



TCL Electronics Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock code: 01070



2019

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Environmental, Social and Governance Report

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ABOUT THIS REPORT

OVERVIEW

This report is the fourth Environmental, Social and Governance ("ESG") Report ("ESG Report") published by TCL Electronics Holdings Limited (an exempted company incorporated in the Cayman Islands with limited liability whose issued shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 01070), hereinafter "TCL Electronics", the "Company" or "we", together with its subsidiaries, are collectively referred to as the "Group"), which discloses our performance in compliance with laws and regulations, products and technological innovation, customer services, workplace safety and environmental protection, talent development and team building, responsible procurement and public welfare and charity. The reporting year aligns with our financial year, the latest of which was ended on 31 December 2019.

REFERENCE

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

SCOPE AND BOUNDARY

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

In 2019, with the continuous expansion of business, we expanded the collection scope of environmental metrics. Compared with those in 2018, the environmental metrics of manufacturing plants located in Vietnam and Mexico are added. Unless otherwise specified, all environmental metrics reported in this report covers the following operations:

- Offices located in Shenzhen and Huizhou, China
- Manufacturing plants located in Huizhou and Chengdu, China
- Manufacturing plant located in Poland
- Manufacturing plant located in Vietnam
- Manufacturing plant located in Mexico



SOURCE OF DATA AND AUTHENTICITY

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

BOARD APPROVAL

This report was approved by the Board of Directors on 28 March 2020.

MESSAGE FROM THE CHAIRMAN



TCL Electronics keeps up with the trend of innovation in electronic science and technology, and on the basis of consolidating and improving the market competitiveness of its main products, makes continuous efforts to become a leading global intelligent technology enterprise. In 2019, TCL Electronics is pleased to further promote its globalisation layout. We have made encouraging achievements as our business has maintained strong growth. Our TV sales volume reached a record high of 32.00 million units in the financial year ended 31 December 2019, representing a year-on-year increase of 12%.

As an important engine of the Company's growth, overseas markets continue to provide strong growth momentum. In terms of manufacturing, TCL Electronics has further advanced its global presence. TCL Electronics has achieved global market layout by gaining footholds in Vietnam, Mexico and Poland for the purpose of capturing market share in Southeast Asia, North and Central America as well as Europe respectively. In addition, we have selected India to build our first overseas panel module and TV set integrated smart manufacturing industrial park, continuously improving our global industrial capacity. The development of TCL Electronics also lies in products and services innovation. We promote technological innovation by "products + services", and create smart home ecosystem by "smart +



Internet". This "Double +" approach guides TCL Electronics to step forward in this new era. By introducing smart TV, smart lifestyle products and smart home management system, we have actively stepped into the field of Artificial Intelligence ("AI") and Internet-of-Things ("IoT") and developed the smart home market to realise inter-connection across IoT scenarios and achieve a full-spectrum smart home ecosystem.

As we attain commercial success, TCL Electronics still maintains high standards and outstanding performance in ESG. We know that the advancement of our business implies more challenges. Therefore, we attach greater importance to the integration of corporate business, environment and society and sustainable development. We have strengthened our ESG management across different topics. We are building a comprehensive management system, and enhancing the awareness and requirement in daily operation, in order to realise our ESG management initiatives. In 2019, TCL Electronics was successfully selected as constituent of the Hang Seng Corporate Sustainability Benchmark Index, demonstrating that TCL Electronics' ESG performance has reached the market-leading level.

Changes in the global economic landscape will bring more new challenges and opportunities. In the future, TCL Electronics will follow the value proposition of "smart technology", and re-define "home and home appliances" through the two-wheel drive of "products + technology" as well as "the intelligence of a single category + the interconnection of multiple categories", and embrace the upcoming technological changes.

PERFORMANCE HIGHLIGHTS IN 2019



 **46,991**

Turnover HKD 46,991 million

\$ 8,170

Gross profit HKD 8,170 million

 **987**

HKD 987 million has been invested in research and development ("R&D")



 **20,793,000**

The average daily number of active users of smart TVs was 20,793,000

 **32.00**

The annual sales volume of LCD TVs was 32.00 million units, representing a year-on-year increase of 12 %

 **28,374**

As at 31 December 2019, we employed 28,374 employees globally, of which 38.5 % were female

 **31.1**

The water intensity per TV sold was 31.1 litres, representing a year-on-year decrease of 9.3%

 **2.84**

The carbon emission density per TV sold was 2.84 kg of carbon dioxide equivalent



TCL Electronics was successfully selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index

SUSTAINABILITY GOVERNANCE

TCL Electronics always adheres to the concept of "assuming responsibility towards the society and being an excellent corporate citizen" and upholds the principle of sustainable development. TCL Electronics also takes up concrete work by focusing on issues including environmental protection, employment promotion, employee protection, health and safety, fair operation, consumer relations, community participation and development, and continuously improves and fully fulfils social responsibilities and strengthens corporate governance.

In 2019, TCL Electronics was selected as constituent of the Hang Seng Corporate Sustainability Benchmark Index, which fully demonstrates our outstanding performance in sustainable development.





SUSTAINABILITY GOVERNANCE STRUCTURE

TCL Electronics adopts the guiding principles in terms of overall sustainable development management approaches, and carries out corporate social responsibility work under the leadership of the Group's top management. The ESG team of the Group, which is composed of the Executive Office, Financial Centre, Operation Centre, R&D Centre and Human Resource Centre of the Company, is responsible for external disclosure of ESG performance matters.

Throughout 2019, TCL Electronics has adhered to improving the internal sustainable development governance structure, strived to properly manage the Group's impact on all stakeholders, continuously created value for stakeholders, and achieved its own sustainable development goals.

The functional set-up of sustainability governance of the Group is as follows:

Level of Sustainability Governance	Members	Responsibilities
Leadership in sustainability	Including senior management	<ol style="list-style-type: none"> 1. Lead sustainability related affairs 2. Formulate sustainability strategy 3. Allocate resources of the Group for sustainability work 4. Approve results of sustainability work
Management in sustainability	Led by the Executive Office from the headquarters and comprises heads of all departments	<ol style="list-style-type: none"> 1. Manage sustainability work 2. Delegate sustainability personnel for implementation 3. Supervise progress of sustainability work 4. Report to sustainability leadership
Sustainability taskforce	<p>Departments from the headquarters</p> <p>Domestic and overseas manufacturing bases and subsidiaries</p>	<ol style="list-style-type: none"> 1. Collect and communicate sustainability information 2. Implement detailed sustainability work 3. Report to the management in sustainability

COMMUNICATION WITH STAKEHOLDERS

TCL Electronics attaches great importance to communicating with its stakeholders, including employees, customers, suppliers, investors/shareholders, government and regulators, industry association and chambers of commerce, non-profit organisations, and media. By strengthening communication with its stakeholders, TCL Electronics continuously improves the transparency of enterprise operation, actively understands and responds to the expectations and demands of the stakeholders, and strives to form closer cooperative partnership with the stakeholders and achieve mutually beneficial and positive interactions with the stakeholders.



EMPLOYEES:
28,374 employees directly employed by TCL Electronics

TCL Electronics continually improves its personnel training and management system, attracts a diverse array of talents, and provides them with guaranteed benefits and equal opportunities.

- Communication channels and methods: E-mails, employees' meetings, and employee activities
- Their concerns: benefits and remuneration of employees, protection of basic rights and interests, smooth career development channels, personnel training mechanism, balance of work and life, personal health and safety, and corporate communication channels
- Our response: provide market-competitive compensation, benefits, learning and promotion opportunities, provide a good working environment, and develop a transparent employee management mechanism



CUSTOMERS:
customers who purchase and use products and services of TCL Electronics

TCL Electronics fully explores and earnestly meets the requirements of each customer, continuously improves customers' satisfaction, provides them with a steady stream of products and services with the best experience, and creates economic and social benefits for itself and the society.

- Communication channels and methods: service hotline, complaint and suggestion mailbox, questionnaire survey, customer interview, official Weibo and WeChat public accounts, and information disclosure
- Their concerns: provision of cost-effective services and products, enhancement of product quality and service level, customer privacy protection, after-sales service and warranty, product packaging and design, and low-carbon and environmentally-friendly products
- Our response: strengthen the protection of customer privacy, strengthen all-round quality control, innovate service methods, diversify and innovate products, and use environmentally-friendly technology to manufacture products



SUPPLIERS:
suppliers of materials and service consultants of TCL Electronics

TCL Electronics actively works with the suppliers to jointly fulfil social responsibility in the supply chain. In our cooperation with the suppliers, we require them to comply with relevant supply chain management policies in order to minimise environmental and social risks in the supply chain.

- Communication channels and methods: organise regular suppliers' meetings, hold working meetings, communicate with suppliers on a daily basis and conduct regular assessment
- Their concerns: mutual support, common progress, and transparent and honest cooperation
- Our response: build a responsible supply chain, jointly develop and improve products, and provide IT training



**INVESTORS/
SHAREHOLDERS:**
existing shareholders and potential investors of TCL Electronics

For existing shareholders and potential investors of TCL Electronics, we actively meet shareholders' expectations and develop sustainable economic returns.

- Communication channels and methods: information disclosure, shareholders' meetings, and exchange visits
- Their concerns: disclose financial statements and information transparently, strengthen risk management and control, and create economic value
- Our response: improve corporate governance and investor relationship management, improve operational transparency, maintain business and profitability growth, and continuously improve our position in the industry



**GOVERNMENT
AND
REGULATORS:**
local government and regulators where TCL Electronics is registered, publicly listed and operates

The stable operation and development of TCL Electronics cannot be separated from the supervision and support of the government and regulators. We firmly ensure legal compliance in the daily operation of the Company and fully implement the policies and regulations of the government and regulators.

- Communication channels and methods: regular visits, policy communication with government and regulators, meetings and exchanges and visits.
- Their concerns: comply with laws and regulations, pay taxes according to laws, operate in compliance with regulations, support local development, promote local employment, and protect the local environment
- Our response: implement regulatory policies, pay taxes in accordance with the law, and take the initiative to shoulder social responsibilities



**INDUSTRY
ASSOCIATIONS
AND CHAMBERS
OF COMMERCE:**
business consortia of TCL Electronics' industry peers; the chambers of commerce in which we participate

We actively join the industry associations and chambers of commerce where we are located, grow together with other peers, and achieve healthy business atmosphere.

- Communication channels and methods: industry seminars, symposium, and collaborative research
- Their concerns: promotion of industry development, company business category, product quality, and corporate social responsibility
- Our response: strengthen multi-party business cooperation, promote industrial development, and explore new business models



PRESS:
press which pay attention to TCL Electronics and publicly report on our operational and service performance

We attach great importance to press reports on TCL Electronics, improve the transparency of our operations under the supervision of the press and the public, and maintain the brand image of the Group in the eyes of the public, and inject positive energy to the public.

- Communication channels and methods: press release, media interviews, and regular seminars
- Their concerns: our operations and products, financial performance, outlook, and corporate social responsibility
- Our response: select brand ambassadors, place promotional advertisements, and enhance marketing



**PHILANTHROPIC/
COMMUNITY
ORGANISATIONS:**
The philanthropic organisations TCL Electronics co-operates with and the community at our neighbourhood

As a socially responsible company, TCL Electronics actively contributes to public welfare activities and community construction.





- Communication channels and methods: cooperation in public welfare activities, volunteer services, and property construction and management
- Their concerns: promote local development, enhance community value, and support public welfare
- Our response: actively participate in targeted assistance, carry out public welfare activities, and encourage employees to participate in voluntary activities

MATERIALITY ANALYSIS

In order to better implement the concept of social responsibility in various fields, we will improve the management of material issues. In accordance with the Reporting Guide issued by the Stock Exchange, TCL Electronics reviews its issues relating to sustainability management in 2018, and based on its business performance in 2019, with consideration of the stakeholders' new concerns, constructs a list of sustainability management issues of the Group in 2019, and discloses material issues in the list in this report.



The list of material sustainability development issues for TCL Electronics in 2019 is as follows:

 <p>CORPORATE GOVERNANCE</p>	<ul style="list-style-type: none"> Transparency in information disclosure Ability to create value sustainably Compliance with laws and regulations Anti-corruption Respect to intellectual property
 <p>COMMUNITY AND ECONOMIC DEVELOPMENT</p>	<ul style="list-style-type: none"> Paying taxes according to the law Facilitating industry development Charity activities
 <p>PRODUCT RESPONSIBILITY</p>	<ul style="list-style-type: none"> Product safety and health Enhancing product and service quality Product innovation Responsible marketing
 <p>LABOUR</p>	<ul style="list-style-type: none"> Protecting the legitimate rights and interests of labour Occupational health and safety Reasonable remuneration Respecting the diverse cultures and ways of living of employees Good training and development opportunities Employees' sense of belonging and recognition
 <p>ENVIRONMENTAL PROTECTION</p>	<ul style="list-style-type: none"> Efficient use of resources Waste management Energy conservation and reduction of emissions Water management Recycling of scrapped products Responding to climate change
 <p>INDUSTRIAL CHAIN MANAGEMENT</p>	<ul style="list-style-type: none"> Social responsibility in the supply chain Management of conflict minerals

INJECTING IMPETUS TO ECONOMIES

TCL Electronics actively embraces the development of the times, operates the Company steadily, creates value for shareholders, promotes technological innovation in the industry, better serves customers, and continues to work together to achieve common sustainability in the supply chain.

