee health &	Percentage of the total workforce across all locations represented in formal joint management-worker health & safety committee	2%	2%	1.70%
safety	Lost time injury (LTI) frequency rate for direct workforce	0.28	0.07	0.27
	Lost time injury (LTI) severity rate for direct workforce	0.0057	0.0246	0.076
	Percentage of workforce having received awareness training on diversity, discrimination and/or harassment issues	100%	100%	100%
	Percentage of workforce from minority groups	8.01%	8.34%	8.70%
Diversity, equity &	Percentage of workers from minority groups in top executive positions	5.2%	5.2%	6.7%
inclusive ness	Percentage of female workers	37.9%	41.1%	43.1%
	Percentage of women in top executive positions	25%	47%	33%
	Percentage of women within the organization's board	25%	25%	50%
	Average unadjusted gender pay gap	1.04	1.04	1.02
Fair opera	tion performance			
Topic	Key performance indicators	2020	2021	2022
	Percentage of suppliers signing Integrity Agreement	100%	100%	100%
	Bribery, corruption, extortion and embezzlement incidents	0	0	0
Business ethics	Number of whistling on money laundering incidents	0	0	0
	Number of whistling on participating in unfair competition	0	0	0
	Number of whistling on false advertising incidents	0	0	0

Topic	Key performance indicators	2020	2021	2022
	Number of whistling on fraud incidents	0	0	0
	Conflict of interest declaration coverage	100%	100%	100%
	Coverage of information confidentiality commitment	100%	100%	100%
	Percentage of total workforce trained (e.g. through e- learning) on business ethics issues	100%	100%	100%
Business ethics	Number of reports related to whistleblower procedure	0	0	0
	Number of confirmed corruption incidents	0	0	0
	Percentage of all operational sites for which an internal audit/risk assessment concerning business ethics issues has been conducted	100%	100%	100%
	Percentage of all operational sites with certified anti- corruption management system	0%	0%	100%
	Number of confirmed information security incidents	0	4	3
Informati	Coverage of information security awareness training	100%	100%	100%
on security	Percentage of all operational sites with an information security management system (ISMS) certified to ISO 27000 (or other equivalent/similar standard)	100%	100%	100%
Sustainabl	e procurement performance			
	Key performance indicators	2020	2021	2022
	Supplier CSR agreement signing coverage	100%	100%	100%
Sustaina ble procure ment	CSR audit coverage for new supplier introduction	100%	100%	100%
	Timely closure ratio of CSR annual audit nonconformances	73%	75%	85%
ment	Percentage of targeted suppliers that have signed the sustainable procurement charter/supplier code of conduct	100%	100%	100%



Topic	Key performance indicators	2020	2021	2022
Sustaina ble procure ment	Percentage of targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements	100%	100%	100%
	Percentage of targeted suppliers that have gone through a CSR assessment	100%	100%	100%
	Percentage of targeted suppliers that have gone through a CSR on-site audit	60%	80%	85%
	Percentage of buyers across all locations who have received training on sustainable procurement	80%	100%	100%
	Percentage or number of audited/assessed suppliers engaged in corrective actions or capacity building	100%	100%	100%

# **GRI Standard Index**

Statement of	TCL Communication has reported the information cited in this GRI content index for
use	the period Jan. 1, 2022 to Dec. 31, 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
	2-1 Organizational details	P5
	2-2 Entities included in the organization's sustainability reporting	P3
	2-3 Reporting period, frequency and contact point	P3
	2-4 Restatements of information	P3
	2-5 External assurance	-
	2-6 Activities, value chain and other business relationships	P5
	2-7 Employees	P5
	2-8 Workers who are not employees	-
	2-9 Governance structure and composition	P10
	2-10 Nomination and selection of the highest governance body	-
	2-11 Chair of the highest governance body	P10
	2-12 Role of the highest governance body in overseeing the	P10
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GRI 2:	2-13 Delegation of responsibility for managing impacts	P10
General	2-14 Role of the highest governance body in sustainability reporting	P10
Disclosures	2-15 Conflicts of interest	P35
2021	2-16 Communication of critical concerns	P12
	2-17 Collective knowledge of the highest governance body	-
	2-18 Evaluation of the performance of the highest governance body	-
	2-19 Remuneration policies	-
	2-20 Process to determine remuneration	-
	2-21 Annual total compensation ratio	-
	2-22 Statement on sustainable development strategy	P11
	2-23 Policy commitments	P11
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	2-26 Mechanisms for seeking advice and raising concerns	P35
	2-27 Compliance with laws and regulations	P34-36
	2-28 Membership associations	-
	2-29 Approach to stakeholder engagement	P12
	2-30 Collective bargaining agreements	P46



