



TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

TCL Electronics ESG Practices

Social

1 Product and Service Quality and Safety

- **Our Commitment**

TCL Electronics Holdings Limited (the "Company", "TCL Electronics" or "We") and its subsidiaries (collectively the "Group") regard product safety and quality as the foundation of our business. TCL Electronics is committed to providing global users with safe, reliable and high-quality products and services, and to respecting and safeguarding consumer health and rights.

- **Targets and Strategy**

Target: Achieve full life-cycle quality control for products, with zero major safety or quality incidents and zero product recalls.

Strategy: Establish a comprehensive quality management system covering research and development, procurement, manufacturing and after-sales services (including ISO 9001 and IATF 16949). Promote digitalized and intelligent quality inspection and testing, strengthen quality collaboration and alignment with suppliers.

- **Key Achievements (2024)**

- The compliance rate for hazardous substance-free (HSF) management of suppliers' raw materials reached 100%, with no related complaints reported during the year.
- No product recalls occurred due to safety or health reasons throughout the year.

2 Data Security and Customer Privacy Protection

- **Our Commitment**

TCL Electronics places customer data security and privacy protection as a top priority. We are committed to strict compliance with global data protection regulations and to building a trustworthy information security and privacy protection framework.

- **Targets and Strategy**

Target: Achieve compliant operations in data security and privacy protection with zero major incidents.

Strategy: Continuously improve information security and privacy management systems (ISO 27001 and ISO 27701). Conduct systematic privacy compliance reviews and risk remediation, strengthen employee awareness training and technical safeguards.

- **Key Achievements (2024)**

- No confirmed incidents or complaints related to customer privacy infringement or data breaches were recorded during the year.

3 Employee Rights and Interests Protection

- **Our Commitment**

We regard employees as the Company's most valuable asset. TCL Electronics is committed to strict compliance with international labor standards and applicable laws and regulations in its operating locations. We strive to provide all employees with a fair, inclusive and dignified working environment, safeguard their legitimate rights and interests, and support mutual growth of employees and the Company through competitive remuneration, benefits and career development systems.

- **Targets and Strategy**

Targets: Achieve 100% compliant employment, with zero tolerance for forced labor and child labor; Establish a competitive and comprehensive remuneration and benefits framework; Foster a diverse, equitable and inclusive (DEI) workplace; Safeguard employees' rights to democratic communication and collective consultation.

- **Key Achievements (2024)**

- Compliant Employment: No violations or complaints related to child labor or forced labor occurred during the year. All new employees received training on compliant employment policies.
- Remuneration and Incentives: Implemented a share incentive scheme, granting shares to 363 individuals, the majority of whom were TCL Electronics employees, recognizing talent value through long-term incentives and strengthening organizational cohesion.
- Diversity, Equity and Inclusion: Female employees accounted for more than 40% of the workforce. Launched the "TCL FOR HER" program to support female employee development. Dedicated parking spaces for persons with disabilities were established at the Huizhou Manufacturing Center, and activities were organized in celebration of the International Day of Persons with Disabilities. Prayer rooms were set up within the Company to respect employees' freedom of religious belief.

- Democratic Communication and Collective Consultation: Nearly 200 employee communication sessions were held, during which management listened to and followed up on employee feedback. A collective agreement was signed with all employees, covering remuneration and benefits, working hours, occupational health and safety, working conditions, labor protection and hygiene, insurance and benefits, protection of special employee groups, vocational training and education. The coverage of collective agreements reached 100%.
- Training and Development: More than 85% of employees received training during the year. The average training hours per employee reached 43 hours.

4 Employee Health and Safety

- **Our Commitment**

We firmly believe that the health and safety of every employee are of paramount importance. We are committed to providing a safe and healthy working environment, preventing occupational injuries and diseases, and safeguarding employee well-being.

- **Targets and Strategy**

Target: Pursue the long-term goal of zero serious injuries, zero fatalities, and zero major fire or production safety incidents.

- **Key Achievements (2024)**

- 7 subsidiaries obtained ISO 45001 Occupational Health and Safety Management System certification.
- Achieved the annual safety target of zero serious injuries and zero fatalities.
- Occupational health and safety training covered 347,340 person-times.