TOPICS COVERED IN THIS CHAPTER	CATEGORY
Transparency in information disclosure	Corporate governance
Ability to create value sustainably	Corporate governance
Compliance with laws and regulations	Corporate governance
Anti-corruption	Corporate governance
Respect to intellectual property	Corporate governance
Paying taxes according to the law	Community and economic development
Facilitating industry development	Community and economic development
Social responsibility in the supply chain	Industrial chain management
Management of conflict minerals	Industrial chain management



PROMOTING ECONOMIC GROWTH

TCL Electronics actively improves its product strength and brand power, and contributes to the development of display technology industry and economic growth.

In 2019, the overall sales volume of TCL brand TVs increased by 17% compared with the same period of last year. Among others, the sales volume of its smart TVs and 4K TVs increased by 19% and 31% year-on-year respectively. Its product structure continued to improve. Its smart TVs and 4K TVs accounted for 85% and 51% of its overall brand TV sales volume, respectively, representing increases of 2 percentage point and 6 percentage point respectively over the previous year. In 2019, the sales volume of its QLED TVs increased by 66% year-on-year, the majority of which were sold in overseas markets.

TAXPAYING

TCL Electronics adheres to the concept of paying taxes in accordance with the law and doing business in good faith. We have established a strict financial accounting management process and a management system for paying taxes in accordance with the law. Since 2016, we have set up a position of Tax Director in order to respond to different tax policies and requirements of various countries.

As a manufacturing company, we strictly abide by the Environmental Protection Tax Law of the People's Republic of China which came into effect in 2018. Our production bases in mainland China strictly pay environmental protection taxes in full and on time in accordance with actual conditions, and actively improve quality and efficiency, promote cleaner production, reduce environmental pollution caused by production and daily operation, and contribute to progress of ecological enhancement.

STRENGTHENING OVERSEAS MARKETS

TCL Electronics adheres its globalisation brand strategy and gains leading competitive advantage by actively capturing overseas key market opportunities and optimising product structure. While continuously expanding overseas business, we actively hire local employees to drive local economic development. Except for a small number of Chinese executives, the employees of our overseas manufacturing plants and sales subsidiaries are all locals, which effectively improves the local employment level and promotes balanced regional development.

In 2019, the sales volume of TCL Electronics' overseas brand TV accounted for more than 65% of its total sales volume of brand TV:

- The North American market maintained its competitive edge, in 2019, the sales volume of brand TV sales in the North American markets increased by 14% year on year.
- The European market maintained its high growth momentum, in 2019, the sales volume of brand TV in European market increased by 35% year on year.
- The emerging markets continued to expand its sale channels, in 2019, the sales volume of TV in emerging markets increased by 41% year on year.

TCL Electronics will further deepen its cooperation with overseas Internet business partners, continue to optimise the global production capacity layout and expand global market share, and become a leading global smart technology company with continuous user operating income.

TCL Electronics cooperates with Netflix globally



In November 2019, TCL Electronics renewed its global cooperation agreement with Netflix to promote the further expansion of its overseas Internet business and further boost TCL Electronics' overseas Internet revenue. Through this cooperation, TCL TV users can quickly access Netflix resources through the TV initial page and Netflix shortcuts on the remote control, providing users with more convenient and rich film and television information.

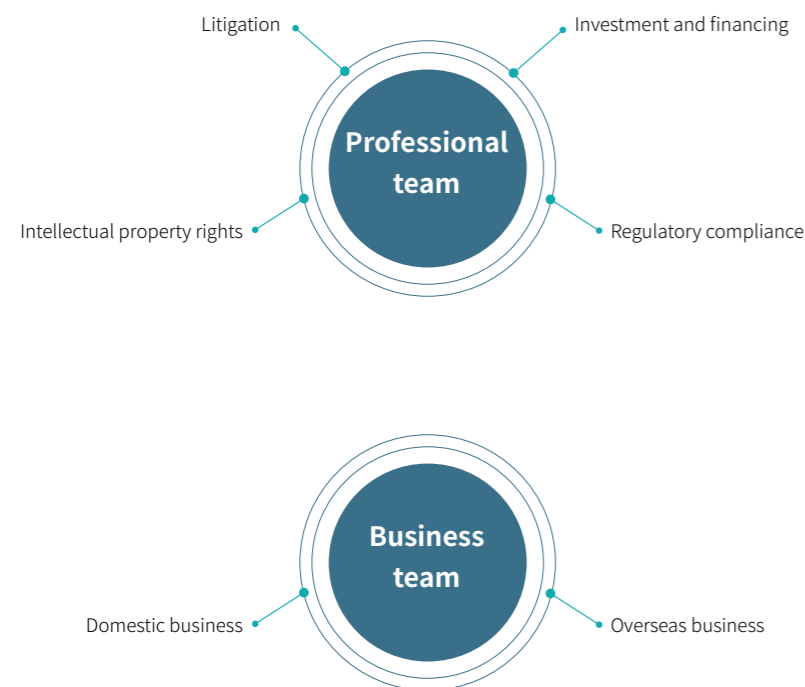
COMPLYING WITH THE LAW

TCL Electronics firmly abides by the relevant laws and regulations of different countries and regions to ensure that our business development meets local compliance requirements and realises the steady development of the enterprise.

RESPECT FOR INTELLECTUAL PROPERTY RIGHTS

Protecting and respecting intellectual property rights is one of the core elements of TCL Electronics to achieve long-term steady development.

TCL Electronics has established the Intellectual Property Rights Protection and Management Procedures in terms of new product project approval, procurement, production, sales and after-sales to protect intellectual property rights in the entire process of product management. In 2017, it passed GB/T29490 intellectual property rights management system certification. We have established the corresponding organisational structure to provide the Group with comprehensive legal support for intellectual property rights protection. The Legal Department of the Company has set up a professional team, which is responsible for providing the Company with comprehensive legal support in terms of intellectual property rights, litigation, investment and financing and compliance, and business team, which directly contacts business departments to provide support for intellectual property rights protection required by them.



The Group actively urges its suppliers to protect intellectual property rights. In the procurement agreement entered into with its suppliers or contractors, the Group clearly states the requirements for intellectual property rights protection, and requires suppliers to ensure that the products or services they provide to the Group do not infringe the intellectual property rights and other legitimate rights and interests of any third party. If the product infringes the intellectual property rights or causes the infringement of the intellectual property rights of a third party, the supplier shall negotiate on the infringement of intellectual property rights, and actively cooperate with the Group in settling legal disputes.

In 2019, TCL King Electrical Appliances (Huizhou) Company Limited* (TCL 王牌電器(惠州)有限公司) and Shenzhen TCL New Technology Company Limited* (深圳 TCL 新技術有限公司), both of which are subsidiaries of TCL Electronics, won the title of Guangdong Intellectual Property Rights Demonstration Enterprise.



	Number as of the end of 2019	Number as of the end of 2018
Patents licensed	2,606	2,059
Patents applied for	5,844	5,164



STRICTLY OBSERVING BUSINESS ETHICS

TCL Electronics strictly complies with Criminal Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China and Company Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery (Order of the State Administration for Industry and Commerce (No.60)) of the PRC and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. We value transparency, independence, accountability, responsibility and fairness of business operations. In addition, we strictly abide by the Anti-Money Laundering Law of the People's Republic of China, prohibit all kinds of anti-money laundering behaviours, and carry out anti-money laundering warning education for employees; strictly abide by the Criminal Law of the People's Republic of China, prevent extortion incidents, and protect the legitimate rights and interests of ourselves and others.

By improving the anti-corruption system, entering into the undertaking for personal integrity with employees and raising employees' awareness of anti-corruption, TCL Electronics promotes corporate culture of integrity, strictly observes business ethics, and resolutely gives warnings to any dishonest person who tramples on corporate culture and damages the Company's interests. We do not cross the institutional red line. We make sure that we abide by the law, observe professional ethics, and defend TCL's core values.

Internal integrity management system

Anti-corruption system	Undertaking for personal integrity	Anti-corruption education
The Company has established TCL Electronics Code of Anti-corruption, which was revised in 2019, for the purpose of protecting the legitimate rights and interests of all parties in business transactions, fully demonstrating the spirit of fair, just, honest and sincere cooperation, resisting commercial bribery and unfair competition, and fighting against commercial fraud.	<p>We require all employees to sign the Undertaking for Personal Integrity and make personal commitments.</p> <ul style="list-style-type: none"> Each new employee is required to sign the Undertaking for Personal Integrity and receive unified education in orientation training so that they can firmly establish the idea of resisting corruption; We require newly promoted cadres to sign the Undertaking for Personal Integrity when they are promoted; For employees in positions vulnerable to corruption, the Company shall arrange them to sign the Undertaking for Personal Integrity once a year in public. In addition, the Company has established the regular job rotation system for employees involving procurement, supplier quality and logistics services; For employees not in positions vulnerable to corruption, the Company shall arrange them to sign the Undertaking for Personal Integrity once every three years. 	<p>We continue to promote the Company's integrity culture through regular and special integrity education and publicity, including:</p> <ul style="list-style-type: none"> Place the anti-corruption publicity information in the min-bulletin boards in the elevators and washrooms; Carry out anti-corruption education through diverse methods, including staff Emails, interaction on corporate WeChat official account and publicity in the office area; Make short videos on anti-corruption and play them during all training and meeting intervals; Conduct an annual anti-corruption questionnaire survey, raise employees' awareness of anti-corruption through questionnaire, and collect relevant risk information.

Supplier integrity management

In respect of the anti-commercial bribery management related to the supplier, TCL Electronics clearly states in the procurement agreements that the supplier shall not, under any name whatsoever, entertain or give gifts to the buyer's personnel, nor secretly give them kickbacks, commissions, securities, physical objects and other forms of benefits, and shall not collude with the buyer's personnel. In case of any violation related to commercial bribery, TCL Electronics will immediately cease the performance of the contract with the supplier, require the supplier to pay 20% of the total contract amount as liquidated damages, and have the right to immediately terminate the contract and reserve the right to report the case to the judicial authority for investigation.

At the same time, when we enter into a contract with each supplier, we will sign an Honesty and Integrity Agreement to further resist commercial bribery and unfair competition, to protect the legitimate rights and interests of both parties in business transactions.

Declaration of interests and whistle-blowing channels

TCL Electronics has established the channel for stakeholders to actively submit declarations of interests. An employee can actively report the position of his relatives in the Group or the supplier in time in the office automation ("OA") system. In addition, we have set up reporting methods such as the OA homepage, telephone and mailbox to provide employees, suppliers and the public with unimpeded whistle-blowing channels, and work with the stakeholders to supervise integrity and compliance. The Company's whistle-blowing channels are under the unified management of the Internal Control and Audit Department. Specialised personnel are assigned to record and regularly review the reports. The information of the whistle-blower is strictly confidential. The leakage of the whistle-blower's information is strictly prohibited. The Internal Control and Audit Department shall, after regularly collating the reported information, truthfully report it to the chief executive officer of the Company and carry out investigation on the actual situation.

In 2019, TCL Electronics did not have any legal action against the Company or its employees regarding corrupt practices.



WIN-WIN RESULTS FOR MULTIPLE PARTIES

Supply chains and partners are important members of TCL Electronics' stakeholders. We have established complete systems and processes, regulated and improved management of suppliers, and actively promoted the joint efforts of the suppliers and TCL Electronics to jointly fulfil their social responsibilities. Meanwhile, we also take the initiative to attract partners from all walks of life, strengthen peer exchanges, promote industry-academia-research cooperation, participate in the formulation of standards, and promote the development of technology and industry.

SUPPLY CHAIN MANAGEMENT

TCL Electronics has established a set of systems and processes to standardise supplier management. The basic information of the supplier shall be investigated and preliminarily evaluated by the component division of TCL Electronics manufacturing centre. Formal on-site assessment shall be conducted upon satisfactory results of preliminary assessment. In this process, we require the supplier to provide a number of documents and qualification information to ensure that its operation and production meet the social responsibility requirements of TCL Electronics.

Supplier review and assessment

TCL Electronics has entered into the Quality Agreement, Integrity Agreement, Anti-terrorist Security Cooperation Agreement and Social Responsibility Commitment of Subcontractors and Suppliers with all suppliers. By stating social responsibility requirements for suppliers and contractors in regulations and agreements, TCL Electronics promotes the joint efforts of the upstream and downstream industry chains to improve their social responsibility performance, create industry synergy, and achieve harmonious development.

Under the Social Responsibility Commitment of Subcontractors and Suppliers, we clearly require suppliers to commit to the following matters:

- Implementing the standard of constantly striving for perfection in all areas of business;
- Observing professional ethics in all operations and shoulder responsibility;
- Respecting the rights of all individuals;
- Focusing on environmental protection;
- Actively following up and comply with relevant regulations, standards and requirements of individual stakeholders, and continuously improving social responsibility, occupational health, safety and hygiene, and quality management performance.

TCL Electronics adopts QCDS to evaluate the supply chain. QCDS rating is the assessment method with which the Department of Supply Chain Management of TCL Electronics conducts comprehensive evaluation and rating on the monthly quality (Q), cost (C), delivery (D) and service (S) of each supplier. Through quantitative assessment, the supplier with a low rating can identify its own deficiencies and correct them in time, and TCL Electronics can strengthen cooperation with excellent suppliers.

QCDS assessment method

- (1) The component division shall evaluate the quality of the supplier, provide various statistical data, and rate the quality (Q) and corresponding service (S).
- (2) The Material Control Division shall rate the delivery (D) according to the supplier's monthly delivery on-time rate.
- (3) The Purchasing and Development Division shall rate the cost (C) and the corresponding service (S) according to the supplier's price and cooperation degree.
- (4) The component division shall be responsible for the final QCDS rating statistics, and inform the final rating to the suppliers.