GRI STANDARD	DISCLOSURE	LOCATION
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Topics 2021	3-2 List of material topics	P13
	3-3 Management of material topics	P13
CDI 204	201-1 Direct economic value generated and distributed	-
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	P38
2016	201-3 Defined benefit plan obligations and other retirement plans	P46-47
2010	201-4 Financial assistance received from government	-
GRI 202: Market	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-
Presence 2016	202-2 Proportion of senior management hired from the local community	-
GRI 203: Indirect	203-1 Infrastructure investments and services supported	P61-63
Economic Impacts 2016	203-2 Significant indirect economic impacts	P61-63
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	205-1 Operations assessed for risks related to corruption	P35
GRI 205: Anti- corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	P35
	205-3 Confirmed incidents of corruption and actions taken	P35
GRI 206: Anti- competitive Behavior 2016	ompetitive monopoly practices	
GRI 207: Tax	207-1 Approach to tax	-
	207-2 Tax governance, control, and risk management	-
2019	207-3 Stakeholder engagement and management of concerns related to tax	-
	207-4 Country-by-country reporting	-
GRI 301:	301-1 Materials used by weight or volume	P64
Materials 2016	301-2 Recycled input materials used	P25
14101011013 2010	301-3 Reclaimed products and their packaging materials	P27

GRI STANDARD	DISCLOSURE	LOCATION
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GRI 302: Energy 2016	302-3 Energy intensity	-
0111 3021 211c1gy 2010	302-4 Reduction of energy consumption	P39-44
	302-5 Reductions in energy requirements of products and services	P26
	303-1 Interactions with water as a shared resource	P43
GRI 303: Water and	303-2 Management of water discharge-related impacts	P43-44
Effluents 2018	303-3 Water withdrawal	P43
Emacines 2010	303-4 Water discharge	P44
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	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	-
	304-3 Habitats protected or restored	-
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
	305-1 Direct (Scope 1) GHG emissions	P64
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	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-
	306-1 Waste generation and significant waste-related impacts	P44
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	P44
333. 114316 2020	306-3 Waste generated	P64
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GRI STANDARD	DISCLOSURE	LOCATION
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GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	P46
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GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	P46
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GRI 413: Local	413-1 Operations with local community engagement, impact assessments, and development programs	-
Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	-
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GRI 415: Public Policy 2016	415-1 Political contributions	-
GRI 416: Customer Health	416-1 Assessment of the health and safety impacts of product and service categories	P20
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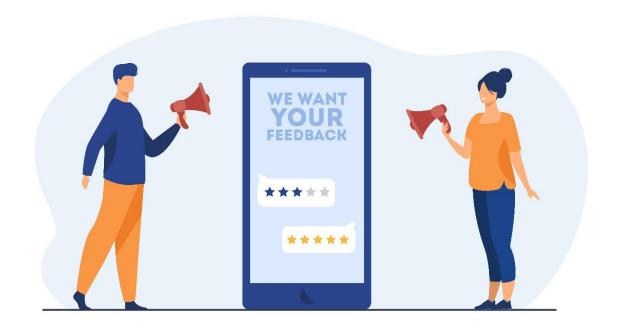
#### **Welcome Feedback**

#### Dear Reader,

Thank you for your time in reading the 2022 Sustainability Report of TCL Communication Technology Holdings Limited. We are very eager to hear your voice, which will help us to better fulfill our sustainability performance and make improvement in our work.

1. Who am I:
$\square$ government $\square$ non-government agency $\square$ investor $\square$ customer $\square$ supplier
$\square$ cooperative partner $\square$ employee $\square$ public $\square$ media business staff
□ Others
2. I think the sustainability performance of TCL Communication:
$\square$ Very good $\square$ good $\square$ average $\square$ poor, because
3. I think this report:
$\square$ Very good $\square$ good $\square$ average $\square$ poor, because
4. I think the structure of this report:
$\square$ very reasonable $\square$ reasonable $\square$ average $\square$ unreasonable, because
5. I think the information quality revealed in this report:
$\square$ Very good $\square$ good $\square$ average $\square$ poor, because
6. Overall, I think this report:
$\square$ very easy to understand $\square$ easy to understand $\square$ average $\square$ hard to understand,
because
7. Other suggestions on this report:
·

Please feel free to send us (<a href="mailto:tct.csr@tcl.com">tct.csr@tcl.com</a>) an email if you have any other questions or suggestions. Any contributions will be much appreciated.



# TCL