5 Sustainable Supply Chain

- **Our Commitment**

We believe that a responsible supply chain is a critical foundation for sustainable development. TCL Electronics not only requires itself to adhere to high standards of business ethics and compliance, but also extends the same environmental and social responsibility standards throughout its supply chain. We are committed to building long-term, transparent and trust-based partnerships with suppliers through systematic audits, assessments and capacity building, jointly fostering a resilient, low-carbon and human-rights-respecting sustainable supply chain ecosystem.

- **Targets**

- Ensure that 100% of new suppliers pass corporate social responsibility (CSR) audits prior to onboarding.
- Conduct annual CSR spot-check audits for key suppliers and drive corrective actions and closure of non-conformities.
- Ensure supply chain compliance with the Responsible Business Alliance (RBA) Code of Conduct and prohibit the use of conflict minerals.

By 2025, ensure that at least 80% of Tier 1 suppliers pay wages to employees that meet local living wage standards; by 2030, increase this proportion to at least 95%. To address wage gaps, suppliers currently paying below living wage standards are required to submit corrective action plans and achieve compliance within committed timelines. Annual reviews are conducted to track progress.

- **Core Strategies:**

- **Strict Supplier Onboarding and Audit System**

- **Audit Process:** TCL Electronics has established a *Supplier Code of Conduct*. New suppliers must pass due diligence that includes CSR dimensions and sign the *Partner Code of Conduct Agreement*. Key ESG requirements, such as adherence to the *RBA Code of Conduct*, the *Conflict Minerals Policy* and *Business Ethics Red Lines*, are clearly embedded as binding contractual obligations. If any red-line requirements are violated, TCL Electronics will pursue accountability in accordance with the *Partner Code of Conduct Agreement*, imposing fines or terminating cooperation in cases of refusal to rectify.
- **Audit Tools:** On-site audits are conducted using the upgraded *Supplier Social Responsibility Assessment Checklist V3.0*, covering five core modules: labor rights (including non-discrimination and humane treatment, forced labor, child labor and protection of underage workers, working hours and rest, wages and benefits (including minimum wage and overtime pay, freedom of association and communication); health and safety (health and safety permits, emergency preparation and response, accident management, etc.); environmental protection; business ethics; management systems. Minimum scoring thresholds are set for each module to promote comprehensive CSR compliance among suppliers and partners.

- Continuous Monitoring and Capacity Building
 - Tiered Supplier Management: Existing suppliers are subject to monthly, semi-annual and annual performance evaluations (covering commercial performance, delivery, quality and technology) and are classified into tiers (preferred, qualified, restricted and phased-out).
 - Living Wage Assessment: From late 2024 to early 2025, TCL Electronics conducted a formal living wage assessment among Tier 1 suppliers. Results showed that 10 out of 12 suppliers (83.3%) surveyed paid wages that met or exceeded living wage standards.
 - Note: The methodology for estimating a living wage primarily involves the following two steps:
 - Step 1:** Assess reasonable living costs for employees and their families in specific regions to determine the living wage benchmark.
 - Step 2:** Compare suppliers' wages (excluding overtime pay, bonuses and benefits) against the benchmark and require improvement actions where average wages fall below the living wage level.
- Targeted Management of Key Risks
 - Conflict Minerals Management: In accordance with RBA and GeSI requirements, TCL Electronics has established the TCL Electronics Conflict Minerals Policy. The Company conducts due diligence using the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) provided by the Responsible Minerals Initiative (RMI) for suppliers involved in 3TG, cobalt and mica. In 2025, CMRT and EMRT surveys were launched among 632 suppliers, achieving a 100% response rate for both. By the end of 2025, 72% of 3TG raw materials used in all products were sourced from Smelters or Refiners (SORs) certified under the Responsible Minerals Assurance Process (RMAP). Conflict minerals management achieved 100% traceability of product raw materials to their origins. The Company continues to conduct Reasonable Country of Origin Inquiry (RCOI) processes, strengthens upstream risk identification and control, and supports suppliers in establishing responsible minerals management programs aligned with TCL Electronics standards. Based on due diligence and RCOI results, suppliers are risk-rated, and high-risk suppliers are required to drive non-compliant SORs to obtain RMAP certification or remove them from the supply chain within defined timelines.

- **Key Achievements (2024)**

- Actively implemented green supply chain initiatives and conducted supplier training programs focused on emerging policy trends such as eco-design.
 - Conducted environmental and social impact assessments for 434 suppliers.
 - Engaged 60 local suppliers through localized procurement.
 - Completed CSR onboarding audits for 38 new suppliers.
-