Controversial sourcing

TCL Electronics actively responds to the requirements of RBA (Responsible Business Alliance, formerly known as Electronic Industry Citizenship Coalition) and GeSI (Global e-Sustainability Initiative), and signs the Statement on Restricted Substances with the supplier, which requires the supplier to assure that all packaging, parts and/or finished products provided to TCL Electronics and/or its related companies do not contain restricted substances listed in the TCL restricted substances standard attached in the Statement on Restricted Substances, for the purpose of ensuring that TCL Electronics does not use conflict minerals (i.e. any metals financing armed conflicts or from illegal mining). We also require our suppliers to sign the Guarantee of No Consumption of Conflict Minerals and provide written evidence, such as raw material inspection lists and third-party inspection reports, to prove that their products are not conflict minerals. If a supplier is known to be using conflict minerals, we will immediately stop the use and procurement of such conflict minerals and require the supplier to submit written explanation. We will terminate cooperation with the supplier if there is a conscious violation.



PROMOTING INDUSTRY DEVELOPMENT

TCL Electronics actively explores industry development thinking, gains insights into industry trends, advances with the times, adheres to communication and cooperation, promotes the formulation of industry standardisation, and expects to promote the industry's green and innovative development through its own sustainable development.

Industry cooperation and exchange

TCL Electronics values communication and cooperation between industries, and promotes breakthroughs in platforms and technologies through cooperation to achieve win-win results for multiple parties. In 2019, we signed strategic cooperation agreements with a number of companies to create a global layout; and we participated in 13 exhibitions at home and abroad, including the International Consumer Electronics Show (CES), German Consumer Electronics Show (IFA), Shanghai Jia Expo, China Electronics Fair (CEF), and Canton Fair in Spring and Autumn.

TCL Electronics conducted in-depth cooperation with Chengdu High-tech Zone



In December 2019, TCL Electronics conducted in-depth cooperation with Chengdu High-tech Zone and established strategic cooperation relationships in the areas of capacity expansion, new business layout, new technology research and development, and international logistics.



TCL Electronics entered into the strategic cooperation agreement with ForwardX



In December 2019, TCL Electronics entered into the strategic cooperation agreement with ForwardX, an automated mobile robot (AMR) company. The two parties would jointly develop the integrated solution for full business scenarios of intelligent logistics and explore the solution of unmanned intelligent logistics. This time TCL Electronics and ForwardX signed the "World's Largest Order" involving 500 AMRs, which would help the two parties achieve another breakthrough in the commercialisation of smart manufacturing.

Assisting in standard formulation

TCL Electronics has been actively promoting the regulation of industrial standards and industrial cooperation. In 2019, we participated in the preparation and revision of a number of national standards and industry standards, followed up the changes of standards or regulations, interpreted and produced guidance documents, and introduced the products in a timely manner to ensure that the products meet the requirements of the sales market.

The publication of the standards with TCL Electronics' participation in the formulation in 2019 is as follows:

The publication of the standards with TCL Electronics' participation in the formulation in 2019				
No.	Standard properties	Standard designation	Standard No.	Implementation date
1	Industry standard	Technical Specifications for Ultra High Definition Television	SJ/T 11745-2019	1 July 2020
2		Measurement Methods of Display Performance for Ultra High Definition Television	SJ/T 11746-2019	1 July 2020
3	Group Standard of China Audio Industries Association	Quality Evaluation Index System and Test Method for Colour Products	T/CVIA-71-2019	25 March 2019
4	Standard of China Ultra-HD Video Industrial Alliance	Ultra HD TV Measurement Method	CUVA-001-2019	12 March 2019
5		Ultra HD TV Technical Specification	CUVA-002-2019	12 March 2019

TCL Electronics actively promotes the formulation of 8K industry standards



With its strong research and innovation and product manufacturing capabilities in the 8K field, TCL Electronics actively promotes the formulation of 8K industry standards.

- At the beginning of July 2019, TCL Electronics worked with National Radio and Television Products Quality Supervision and Inspection Centre of China to prepare and publish the first 8K TV Selection White Paper from Eight Dimensions, which guides the development of 8K TV from 8 key dimensions including screen, chip, interface, algorithm, gamut, colour purity, peak brightness and dynamic contrast.
- On 10 July 2019, at the 2019 Universal Display Expo (UDE), the "8K Ultra HD Industry Working Committee" was officially established, and Mr. WANG Cheng Kevin, the executive director and chief executive officer of the Company was elected as the first chairman of the "8K Ultra HD Industry Working Committee".
- On 8 August 2019, TCL Electronics worked with China Electronics Chamber of Commerce and China Electronics Standardization Institute to jointly initiate the upgrading of 8K Ultra HD Display Certification Technical Specification, further improving the 8K technology standard and leading the industry's normative development.

Industry-academia-research cooperation

TCL Electronics has been actively seeking university-enterprise cooperation strategic partners to create R&D and talent cultivation systems of different levels and needs. We have established long-term cooperative relations with universities such as Beijing Institute of Technology and Nanjing University; and we have established industry-education integration talent training colleges with vocational schools such as Huizhou Engineering Vocational College, laying a solid foundation for the development of talents in the industry.

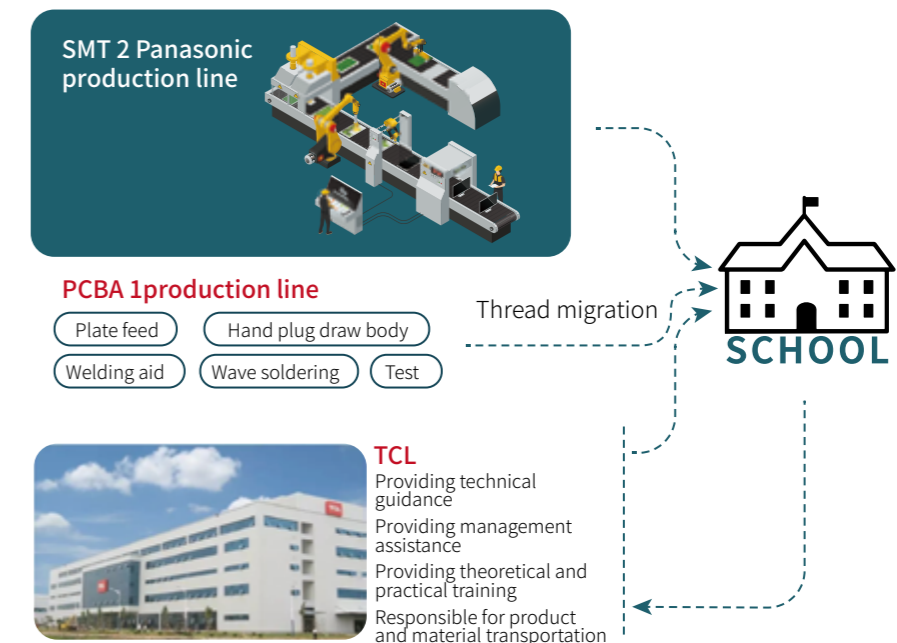


TCL Electronics and Huizhou Engineering Vocational College Jointly Established "TCL King TV Set Chip Teaching Factory"



In June 2019, TCL King Electrical Appliances (Huizhou) Co., Ltd. (TCL 王牌電器 (惠州) 有限公司) and Huizhou Engineering Vocational College jointly established "TCL King Electronic Information College" and "TCL King TV Set Chip Teaching Factory". This cooperation with vocational colleges can fully deepen the integration of industry and education, promote the organic dovetailing of education chain, talent chain and enterprise chain, and realise the precise matching of talents and enterprises.

TCL Chip Factory (production base)



CREATING VALUE FOR OUR USERS

TCL Electronics has been continuously increasing investment in R&D of cutting-edge technologies, focusing on a number of top technology areas such as quantum dot display, 8K and Mini LED, and launched a variety of new mid-to-high end products to better meet user needs and achieve user value of enterprises.

Topics covered in this chapter	Category
Product safety and health	Product responsibility
Enhancing product and service quality	Product responsibility
Product innovation	Product responsibility
Responsible marketing	Product responsibility
Efficient use of resources	Environment



In 2019, we established the AI × IoT strategy, laid out a full-scene AI open architecture, and deeply integrated user needs, IoT device capabilities, and AI capabilities. At the same time, we also developed a 4T strategy, which was based on T-Home, T-Life, T-Park and T-Lodge, from hardware product sales to the integration of all categories and scenes of intelligent devices, integrating 8K display into each scene, thus achieving the goal of enterprise transformation from global home appliances to global smart technology.



A200PRO, leading the smart screen trend

On 16 August 2019, TCL Electronics launched the smart screen A200PRO for the first time in Shenzhen, which has three major features: "super VUI (voice user interface), giant screen mobile phone and AI big screen".

Man-machine interaction becomes a highlight

The intelligence of A200PRO lies in the design of a new system for voice interaction to realise information search through many rounds of coherent natural dialogue. We launched six dialect voice interactive solutions for users in different regions of the country, so users can easily control the smart screen just by natural dialogue. In addition, we have constructed an emotional AI technology framework based on emotional computing and scene sensing technology. The technology framework computes the scene emotion by perceiving the user's intention, environment, behaviour pattern, turning stiff interaction into the emotional VUI interaction full of personification and human care, and brings the user a new amazing experience through concrete image of little T and perfect integration of science-technology and humanity.

The first rotary TV in China

As the first domestic rotatable smart screen, A200PRO is a 55-inch smart big screen in landscape orientation, and it becomes a 55-inch giant-screen mobile phone in portrait orientation. The portrait screen itself fits the portrait screen usage habits of smartphone users in the era of mobile Internet, for example, short videos, information and other content ecology are based on the portrait screen experience.

Automatic lifting AI camera

A200PRO's automatic lifting AI camera will be automatically raised in case of video call.

PRODUCT DESIGN

PRODUCT'S ENERGY CONSERVATION AND CONSUMPTION REDUCTION

TCL Electronics pays attention to the environmental protection feature of products, considers the need to save energy and reduce consumption from the product design stage, and actively develops and adopts energy conservation and consumption reduction technologies.

In 2019, TCL Electronics' ten colour TV product models including 65C6 were evaluated as the green design products by the Ministry of Industry and Information Technology of the People's Republic of China, which fully affirmed TCL Electronics' unremitting efforts in product green design. This green design products evaluation represented the first application of the new standards set out in the Technical Specifications for TV TCESA 1018-2018 Evaluated as Green Design Product, and TCL Electronics is also the first Chinese TV manufacturer to participate in the evaluation under the new standards.

TCL Electronics uses innovative multipath current-sharing driving technology for LED lights to save energy and reduce consumption



TCL Electronics has creatively developed multipath current-sharing driving technology for LED lights to improve the low electrical conversion efficiency of traditional LED backlight drive, high temperature of constant current device and poor energy-saving effect. The new technology not only makes the circuit simple, reliable and cheap, but also extends the application to multi channels. By improving the power efficiency of the backlight power, we achieved to improve power efficiency, enhance 6-9% backlight efficiency, and fully realise energy conservation and consumption reduction.

EFFICIENT USE OF ENVIRONMENTALLY FRIENDLY MATERIALS

TCL Electronics continues to input manpower and funds in raw materials of TV set, and continuously develops and innovates to save materials and avoid waste. At the same time, we use environmentally friendly materials to meet the design requirements of green products at the design source and reduce pollutant emissions during the manufacturing process.

Reduction of the use of PET (polyethylene terephthalate) materials

Reduction of the use of PET materials helps reducing oil consumption and the energy consumption and pollution associated with the refining process, because the optical film in television is based on PET material, and its raw material particles are refined from petroleum. TCL Electronics cooperates with optical film manufacturers and diffusion plate manufacturers to develop optical film and diffusion plate bonding products. Through the bonding process, the amount of PET base material required can be greatly reduced by about 60%, and mass production is planned in 2020 to achieve more environmentally friendly application of optical components.



Schematic diagram of optical film and diffuser plate bonding (Film: optical film; DP: diffuser plate)

Reduction of painting usage with spray-free process

Spray-free metal powder material is made by adding a very small amount of metal powder particles to the original resin base material to make plastic parts with metallic appearance through direct injection moulding process, thereby removing post-processing such as spraying. The spray-free process reduces the use of oil-based paint and reduces the product's intermediate turnover process, which is environmentally friendly and improves product manufacturing efficiency. In 2020, we will adopt spray-free process for products of all sizes to meet the requirements of green products.

ECONOMICAL USE OF PACKAGING MATERIALS

Packaging materials are also important consumables in the life cycle of TCL Electronics products. We actively examine product packaging materials and methods with green and innovative requirements to reduce the use of toxic and harmful raw materials, promote the application of EPE (expanded polyethylene) materials, which are healthier and more environmentally friendly, easy to be recycled and reused after granulation.

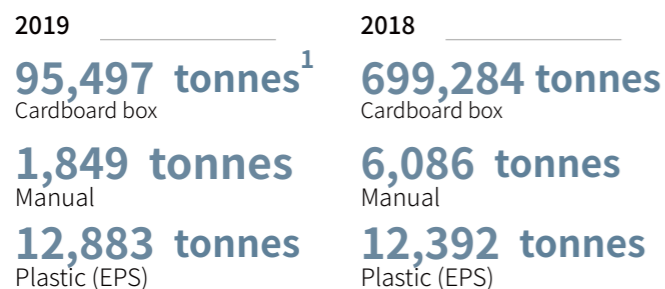
EPE is currently mainly used as a cushion pad in front of the screens of F6, D6, D8, D10 and other series models. In the Q, C, and X mid-to-high-end series, some or all of the packaging structure uses EPE, as a cushion pad. In contrast, EPS (expanded polystyrene), which is replaced by EPE is more difficult to be recycled or naturally decomposed. The active use of EPE instead of EPS can reduce the environmental impact of packaging. Since 2015, the usage amount of our EPS packaging materials has decreased year by year.

The usage amount of single machine EPS packaging materials for some models in the last 5 years (unit: g)					
Model & size	2015	2016	2017	2018	2019
65" Curve	2,940	2,470	1,967	1,900	1,110
55" Curve	1,758	1,300	1,191	776	666
32" Flat	258	229	207	182	175

At the same time, TCL Electronics is actively carrying out the management of packaging materials recycling. In 2019, TCL Overseas Electronics (Huizhou) Co., Ltd.* (TCL 海外電子 (惠州) 有限公司), a subsidiary of TCL Electronics, set a target of recycling all paper packaging materials and achieved it.

In addition, the packaging boxes, card boards, and plastic turnover boxes used by suppliers to provide raw materials and products are properly recycled and reused, which effectively reduces the consumption and waste of packaging materials.

Usage amount of TCL Electronics' packaging materials



¹The usage amount of cardboard box has been greatly reduced, one reason is due to the continuous promotion of lightweight packaging design by TCL electronics, the other is the reduction of business such as binding of textbooks for primary and secondary school students undertaken by the Poland production base in 2019.

PRODUCT SAFETY

Product safety and quality is the cornerstone of a manufacturing enterprise. TCL Electronics examines the safety and quality of each product with the most rigorous and serious attitude. We strictly abide by laws and regulations such as the Law of the People's Republic of China on Protection of Consumer Rights and Interests, Product Quality Law of the People's Republic of China, Administrative Measures for the Restriction on the Use of Hazardous Substances in Electrical and Electronic Products, as well as regulations on product health and safety in overseas market access policy and consumer protection laws and regulations, and we also refer to national, industrial and local safety production standards including GB8898-2011/IEC 60065: 2014 Safety Requirements for Audio, Video and Similar Electronic Equipment, to ensure our products are reliable and safe and protect the legitimate rights and interests of users. If consumers cause personal or property damage due to TCL Electronics' product defects, consumers can request reasonable compensation from TCL Electronics; if consumers' legal rights and interests are damaged while receiving services, they can request reasonable compensation from TCL Electronics.

In addition, the safety, energy efficiency and electromagnetic compatibility laboratory under TCL Electronics has been accredited by China National Accreditation Service for Conformity Assessment (CNAS, registration number: CNAS L1701), and a complete quality system has been established in accordance with the international standard ISO/IEC17025 General Requirements for the Competence of Testing and Calibration Laboratories. TCL Electronics also tracks changes in standards in real time, timely supplements and expands the scope of laboratory testing ability, and improves the laboratory testing ability to ensure the safety, reliability and quality of products.

Some safety certifications obtained by TCL TV sets are shown as follows:



No product of TCL Electronics was subject to recalls for safety and health reasons in 2019.

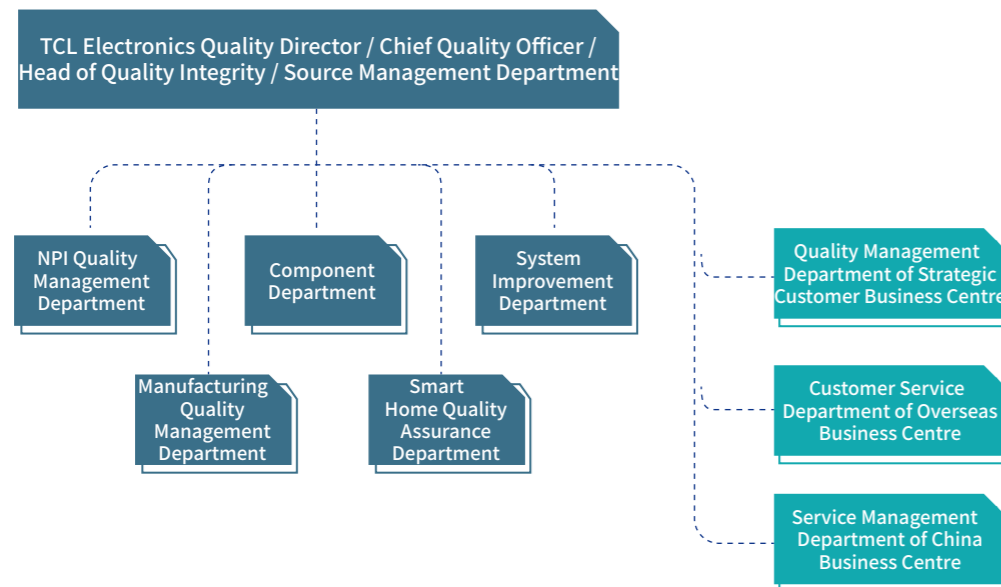
PRODUCT QUALITY ASSURANCE

Adhering to the management concept of "production quality is the foundation of all work quality", TCL Electronics has established a sound quality management structure, formed a quality management system framework covering the whole life cycle of products, and set up a quality management responsibility system to fully guide departments and employees at all levels to implement the "prevention first" quality management spirit, "identify problems before users do" and solve problems in time. In addition, TCL Electronics also has a "Branch Free Sample Removal Management Process" and a "Branch Company Return Machine Management Process" to standardize the processing procedure of products which need to be returned for repair or recall, to speed up the return processing efficiency and improve users satisfaction. In order to reduce the rate of returned machine, TCL Electronics also sets up a special person to collect and analyse the returned machine information to clarify the return reason and its subsequent improvement measures.

TCL Electronics has passed ISO9001: 2015, IECQ-QC080000: 2017 and other quality management system certifications, covering quality, hazardous substances, environment, energy, occupational health and safety, integration of informationisation and industrialisation, intellectual property and other system-wide integrated quality management system construction.

Quality management framework

TCL Electronics sets up a quality management centre, which is responsible for the quality management of TV business. The scope of management covers all major business units, and implements a solid double line and embedded quality management model with various business departments. The quality management centre comprehensively coordinates domestic and overseas R&D, parts, manufacturing and after-sale quality management platform, to carry out systematic, comprehensive quality monitoring, unified decision-making and quality improvement guidance for the whole product value chain of TCL Electronics.



TCL Electronics Quality Management Centre Organisation Structure

Quality management system framework

TCL Electronics establishes a closed-loop system management process map, standardising the logical relationship and management process of each stage and each node around the product's full life circle.



TCL Electronics Quality Management Process Map

Quality management responsibility system

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

Quality "mine-clearing" and quality rectification activities

In 2019, TCL Electronics strengthened the transformation from a "passive defender" to an "active attacker" and carried out a series of special quality improvement activities, including "mine-clearing", "quality rectification activities" and "screen parts improvement", identifying risk points in the system such as systematic, quality of work, standards, products and processes, and determining specific improvement plans. The "mine-clearing" lasted for 3 months, and identified 65 mine fields, 319 mine points and 345 improvement projects. By the end of December 2019, the issues involved in the activity were rectified, and the closure rate reached 92%.

Major improvement measures for TCL Electronics' screen products in 2019

It set up a special team for screen crack to optimise mechanical test standards, introduce split boxes, finger plates and other measures to reduce the screen crack rate of the whole machine	The screen crack rate of the whole machine in 2019 decreased by 13% compared with that in 2018
Importing online audio and video tools, WeChat self-inspection, strengthening the agent system's interception capability, and improving the resolved rate of consultation	The resolved rate of consultation in 2019 increased by 12.2% compared with that in 2018
Measures for reducing screen failure loss project implemented to reduce screen's early return rate and annual cumulative failure rate	Screen's early return rate in 2019 decreased by 20% compared with that in 2018
New screen manufacturer risk identification to reduce early screen failure CSOT's screen design and process improvement to enhance anti-corrosion ability	The cumulative screen failure rate in 2019 decreased by 30% compared with that in 2018

A series of activities in quality activity month



In September 2019, TCL Electronics continued to carry out quality month activities. It taught its employees through lively activities such as quality keynote speech, quality knowledge competition and quality essays and effectively improved their quality awareness in competition and entertainment.

Quality training in talent class



In July 2019, TCL Electronics carried out "quality talent class" training activity which was attended by 40 employees. The training instructors demonstrated the importance of quality awareness with vivid cases according to their own experience, and improved the comprehensive abilities of existing quality personnel to support the company's business development and quality management improvement needs.



Trainees' training courses on quality



Trainees' group discussion

Training testimonials:

What impressed me most during the whole class was "quality = quality". The short four words plus an equal sign derived a rich meaning.

YANG Weilin
Employee in R & D Centre

We do not only need quality managers to have quality awareness, every employee must have quality awareness.

HUANG Xiaoen
Employee in Operation Centre

User orientation and market orientation are the current and future trend. We need to actively understand user needs and apply quality improvements to the front end.

WU Xialing
Employee in Quality Management Centre

Quality assurance in overseas markets

²NPS (Net Promoter Score), or word of mouth, is an index that measures the likelihood that a customer will recommend a business or service to others.

In 2019, TCL Electronics launched quality NPS² management activities in overseas markets, and established a gear improvement team for overseas product quality to actively improve product quality in overseas markets and strengthen brand reputation and influence.

TCL Electronics launched quality NPS investigation and analysis projects in Vietnam and India. It regularly held quality NPS analysis and improvement meetings, and required the R&D and Quality Department to improve after taking into account the feedback and questions from users during the investigation process and specifically improve the most derogatory items raised by users.

- For system-related experience matters raised by Vietnamese users, 11 experience optimisation improvement tasks have been completed and imported into software;
- For the improvement of remote control, the supplier has been contacted to analyse and improve components such as circuit board and spring tube;
- For the improvement of sound quality and picture quality, the standards of TCL TV sound quality and picture quality grade have been established to standardise the quality control of outgoing products.

In addition, TCL Electronics cooperates with third-party evaluation agency to perform blind test of quality NPS in overseas subsidiaries to obtain more objective evaluation from users, to promote continuous product improvement. Through annual NPS blind test activity which is randomly selected by the third party, we have obtained 250 valid survey reports and output NPS annual report in batches, and the report content is included in overseas quality NPS improvement projects. We have established a gear improvement mechanism with back office and conducted other quality improvement activities in overseas markets to promote the further improvement of TCL Electronics quality in overseas market. At the end of 2019, the cumulative failure rate in overseas markets decreased by 0.1% since the beginning of the year.

Quality awards

At the 4th Asian Quality Function Deployment and Innovation Symposium and Quality Function Deployment and Innovation Case Competition in 2019, TCL Electronics' 32F6N Model TV Shell Technology Development and Application and All-Media Complaint Improvement respectively won the first and second prize of Asia quality function development excellent cases.



Gold award of the 44th International Convention on Quality Control Circles (ICQCC) in 2019



The 39th Quality Management Group and Quality Trustworthy Team Representatives Meeting in China Electronics and Information Industry

The 39th Quality Management Group and Quality Trustworthy Team Representatives Meeting in China Electronics and Information Industry List of winners

Supply Chain Management Centre Parts Department	Reducing the online defective rate of the 65S8000 WZ light guide plate	Second place of Four Innovations Cup
QA Department in TV factory	Reducing the number of defective feedback from SKD module customers	Certificate of excellence award
Injection workshop in injection moulding factory	Reducing the defective rate of 43D1800 surface shell injection	Certificate of excellence award
Design Centre	Improving the efficiency of ODF smart TV software testing	Certificate of excellence award

TCL Electronics' products evaluation results display in overseas markets

TCL 6 series won the "Best Editing Award" from CNET in the United States for two consecutive years

TCL ranked first with a comprehensive score of 70 points in the NPS research of PC Mag in North America market

Being rated "excellent" by Heimkino magazine in Germany

SERVICE QUALITY ASSURANCE

TCL Electronics continues to improve service quality and implements delicacy management of user services. False propaganda is strictly prohibited, and responsible marketing is TCL Electronics' constant commitment to users. At the same time, we also pay attention to the protection of user information in the whole supply chain to prevent leakage of user information, and promptly respond to user complaints, improve user satisfaction, and create value for users.

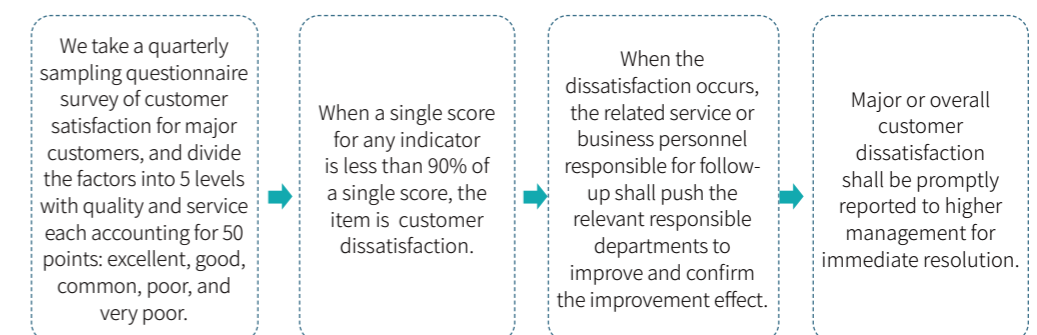
Smart technology enhances user experience

In 2019, TCL Electronics focused on improving the user experience of TV products from the aspects of content richness, visual design, application stability and smoothness, and ease of use.

- **Content richness:** adding more than 50 third-party applications such as iQiyi, Youku, Mango TV, Sohu, Bilibili, Yoga Fitness to integrate and operate high-quality content;
- **Visual design optimisation:** promoting progress of UI4.0Plus system experience consistency through many ways such as design specifications and component coding;
- **Application stability and smoothness:** improving online user state data feedback, quickly finding and positioning problems, application crash rate has dropped to about 0.01%;
- **Ease of use and UI (user-interface) consistency:** After the desktop is successfully upgraded to the jQuery Wookmark UI, this product form is quickly applied to mainstream business to maintain consistency and reduce the cost of user interaction.

In order to better quantify service quality and effectively improve and manage it, TCL Electronics has established the Customer Satisfaction Management Specification, used product satisfaction survey to help effectively evaluate and monitor customer satisfaction, understood the reasons for customer dissatisfaction in detail, sorted and rated the reasons, and fed them back to relevant departments for follow-up and adjustment to continuously meet the current and future needs and expectations of customers.

Product's satisfaction evaluation process



RESPONSIBLE MARKETING

TCL Electronics strictly complies with the Advertisement Law of the People's Republic of China, Regulations on Control of Advertisements and other relevant provisions, and has internally formulated the Promotion of Standardisation Management Plan by TCL Promotion Centre to regulate the production and use of various promotional products and promotion channels of TCL Electronics, strictly require that the company's any advertising contents must be authentic, healthy, clear and understandable, and not to deceive consumers in any form. It has also established the marketing complaint process to fully protect the legitimate rights and interests of customers.

TCL Electronics' Product Promotion Centre has established standard production, review, and output processes for all external materials such as videos, pictures and soft articles, which have been reviewed and confirmed by the product, retail, and legal sectors to ensure that there are no errors in any external publicity materials and no violations in verbal tricks. In addition, we also comply with the requirements of the "People's Republic of China Product Quality Law", if our product does not meet the product standards marked on the product or its packaging, or does not meet the quality status indicated by product descriptions, physical samples, etc., TCL Electronics will provide consumers repairs, replacements, returns, and compensation for losses, if it is still TCL Electronics' responsibility.

In 2019, TCL Electronics has not received any complaints about product marketing.

CUSTOMER INFORMATION PROTECTION

TCL Electronics has always adhered to the "customer-centric" concept. We attach great importance to the right to know about customer information and other private information. The user enters the User Service Agreement and Privacy Policy page as soon as he/she turns on the machine. The page clearly informs the user of the coverage, protection of user's personal information collected by TCL Electronics, use method and user rights to fully ensure that all information collected and used by TCL Electronics is approved by users. If personal information is leaked, the Group will in timely inform consumers of the possible impact of the leak, the measures the Group has taken, the actions that consumers can take proactively, and some subsequent compensation actions. The Group will report to the regulatory authorities about the handling of personal information security incidents.

For the storage and processing of user information, TCL Electronics has established the Security Regulations for Smart TV Software System and Software Vulnerability Management Process in strict compliance with the Cybersecurity Law of the People's Republic of China to protect the user's personal privacy from the policy and conduct effective management and control within the company and supply chain to prevent data leakage. Overseas companies have established the Product Software GDPR Issue Processing Process by reference to the General Data Protection Regulation (GDPR), California Consumer Privacy Act 2018 (CCPA), and California Connected Device Information Privacy Protection Act enacted by the European Union, to strictly store and use the user's personal information and stipulate that employees in the call centre must not export or send user information from the system without approval.

Product information security assurance measures

People management assurance	Software licensing assurance	System security assurance
<p>Safety debugging Android Debug Bridge (ADB): controlling the ADB debugging switch. Only the design engineer can be authorised.</p> <p>Safety factory menu: authorised control of the factory. Only authorised after-sales service personnel, maintenance personnel, design engineers, etc. are allowed to adjust the factory menu.</p> <p>Security LOG: making safety measures for debugging LOG. Only authorised after-sales service personnel and design engineers can obtain the LOG.</p>	<p>Security TV + SDK (SDK: Software Development Kit): providing authentication mechanism for application access to TV function, only authorised and authenticated applications can access to the core TV service.</p> <p>Mandatory access control: mandatory access control of resources for each service. Only allow access to legitimate resources.</p> <p>Security detection APP: built-in mature applications and system security detection APP. Application security shall be automatically detected when users install the third-party applications.</p> <p>Built-in application security coding: code security scan and repair for built-in applications.</p>	<p>One password for one machine: using one password for one machine when a password is required.</p> <p>Data encryption: transmission of important data, personal information and other data with strong encrypted message.</p> <p>Home page protection: strengthening the protection of home page and pages with key functions to resist network attack.</p> <p>Bug fixes: regularly scanning system bug and fix it.</p>

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

COMPLAINT HANDLING

TCL Electronics always adheres to the providing "warm" services to users, and responds to users' complaints and suggestions in a timely and effective manner. For public opinion and individual complaints, we have formulated relevant internal policies and response measures to respond to the needs of each customer timely.

For user complaints, TCL Electronics has internally formulated the Quality Information Processing Flow and the Specifications for Processing Quality Feedback in Overseas Markets for overseas markets in accordance with the Law on Protection of the Rights and Interests of Consumers and Provisions on Repair, Replacement, and Return Liability of Certain Products, in order to standardise the analysis, processing and feedback process of quality problems and identify quality risks timely and properly handle them. Users can give us their feedback and make complaint in a convenient and timely manner through the hotline of our call centre and WeChat complaint channel built into the TV application. After receiving user feedback, the call centre will contact the complainant user within 24 hours to understand the relevant issue and deal with it.

- For product consulting and repairing issues raised by customers in China, users can make inquiries and service requests through the call centre, and obtain door-to-door service provided by the Shifendaojia³ team.
- In order to better provide timely and smooth service and communication, we also set up a call centre in Romania to solve technical and product quality problems for other customers around the world. If the customer requires repairment and return, TCL Electronics will leverage the resources from the local business partners to fulfil the said customers' requirements.

³Shenzhen Shifendaojia Service Technology Co., Ltd.* (深圳十分到家服務科技有限公司), which is under TCL Industries Holdings Co., Limited* (TCL 實業控股股份有限公司) (the ultimate shareholder of the Company) together with TCL Electronics, is mainly engaged in after-sales service of home appliances, such as delivery, installation, repair, maintenance, and debugging of smart appliances.

Overseas market quality feedback process



By the end of 2019

36.8% ↓
overseas batch-level complaints decreased by 36.8% compared with that in 2018.

18.2% ↓
domestic all-media complaints decreased by 18.2% compared with that in 2018.



SAFE AND GREEN PRODUCTION

≡ The Group insists that work safety is the lifeline of enterprise development, and green production is the priority of sustainable development of the enterprise. The Group promotes its work safety construction through improving the safety management system, constructing the safety organisational structure, strengthening safety knowledge training, supervising and preventing safety production accidents.

Topics covered in this chapter	Category
Occupational health and safety	Labour
Waste management	Environment
Energy conservation and reduction of emissions	Environment
Water management	Environment
Recycling of scrapped products	Environment
Responding to climate change	Environment



WORK SAFETY MANAGEMENT

TCL Electronics strictly complies with the provisions of Work Safety Law of the People's Republic of China, Fire Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, etc. Meanwhile, we continue to improve our own work safety management system in accordance with the OHSAS18001 Occupational Health and Safety Management System Standard, including the establishment of a safety management committee, continuous refinement of safety documents, updating of the safety system and strengthening of safety supervision and inspection, and it is committed to eliminating hidden hazards and reducing the work safety accident rate. At the same time, we will conduct the annual safety assessment of each unit, comprehensively reflect the safety management situation of each unit, and put forward suggestions for improvement. We are people-oriented and promote the development of overall work safety management.

ACCOUNTABILITY TO WORK SAFETY

TCL Electronics has established a sound safety management organisational structure, clearly delineated responsibilities and persons in charge at all levels, and also established a work safety management system documentation system, including safety management manuals, safety quality standards, accident and incident investigation and control procedures. In terms of prevention of safety accidents, implementation of safety responsibilities, handling of safety accidents, etc., there are "laws" to be relied upon to comprehensively improve the Company's safety awareness.

In 2019, TCL Electronics improved the original 8 special plans and 3 field contingency plans, and added 4 special plans for accident investigation and treatment control procedures to fully implement the accountability for work safety.

Safety Organisation Structure

Safety Management Committee (SMC)	As the highest decision-making body, the SMC is responsible for directing the Company's safety management system.
Safety Committee Office (SCO)	The SCO, established under the SMC, drafts safety regulations in accordance with the Production Safety Law, the Fire Prevention Law and the Law on the Prevention and Control of Occupational Diseases. It carries out inspections, assessments and imposes penalties based on the Company's safety management system, contingency plans and other safety measures. It also investigates rule and regulation violations, and administers safety-related reward and punishment.
Facility-based Safety Committee on site	Each production site has its own Safety Committees to manage work safety; employees are provided with a safe and humane workplace environment.
Emergency Team	Including emergency office, special service team, fire brigade, field disposal group, regular training and assessment.

Security Document System

Safety Management Manual	Safety and Quality Standard	Field Safety Management Regulations	Construction Management Regulations Smoke and Fire Management Regulations	
		Hazardous Chemicals Management Specifications	Chemical Material Safety Data Sheet (MSDS)	
		Regulations for Guaranteeing of Safety Cost Input		
		Regulations for Outsourcing Safety Management		
		Access Management	Outsider Safety Guidelines	
		Cargo Safety Management Specifications	Item Release Operation Instructions	
		Regulations for Vehicle Safety Management	Truck Operation Instructions	
		Control Procedures for Event (Accident) Investigation and Handling	Comprehensive Contingency Plan	
			Special Contingency Plan	
			Field Handling Contingency Plan	

INNOVATION IN SAFETY MANAGEMENT

Under the clear work safety management system, TCL Electronics implements various innovative management measures such as accountability by district, quarterly rotation, and "green, yellow, orange, and red light" assessment mechanisms. It assigns safety management to the designated person in charge and ensures the reasonable distribution of safety tasks at various levels so as to improve the effectiveness of safety management, and avoid problems such as missed detection and false detection caused by over-concentrated management tasks.

Accountability by district: According to the working area and nature of the business task, the factory area is divided into districts for management. One department working in a district leads the safety management efforts of the district, and the other departments working in that district must adhere unconditionally to the leading department's administration and assessment. This aims to avoid blind spots in safety management.

Quarterly rotation: Every quarter, a department is assigned to be the safety production management and is responsible for the Company's safety inspections, investigation of safety concerns, and organising, implementing and reporting on the safety operations for that quarter. The rotation mechanism has increased the participation level and responsibility awareness of safety supervisors from various factory headquarters, effectively enhancing exchanges on safety practices and enriching the management of SMO. This mechanism has actualised the cultural concept of "full participation" in workplace safety.

Mandatory safety rating: A green light signals up to standard, a yellow light signals just up to standard, an orange light signals not up to standard and a red light signals a severe case of non-compliance. Assessment objectives have quantified annual work plan items into 8 specific indicators such as major accidents, general accidents and risk control index, which are evaluated on a weekly, monthly or quarterly basis. With weekly, monthly and quarterly evaluations emphasising management and evaluation of the operation process, administrators of all levels benefit from an enhanced sense of safety awareness; unsafe behaviours are thereby prevented.

Work safety contingency plan: The Company sets up the Work safety Accident Contingency Plan which standardises work safety emergency management, improves the ability to cope with risks and prevent accidents. To ensure safety of employees and operation of the Company, there are provisions in position for rapid control and handling of sudden

work safety accidents such as, accidents including leaks of dangerous chemicals, fire and explosion, poisoning and asphyxiation, electric shock, mechanical injury, vehicle injuries, high-altitude falls, object strikes, burns, personal injury accidents, etc.

Standardised safety file management: TCL Electronics has established a dedicated archive room for safety management. In compliance with the requirements of relevant laws and regulations, the safety files are categorised by topic, such as work safety, occupational health, key operational unit, fire prevention, environmental protection. Files are submitted, classified, and filed under the file ledger standards to support subsequent management.

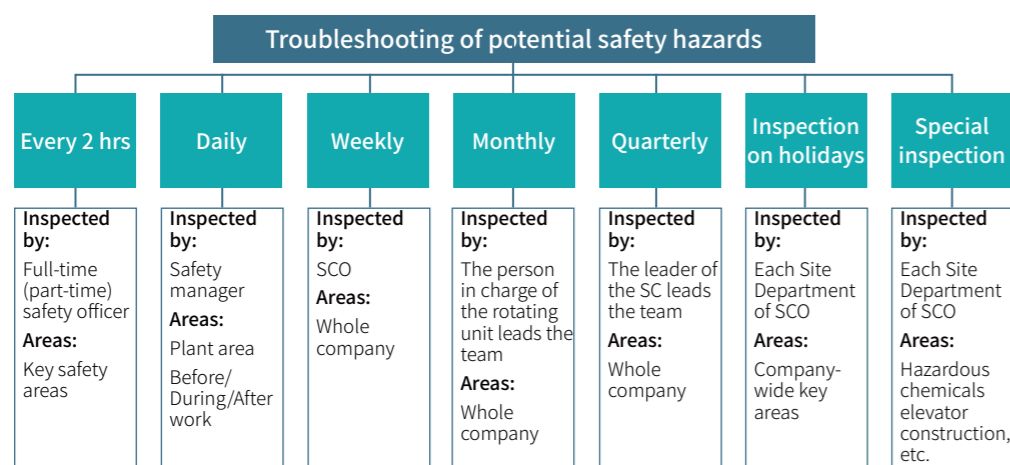
Outsourcing business safety management: TCL Electronics regards outsourcing business safety as one of the important components of corporate safety construction. We continue to sign security agreements with outsourcing units and personnel in accordance with the "Regulations for Outsourcing Safety Management" and regularly conduct safety training for resident units, effectively guaranteeing the safe operation of outsourcing business.

Safety management of outsiders: We adopt a face recognition system and activate OA application for visit and reception; we also require the signing of comprehensive safety agreement. As a result, the accuracy and efficiency of safety management have been greatly improved.

SAFETY INSPECTIONS

Safety inspection is an important means to actively discover and eliminate hidden hazards and prevent accidents. In 2019, we implemented the Company's Safety Inspection Regulations and Safety Monitoring Rotation System to implement sound hidden safety hazard inspection system and carry out regular safety hazard inspections. We analysed the hidden hazards of the problems found in the investigation, put forward the main problems and suggestions for rectification within a given time limit. In 2019, we organised a total of 62 inspections, identified 552 problems, and rectified the same in a timely manner, effectively preventing work safety accidents.

Hidden safety hazard inspection system



Assessment factors of safety inspection

- Hardware: whether the unit is well-equipped with fire-fighting equipment, security equipment in reasonable condition; whether existing warning signs are comprehensive;
- Mechanism: whether each unit has established corresponding safety management regulations, systems, operating procedures, contingency plans etc.;
- Administration: whether the unit has a sound fire safety system, whether management by goals are implemented, all employees participate, specific responsibilities are set out at

different divisions and levels, and fire prevention is institutionalised, standardised, specified and made regular; whether there is any violation of regulations on instruction and operation; whether the Company's safety management system has been thoroughly implemented;

- Safety concerns: whether there is unsafe behaviour, objects, and operating conditions in the workplace environment, and safety management defects;
- Rectifications: whether rectifications of safety concerns have been carried out on time.

OCCUPATIONAL HEALTH

TCL Electronics pays close attention to the occupational health of employees at all times and always pays attention to the factors that may bring harm to employees' health, and has developed a comprehensive occupational health mechanism. Our manufacturing plant located in Huizhou have passed OHSAS18001 occupational health and safety management system certifications, formulated occupational health and safety management objectives, and accomplished occupational health and safety management objectives through the establishment of occupational health teams, occupational safety training measures, etc. to effectively protect employees' occupational health and safety.

The 2019 occupational health and work safety goals and accomplishment of the two major production sites of TCL Electronics are as follows:

TCL King Electrical Appliances (Huizhou) Co., Ltd.* (TCL 王牌電器 (惠州) 有限公司)

Item	2019 objectives	2019 results
Occupational health and safety objectives and indicators	Significant fires and accidents: 0	0
	Significant pollution accidents and hazardous goods leakage accidents: 0	0
	Significant personal injury accidents: 0	0
	Work-related injury rate: < 2 %	<2%
	Occupational diseases: 0	0
	Significant machinery and equipment accidents: 0	0
	Qualification rate of special work persons: 100%	100%
	Conformity rate of special equipment: 100%	100%
Compliance obligation fulfilment rate: 100%	100%	

TCL King Electrical Appliances (Huizhou) Co., Ltd.* (TCL 王牌電器 (惠州) 有限公司) and TCL Optoelectronics Technology (Huizhou) Co., Ltd.* (TCL 光電科技 (惠州) 有限公司)

Item	2019 objectives	2019 results
Occupational health and safety objectives and indicators	Third-level safety training education coverage for new employees: 100%	Completed
	General production work injury rate: ≤ 0.8 %	Completed
	Pass rate of pre-job safety training and education for special jobs: 100%	Completed

OCCUPATIONAL HEALTH PROTECTION MECHANISM

TCL Electronics has established a comprehensive occupational health protection mechanism for major risky positions to comprehensively guarantee the occupational health and safety of workers. In 2019, we improved the organisational structure of occupational health personnel, continued to monitor environmentally harmful factors in key workplaces and toxic workplaces, monitored possible harmful factors at all times, and provided immediate medical protection.

Establish occupational health inspection team: We select regional safety leaders to set up occupational health inspection teams, identify responsible persons, and regularly inspect and supervise the operation and protection of employees.

Firmly control hazardous areas: TCL Electrons recognises that toxic and harmful operations mainly include oil spraying, oil replenishment, oil adjustment, batching and welding. We define these operating areas as hazardous areas and strengthen safety precautions there.

Carry out environmental monitoring of hazardous areas: The Company regularly hires qualified third-party testing companies to sample and test the environment of the hazardous areas and issue test reports every year. In 2019, we carried out the determination of toxic substances in the air and the detection of hazards in workplaces such as injection moulding factories and TV factories to ensure that the workplace environment met the standard "Occupational Exposure Limits for Hazardous Factors in Workplace".

Strengthen medical protection: TCL Electronics' production sites have a separate medical room, which is responsible for daily emergency medical treatment and on-site drug management. In addition, departments on each floor have arranged first-aid personnel to be on duty, to respond to emergency rescue in serious emergent situations.

OCCUPATION SAFETY TRAINING AND EDUCATION

TCL Electronics implements the "prevention-oriented" occupational health concept, and continues to carry out in-depth occupational health and safety training and education, enhances employees' awareness of occupational health, and hazard identification and risk assessment capabilities, standardises daily operations, and verifies training effectiveness by spot check and practical operation.

Knowledge of occupational health is posted on the factory notice board to remind employees to abide by the TCL Electronics' occupational disease prevention requirements and operation specifications, instruct on the correct way to use and maintain personal protective equipment, and arouse the attention of all the employees to occupational safety.

In 2019, TCL Manufacturing Centre conducted five types of safety training, with the participation of a total of 39,575 person-times, the details of which are set out below:

- Induction training: >9,900 person-times;
- In-service training for frontline employees: >20,000 person-times;
- Safety training for heads on the production sites from external enterprises: 126 person-times;
- Annual training for hazardous chemical operators: 65 person-times;
- Training for volunteer firefighters: >7,200 person-times.

TV site safety and training



On 4 June 2019, in order to improve employees' fire safety awareness, Production Departments I and II of the TV site carried out fire evacuation drills for all employees; the Quality Assurance Department carried out emergency drills for fire accidents occurred in aging rooms, and the Power Equipment Department carried out special equipment emergency drills, the Site Office conducted drills for storm flooding, and organized arranged for team leaders to conduct work safety training.



In addition to daily safety training, we have carried out innovative safety training and education activities such as equipment safety technology protection contests, safety games, and safety knowledge contests. We have also popularised occupational safety knowledge. We have received the unanimous recognition and commendation from our employees and the government.

Safety Knowledge Contest-Promote training with competitions to enhance knowledge to ensure safety



On 15 August 2019, the 10th Guangdong Safety Knowledge Contest and Guangdong-Hong Kong-Macau Safety Knowledge Contest Huizhou Selection Contest ended at Studio 1 of Huizhou News Media Group. The team from TCL Electronics won the first place with its rich safety knowledge reserve. This is the result of our long-term safety training and education to cultivate employees' safety awareness. At the same time, by participating in safety knowledge contests, employees' safety knowledge is further improved, the safety foundation is consolidated, and a good atmosphere is created for high-quality development of the enterprise.



The First Work Safety Games: Enhance physical fitness to promote production



In 2019, TCL Electronics Operation Centre held the First Work Safety Games. The event innovated and launched safety competitions such as safety, fire escape and emergency rescue, and it attracted employees from different units. This event took the form of work safety games, fully promoted safety education for all employees, integrated the elements of work safety into the cultural and sports activities of employees, and further promoted the construction of corporate safety culture.



GREEN OPERATION

TCL Electronics is committed to becoming a green manufacturing company. We strive to maintain the health of the environment while achieving growth. TCL Electronics has built a robust environmental management system based on ISO14001 standards. We also strictly implements and abides by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and continuously improves the systematic environmental management. We have invited external professional organisations to evaluate and monitor our workplace environmental quality, manufacturing/domestic wastewater quality, gas exhaust, solid waste, fire emergency system and hazardous chemical management. We have complied with all national and provincial environmental laws and regulations. At the same time, we have disclosed safety and environmental information as required by law to enhance information transparency.

As of 31 December 2019, TCL Electronics had no severe safety or environmental incidents in the last four years. In order to continuously improve the performance of environmental protection, we have set basic environmental management objectives and environmental emission reduction performance objectives for different departments, and have evaluated the progress of each department.

In addition, TCL Electronics values the environmental protection operation of the entire value chain. We continuously improve the green supply chain system construction and systematic environmental management, monitor and review the environmental performance of suppliers and channel vendors, and ensure the effective operation of environmental management systems.

Green factory

In 2019, TCL Electronics passed the fourth batch of green factory certifications by the Ministry of Industry and Information Technology of China, marking a new step for it in environmental protection.

Based on the "Green Manufacturing Engineering Implementation Guide (2016-2020)" and "Green Factory Evaluation Requirements", and in accordance with ISO9001, QC080000, ISO14001, OHSAS18001 and other system management requirements, we keep the green orientation of environmental protection in the production process and strive to create environmentally friendly products of the highest standards.

Technical improvement: We adopt advanced and applicable clean production process technology and efficient end-of-line treatment equipment, such as establishing photovoltaic power stations and air compressor waste heat recovery, establishing a resource recovery and recycling mechanism, promoting the optimisation of the energy consumption structure, and achieving the green and sustainable development of all the sites.

Energy consumption management and control: We strictly control the input and utilisation of raw and auxiliary materials, resources, and energy. Each year we develop single consumption indicators of water, electricity and gas energy and single consumption control indicators of raw and auxiliary materials and correlate them

to KPI assessment standards. All unit consumption control indicators are monthly dynamic statistics, monitored and continuously improved, and gradually narrowed. Through process optimisation, production process optimisation and equipment automation improvement, we have ensured that the unit consumption of our products is in a leading position in the industry.

Product design: On the design phase of the R&D project, we fully consider design solutions that are conducive to comprehensive utilisation of resources and harmless treatment. We have implemented energy-saving and environmentally friendly controls in the selection of electronic materials, plastic materials, packaging materials, and reduction of material use.

Supply chain management: We actively build a green supply chain, communicate the green concept to upstream suppliers and downstream customers, actively promote the needs, purpose and impact of green development of the factory, continuously improve industry influence, promote green upgrade of consumption, and strengthen green factory demonstration effect.

ENERGY SAVING

TCL Electronics relies on the concept of improving product energy and environmental performance. In accordance with the ISO50001 energy management system, we carry out a two-way energy conservation and emission reduction with proper management method and effective technical means to continuously save energy.

In 2019, TCL Optoelectronics Technology (Huizhou) Co., Ltd. (TCL 光電科技 (惠州) 有限公司), a subsidiary of TCL Electronics, combined the "dual-control" responsibility objective and assessment requirements of the total energy consumption and intensity during the "13th Five-Year Plan" period issued by the local government for key energy-consuming units to set annual energy consumption objectives. It reviews the achievement of the objectives every year.

Responsible unit	Name of objective	Indicators of objective
TCL Optoelectronics Technology (Huizhou) Co., Ltd. (TCL 光電科技 (惠州) 有限公司)	Annual total energy consumption	11,800 tonnes of standard coal equivalent
	Annual energy consumption intensity	3.55 tonnes of standard coal equivalent/10,000 standard production units
	Outsourced power	≤ 37 million kWh

In addition to setting energy consumption objectives, TCL Electronics continues to invest in a number of energy-saving projects to truly implement energy conservation. In recent years, we have implemented energy saving projects for air compressor systems, LED energy saving retrofits, injection moulding machine servo retrofits, central air conditioning motor upgrades, photovoltaic power generation and other energy saving and emission reduction projects to continuously improve the production efficiency of personnel and equipment and improve energy performance.

TCL Electronics Energy Consumption

Indicators	2019	2018	2017
Diesel	31,421 litres	17,654 litres	/
Gasoline	26,892 litres	/	/
Natural gas	3,541,285 m ³	2,774,112 m ³	/
Outsourced grid power consumption	78,744,127 kWh	73,480,591 kWh	/
Outsourced steam	8,722 tonnes	7,703 tonnes	/
Solar power generation	4,481,621 kWh	3,577,455 kWh	/
Total energy consumption	126,743 MWh	111,735 MWh	117,231 MWh
Proportion of renewable energy to total energy consumption	3.5%	3.2%	/
Energy intensity per product shipped	3.96 kWh per product shipped	3.91 kWh per product shipped	5.05 kWh per product shipped

Multiple equipment reconstructions to implement energy conservation



Energy-saving system of air compressor

We adopt the EMC cooperation model in which energy service companies take the initiative to update energy-saving air compressors, and provide maintenance and management services and we pay them service fees and project costs based on power saved. During the statistical period, the energy conversation rate was 34.1%, and the total annual revenue was RMB 1.352 million.



Central air-conditioning energy-saving improvement

We have retrofitted and replaced the two-stage energy-efficient motors for the chilled water pump motors and wind cabinet motors in the module workshop. By replacing ultra-efficient motors, reducing electrical energy consumption, saving manufacturing costs, reducing equipment failure rates, and improving system efficiency by more than 10%, it is estimated that annual electricity bills will decrease by approximately RMB 183,000, and national and regional energy conversation subsidies of approximately RMB 55,000 may be applied for.



Ice storage project

We use ice storage technology to refrigerate the ice during the valley period at night and store the cold energy. During the daytime power peak period, we release the stored cold energy for the factory to use, so as to reach the peak shift of power and reduce the operating power cost. It is estimated to save RMB 1.24 million per year.



PV power generation with renewable energy



We use the main factory building surface to newly build a 6.4 MW PV system, achieving a power generation capacity of about 6 million kWh/year, and it is estimated that annual power tariff will be saved by RMB 2.76 million.



GREENHOUSE GAS MANAGEMENT

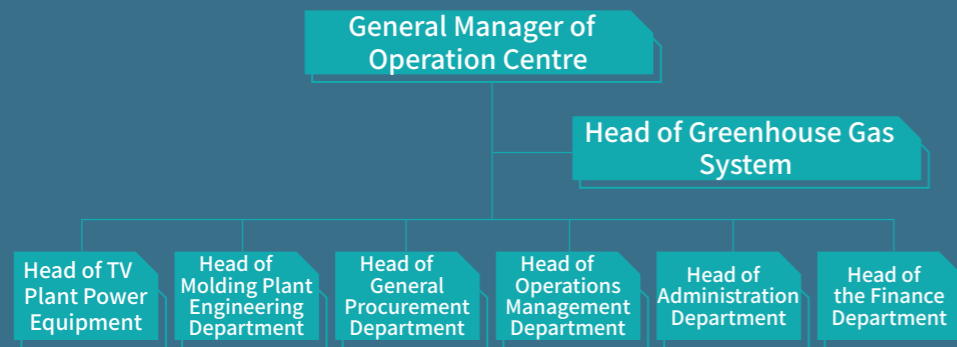
TCL Electronics actively combat global climate change issues and strictly controls greenhouse gas ("GHG") emissions. Based on the ISO14064 greenhouse gas management standards and the General Rules for the Accounting and Reporting of Greenhouse Gas Emissions by Industrial Enterprises, we have responded to national and local policy requirements, and have been voluntarily conducting greenhouse gas emissions investigation and verification since 2017.

According to the GHG inventory report, TCL Electronics has set a greenhouse gas emission management target of 2% reduction in GHG emissions per unit product and has decomposed it into various factories and workshops. At the same time, we have established a GHG inventory team to follow up monthly achievement of emission reduction target, check the results of greenhouse gas emissions, and implement a series of emission reduction measures such as photovoltaic power generation, energy saving renovation of equipment and facilities to complete the annual greenhouse gas emission reduction target.⁴

⁴The target implementation scope is TCL King Electrical Appliances (Huizhou) Co., Ltd.* (TCL 王牌電器 (惠州) 有限公司) and TCL Optoelectronics Technology (Huizhou) Co., Ltd.* (TCL 光電科技 (惠州) 有限公司).

TCL Electronic GHG Inventory Team

TCL Electronics has established a GHG inventory team to promote emission reduction. The team is placed under the Operation Centre, and comprises of the heads of various departments and branches. It is mainly responsible for preparing annual inventory and reports, reviewing and formulating management documents.



Structure of Greenhouse Gas Inventory Team

GHG emission reduction initiatives

- Use solar photovoltaic power generation projects to reduce the outsourced power;
- Strengthen equipment maintenance, reduce equipment abnormal operation, improve equipment operation efficiency, and reduce energy consumption (such as regular equipment maintenance, timely equipment updates, etc.);
- Use energy-saving equipment to reduce energy consumption (such as the use of energy-saving lamps, LED lighting, inverter equipment, etc.) through the operation of the ISO14001 management system to reduce GHG emissions.

⁵ Greenhouse gas emissions increased in 2019 compared to that of 2018, mainly because we strengthened data management. This year, production bases in Mexico and Vietnam were newly included in the data statistics compared to 2018.

Greenhouse gas emissions

Indicators	2019 ⁵	2018	2017
Scope 1 (Direct greenhouse gas emissions)	23,019 tonnes CO _{2e} (From diesel, gasoline and natural gas)	6,035 tonnes CO _{2e} (From diesel and natural gas)	7,186 tonnes CO _{2e} (From diesel and natural gas)
Scope 2 (Indirect greenhouse gas emissions)	67,838 tonnes CO _{2e} (From electricity and outsourced steam)	46,139 tonnes CO _{2e} (From electricity and outsourced steam)	47,884 tonnes CO _{2e} (From electricity and outsourced steam)
Overall greenhouse gas emissions (Scope 1 and 2)	90,857 tonnes CO _{2e}	52,174 tonnes CO _{2e}	55,070 tonnes CO _{2e}
Greenhouse gas emission intensity	2.84 kg CO _{2e} per product shipped	1.82 kg CO _{2e} per product shipped	2.37 kg CO _{2e} per product shipped

WATER SAVING

TCL Electronics strictly complies with relevant laws such as the Water Law of the People's Republic of China and the Water Pollution Prevention Law of the People's Republic of China, and is committed to preventing waste of water resources. During the reporting period, we continued to carry out water resource management and strive to save water resources through management improvement and technological transformation.

Management improvement: Through daily inspections of the water supply system and strengthening the daily management of key water-consuming equipment, we can find faulty facilities in time to prevent waste of water resources caused by aging and damage to pipelines, long-term equipment disrepair, and backward control systems.

Technical transformation: We have retrofitted the existing water supply system at the technical level, and replaced the old equipment with water-saving and energy-saving equipment. For example, the traditional mechanical cold and hot distributed water supply system was transformed into a remote centralised LCD numerical control system, thus reducing water consumption under the same conditions.

In 2019, TCL Electronics did not encounter any problems in sourcing water. In the past three years, the consumption of water resources by TCL Electronics is as follows:

TCL Electronics' water consumption in the past three years

Indicators	2019	2018	2017
Total water consumption	996,590 tonnes	981,917 tonnes	1,081,275 tonnes
Water intensity per product shipped	31.1 kg per product shipped	34.3 kg per product shipped	46.5 kg per product shipped

TCL Electronics was invited to the Wal-Mart Sustainable Development Shenzhen Summit and won the Giga-Guru Award



On 21 May 2019, TCL Electronics participated in the Global Purchasing Sustainable Development Summit organised by Wal-Mart in Shenzhen, and received the Giga-Guru Award from Wal-Mart's Vice President Asha Menon, in recognition of the active participation and outstanding performance of TCL Electronics' subsidiary TTE Technology Inc. in "Gigaton Global GHG Reduction" at Wal-Mart. A total of 13 factories at the summit won the award, out of which TCL Electronics was the only home appliance manufacturer.



WASTE MANAGEMENT

TCL Electronics continues to standardise waste management and makes continuous efforts to promote cleaner production and circular economy. We strictly abide by the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Standard for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites", the "Standard for Pollution Control on Hazardous Waste Storage" and other laws and regulations, and has formulated internal "EHS Targets/Indicators and Management Plans" in order to improve the management of solid waste.

TCL Electronics fully considers design schemes that are conducive to the comprehensive utilisation of resources and harmless treatment in the product development stage. We fully implement these schemes in selection of electronic raw materials, plastic materials, and packaging materials. The waste generated in our production and operation is mainly waste electrical and electronic products, waste packaging materials and hazardous waste. We have adopted targeted measures to properly dispose of the same. In Huizhou, hazardous waste is collected and harmlessly processed by Huizhou TCL Environmental Technology Co., Ltd.* (惠州 TCL 环境科技有限公司) an indirect subsidiary of TCL Industries Holdings Co., Ltd. (the ultimate shareholder of the Company). Hazardous waste from other production sites is disposed of by a local qualified third party. For non-hazardous waste, the Company adheres to the principle of sustainability and recycles it as much as possible.

Waste electronic and electric products	TCL Electronics' sites have set up special waste electrical and electronic product processing funds of RMB 116,065,900 in total to conduct unified recycling and harmless treatment of waste electrical and electronic products.
Packaging materials	Recycling is maximised. Waste packaging materials that cannot be recycled are classified into cartons, plastics, and EPS, and then processed by Huizhou TCL Environmental Technology Co., Ltd.* (惠州 TCL 环境科技有限公司), which has the qualification to process them.
Hazardous waste	Hazardous waste mainly includes paint waste, paint scrap, oil-contained wastewater and empty buckets. Based on the QC080000 hazardous substance process management system, we have formulated a strict hazardous waste management system, implemented the hazardous waste management responsibility system step by step, and signed a waste treatment contract with Huizhou TCL Environmental Technology Co., Ltd.* (惠州 TCL 环境科技有限公司) (holding a hazardous waste business license) to ensure that all hazardous waste is properly treated.

	2019	2018	2017
TCL Electronics' hazardous waste produced and transferred (in tonnes)			
Paint waste	55	70	134
Paint scrap	7	53	10
Oil-contaminated wastewater	38	24	4
Empty buckets	8	9	15
Others	21	88	17
TCL Electronics' non-hazardous waste produced (in tonnes)			
Cardboard box	3,553	4,258	4,517
Plastics	1,622	1,152	1,142
EPS class	408	1,116	1,018
Others	2,377	2,542	1,723

MINIMISING EXHAUST EMISSIONS

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

- Regularly inspect and maintain exhaust gas environmental protection facilities / equipment to ensure good operating conditions;
- Develop contingency plans for exhaust gas leakage to deal with unexpected situations;
- Carry out process improvement, reduce the use of spraying and screen printing processes, and reduce exhaust emissions during production;
- Regularly monitor exhaust emissions to ensure compliance with standards.

Special treatment project for spraying exhaust VOCs



In 2019, TCL Electronics' sites implemented a special rectification of VOCs in the injection spraying process. The swirling purifier, circulating pool, bio-filler tower, and specific bacteria culture solutions worked together to process the spraying exhaust gas, and the exhaust gas processing technology was updated to meet the requirements of the emission limits in the second period in the "Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations" (DB44/814-2010). TCL Electronics is expected to invest RMB 1.5 million. The project has now been completed and accepted.



CHEMICALS MANAGEMENT

TCL Electronics strictly controls the use and storage of chemicals. We comply with the RoHS and REACH directives. During the product design and production process, through technical development and mature technology, we seek safer and greener chemicals and minimise the use of hazardous chemicals. TCL TV products have obtained the certification for QC080000 "Hazardous Substance Process Management System for Electronic and Electrical Components and Products", and have 100% eliminated the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB), polybrominated diphenyl ether (PBDE) and other environmentally unfriendly plastic materials.

For a small amount of hazardous chemicals that must be used in the production process, TCL Electronics strictly abides by the "Regulations on the Safe Management of Hazardous Chemicals" and other relevant regulations, systems and standards, and has established an emergency management team for hazardous chemicals to conduct regular inspections and training, and control chemicals throughout the process to minimise the risks associated with the use of chemicals.

CREATING OPPORTUNITIES FOR OUR EMPLOYEES

TCL Electronics always adheres to the talent-driven strategy, and hopes to protect employees' rights and interests in all aspects and provide a platform to show their personal ability and self-worth through a good working environment, equal and transparent promotion opportunities, competitive salary and benefits, colourful employee life and meticulous employee care. In addition, the growing demand for international business has made us realise the importance of respecting employees in different countries and creating a global employee development platform.

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





OUR PEOPLE IN CHINA

In 2019, TCL Electronics won awards such as "Top 100 Employers", "Reform Extraordinary Employers 2019" and "BEST China Employer of the Year-Employer with the Spirit of Intelligent Manufacturing" by virtue of its dedicated labour management, reflecting the full recognition of the Company's talent development system and talent attraction by the public.

EMPLOYMENT COMPLIANCE

TCL Electronics strictly complies with the provisions of the Labour Law of the People's Republic of China and the Social Security Law of the People's Republic of China and the other applicable laws and regulations, has researched and formulated internal policies such as the Employee Handbook that are in line with the characteristics of the enterprise, and has gradually improved the Company's human resources system and management rules and regulations in order to protect employees' legitimate rights and interests in compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, etc. TCL Electronics always enter into labour contracts with employees in a timely and legal manner.

TCL Electronics observes and complies with the clauses related to forced labour and working hours in the Labour Law of People's Republic of China. We do not allow forced labour and extend working hours of workers without valid reasons. Managers and employees shall work together to enhance work efficiency and achieving work-life balance. In case of any violation of forced labour, we would immediately stop its work and assume due responsibilities according to relevant laws and regulations.

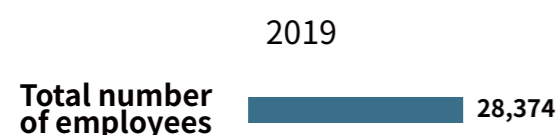
TCL Electronics strictly implements state council's laws and regulations like Provisions on the Prohibition of Using Child Labour, Law of the People's Republic of China on the Protection of Minors, and Special Protection of Minors Regulations, prohibits the use of child labour and strictly examines candidates' identities during recruitment. In case of any violation, the child labour would immediately be prevented from working and sent to hospital for a medical examination. We would then notify local bureau of labour and return the juvenile to his or her place of residence upon the bureau's approval. We would also request for a signature from parent or guardian and stamped confirmation from respective government agency on documents. The documents would be filed by our personnel department.

In 2019, TCL Electronics did not discriminate, use child labour or forced labour in all aspects of employment.

TALENT ATTRACTION

TCL Electronics looks for partners who are "entrepreneurial, trustworthy, capable, delivering results and sharing revenue ". We recruit the talents covering technology R&D, manufacturing, general management, marketing, product design, etc. Our working locations cover major domestic first- and second-tier cities, providing diversified options for candidates.

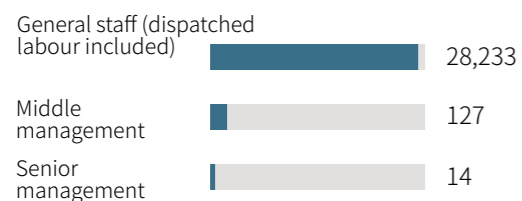
In 2019, TCL Electronic formulated standard job manuals for campus recruitment, optimised the process of signing a tripartite contract with students, improved the operational efficiency of campus recruitment, and successfully held campus club science and technology festivals, talent salons, and university open days and other activities; and established a positive interaction with campus talents and social talents, fully attracting talents from all walks of life.



Breakdown by gender



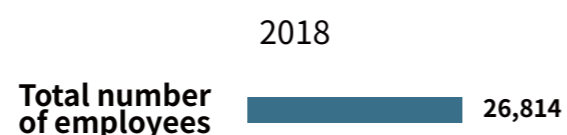
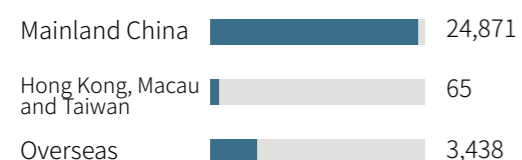
Breakdown by employment type



Breakdown by age



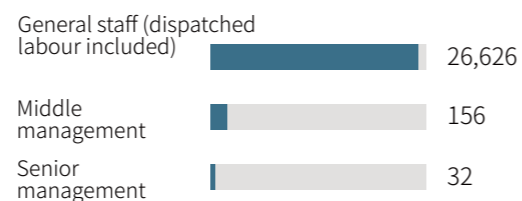
Breakdown by geographical region



Breakdown by gender



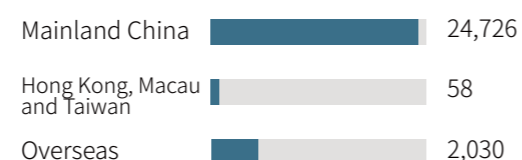
Breakdown by employment type



Breakdown by age



Breakdown by geographical region



TCL Open Day for Global Graduates 2019



In 2019, on TCL Open Day for Global Graduates, TCL Electronics invited 50 outstanding graduate students from all over the world to meet in TCL International E City of the Science Park for starting a journey toward intelligent future with TCL Electronics. At this event, TCL Electronics showed college students the global layout, training system, high-quality products, and working environment of TCL Electronics, and three-dimensionally demonstrated the unique company culture of TCL Electronics. The event received positive feedback from college students.



REMUNERATION AND INCENTIVES

TCL Electronics follows the principles of external competitiveness and internal fairness to provide employees with industry-competitive compensation and benefits. We also regularly review our compensation strategy and make adjustments as necessary, and formulated corresponding salary incentive plan. We will also combine the performance of employees, overtime, business trips, vacations, etc., and take into account the characteristics of different types of work, to develop personalised remuneration and incentive programs to maximise the reasonableness and fairness of remuneration distribution. At the same time, TCL Electronics provides employees with a variety of comprehensive welfare subsidies and employee awards to add spice to employees' work and life, and builds emotional connections and interactions between the company and employees, making employees feel warm.

Remuneration and incentive schemes

- **Short-term incentives:** On the basis of fixed pay, the Company issues performance bonuses to employees based on the Company's annual operating performance and individual employee performance, ensuring that capable and contributing employees receive their recognition and commendations while improving their value, so as to improve the work enthusiasm of the employees. At the same time, the company has also made key investments in sales incentives and product technology incentives to support the improvement of the company's product capability, retail capability and technological innovation capability.
- **Long-term incentives:** For senior executives and core employees, the Company formulates revenue sharing plans, reflects the concepts of shared responsibility and revenue sharing, and strengthens the retention and incentive of outstanding core talents.

Various comprehensive benefits and subsidies

- Pay social insurance and housing funds for employees in accordance with local government regulations.

- Supplement full and comprehensive commercial insurance protection and high-quality insurance services for employees.
- Qualified employees are entitled to communication subsidies, office equipment subsidies, and transportation subsidies.
- Provide employees with various benefits such as health check-ups, holiday gifts, birthday congratulations, special paid leave, company shuttles, employee dormitories, etc.

Diversified employee awards

- **Accountability Star:** Accountability is one of the Company's core values. The Accountability Star award has been set up to commend individuals and organisations which aim high, deliver results and complete missions. Employees who are proactive, perform well and match the company's culture of accountability have the opportunity to be the Accountability Star in each quarter/year.
- **Excellent Employee and Excellent Manager Awards:** TCL Electronics selects "Excellent Employees of the Year" or "Excellent Managers of the Year" at the group level, and at centre and business division level to recognise employees and managers with outstanding performance and contributions.
- **Internal Referral Award:** TCL Electronics sets up an Internal Referral Award to encourage employees to refer outstanding talents to the Company. Successful referees are rewarded with generous cash rewards based on the rank of recruited position.
- **Peak Season Incentive Special Contribution Award:** TCL Electronics has set Peak Season Incentive Special Contribution Award to recognise individuals and teams who have made outstanding contributions to the Company's development during the peak season. We provide cash rewards and paid leave to awarded employees.

TRADE UNIONS AND EMPLOYEE COMMUNICATION

Trade unions are an important channel for employees to communicate with the Company. TCL Electronics Trade Union consists of three sub-unions, namely the King Union, which represents the employees of TCL King Electrical Appliances (Huizhou); the SCBC Union which represents the employees of TCL Strategic Customer Business Centre; and the New Technology Union which represents non-manufacturing employees. Each sub-union has a Cultural and Sports Secretary, Publicity Secretary, Manufacturing Secretary, Living Affairs Secretary, and Female Worker Affairs Secretary to speak on behalf of union members and protect their rights of autonomous management. Employee representatives meet and are elected regularly.

We hold staff living quality meeting quarterly, and engage employee representatives to raise questions and give feedback on performance, benefits, attendance, compensation, meals, dormitories, and administration etc. After the meeting, the relevant departments will carry out improvement measures and plan completion time to practically solve the inconvenience in employees' lives and work. In addition, the TCL Electronic Union attaches great importance to the maintenance of staff mental health and the relationship between colleagues, timely and thoroughly clear up problems and conflicts, and protect their physical and mental health.

In addition, we obtain the authentic feedback and opinions from employees on a quarterly basis. We continuously improve employee experience on six aspects: welfare, remuneration, communication, factory management, work-life balance and work environment. It ranges from catering, accommodation, holidays/peak season welfare, employee communication, feedback channel, complaint response, remuneration structure, internal fairness, external competitiveness, that employees encountered personally, in order to promote staff experience and help the sustainable development of the enterprise.

Rights and interests of TCL Union members

- The right to elect or be elected and the right to vote;
- The right for labour communication and right to participate in trade union;
- The right for medical check-ups, holiday/birthday gifts, and the right to participate in various team activities;
- The right to apply for hardship subsidies.

EMPLOYEE CULTURE AND CARE

TCL Electronics adheres to the people-oriented philosophy and offers best possible care to employees. In 2019, TCL Electronics continued to improve the working environment experience of employees, organised a wealth of employee activities, helped employees in need, and built a harmonious corporate culture.

Comfortable working environment

TCL Electronics' Headquarters has set up cafes, gyms, and lounges for employees in the office, so that employees can relax while working, and experience exceptional work happiness. In addition, we care for the legal rights and special needs of female employees, and have established a "love mummy hut" to provide comfortable and private breastfeeding spaces for female employees during breastfeeding.



Rich staff activities

TCL Electronics is committed to creating a harmonious working atmosphere and forming a cohesive corporate culture. We organise a number of employee activities, such as festivals and fun networking competitions, to enhance mutual communication among employees and enhance employees' sense of belonging to the Company.

Festival event: "Creative Life to Enjoy Mid-Autumn Festival"



In the Mid-Autumn Festival of 2019, TCL Electronics held a festival event with the theme of "Creative Life to Enjoy Mid-Autumn Festival", encouraging employees to participate in fun activities to ease work pressure and win small gifts with interesting blessings. This event effectively deepened employee communication and enhanced team cohesion.



TCL "King Cup" Staff Basketball Match



On 17 April 2019, the 16th annual "King Cup" Basketball Match commenced. The "King Cup" Basketball Match is a benchmark amateur sports event created by TCL, which aims to add fun to employees' lives and strengthen communication within the Company. This match attracted a total of 9 teams to participate, and received strong support from TCL Union and various departments.



Highlights of colourful activities of TCL Electronics' trade unions and associations



Photographic Association: Nanxiong Ginkgo, Danxia Landscape, Heyuan Peach Blossom Photography Activities



Shenzhen Longgang Half Marathon



Badminton Association: The 4th TCL New Technology Badminton Association Internal Tournament



Hiking Association: Dongguan Yinping Mountain & Huiyang Baiyunzhang Autumn Hiking Activity

Helping employees in difficulty

In 2019, in order to promote the spirit of mutual assistance of employees in helping the poor, helping each other, and dedicating love, TCL Electronics launched a "Love and Mutual Aid Fund" through the union to solve the urgent needs of employees who have practical difficulties in life and medical treatment. In total, RMB 127,000 was donated.

Donations to the SCBC Union employees



In 2019, TCL Electronics' SCBC Union provided a total of RMB 15,900 for the marriage, childbirth, and hospitalisation allowances for the employees who joined the union. It aided 5 employees in difficulty with total subsidies of RMB 21,000.



OUR PEOPLE AROUND THE WORLD

TCL Electronics values the diverse background of overseas employees, respects local customs, and strictly abides by the local laws, regulations and labour system, such as Australian "Fair Work Act 2009" and the "National Employment Standards" and the "Labour Code of the Philippines", etc. Meanwhile, we have established internal policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, prevention of forced labour and child labour, and other benefits and welfare, and have also complied with relevant laws and regulations, such as the Australian "AU-TCL EA Human Resources Policy", the Philippines "Policy on Recruitment and Selection" and "Policy on Timekeeping and Payroll Processing", Indonesian "Recruitment Regulation" (Permintaan Karyawan Baru / Rekrutmen) and "Attendance Regulation", etc.

In addition, for overseas employees, we have formulated or improved the "Rules for the Appointment of the Dispatched Chinese Employees in Overseas Branches", the "Talent Point System of TCL Industrial Overseas Business Group", the "Internal Promotion Standards", and the "Special Allowance Management Regulations for Localization of Chinese Employees in Overseas Branches", forming a practical promotion review process, promotion mechanism and welfare system.

Overseas employee participation



Pakistan's Highest Sales Month Celebration and Team Building Event



Vietnam Employee Team Building Event



Indonesian Employee Team Building Event

DEVELOPMENT AND TRAINING

TCL Electronics regards talent development as an important driver for the Company's sustainable development. We set up multi-dimensional and diversified development paths and clear promotion channels for employees. We are committed to providing a broad platform for the personal growth and career development of employees.

OVERALL TALENT DEVELOPMENT MECHANISM

TCL Electronics has established a comprehensive talent development mechanism. We strictly provide employees with professional, technical and management multi-dimensional development channels in strict accordance with the Employee Manual. Every year, we identify key positions and key talents through talent inventory, and carry out talent echelon construction through mechanisms such as talent selection and training. Through effective talent development approach, we will cultivate a team of talent with international vision, professionalism and specialisation, realising the common development of employees and enterprises.

TALENT TRAINING

TCL Electronics fully understands the true needs of employees, and explores training models that may help employees grow. We have established a comprehensive training system and continuously developed innovative models for talent training, which provide ample opportunities for the personal growth of employees.

Comprehensive training system

TCL Electronics continues to train and innovate, and has established a talent training system including high-potential talents, new talents, professional talents, general talents, and strategic project talents to meet the needs of employees at different levels to enhance their personal capabilities.

Training series	Trainees	Training content
High-potential talents	Middle and high-level reserve talents	Through general skills, self-learning, management and leadership training series, train high-potential employees' management, leadership and comprehensive management capabilities
New talents	For new basic-level and middle management	Focus on training the skills, tools and methodologies that the management should know, and improve the competence of basic-level, middle and senior management
General talents	For all employees	Develop general occupational skills, including language, patent and professionalism
New employees	For summer interns and new employees	Corporate culture integration course, and general training for occupational health and safety work
Professional channel	Cultivate backbone and professionals in key business areas.	Involve the expertise of multiple company departments and positions such as R&D Centre, product centre, marketing, legal affairs, finance, etc.
Strategic project talents	Backbone and potential employees at different levels	Such as middle and senior management MBA/EMBA training.

TCL Electronics "High-potential Talents" and "New Talents" training plan



Innovation of the training model

An effective training model is the basis of the functioning of the training system. TCL Electronics clearly stated in the Employee Manual that TCL Electronics' training model includes on-the-job learning, special training, delivery training, and off-the-job training. In addition, we have developed an internal lecturer system to encourage employees to actively share their work experience and feeling, and actively develop or teach courses. For the training courses certified by the HR Department, the Company will give material rewards to the internal lecturers to teach, so as to achieve sustainable development of talent training. In 2019, TCL Electronics added 18 certified lecturers and developed 50 certified courses. The average satisfaction rate of various training programs reached 93%.

In addition to the internal and external training courses of the Company, in 2019, we continued to actively explore school-enterprise cooperation and overseas talent training models to prepare for the training of various types of talents in the new era for the enterprise and the upgrade of digital factories.

Education upgrade class: TCL Electronics provides on-the-job training opportunities for some of its employees. We cooperate with colleges and universities to launch a three-year education improvement plan, and employees who have passed the assessment can obtain a nationally recognised graduation certificate, and enjoy the same treatment as employees who have received full-time education at the corresponding level in the Company. During the learning period, the Company subsidised tuition fees and increased the subsidy ratio and reimbursement quota for outstanding students to allow employees to continue to grow and improve, thereby training true management and technical talents for the Company and helping the Company's long-term operation and development.

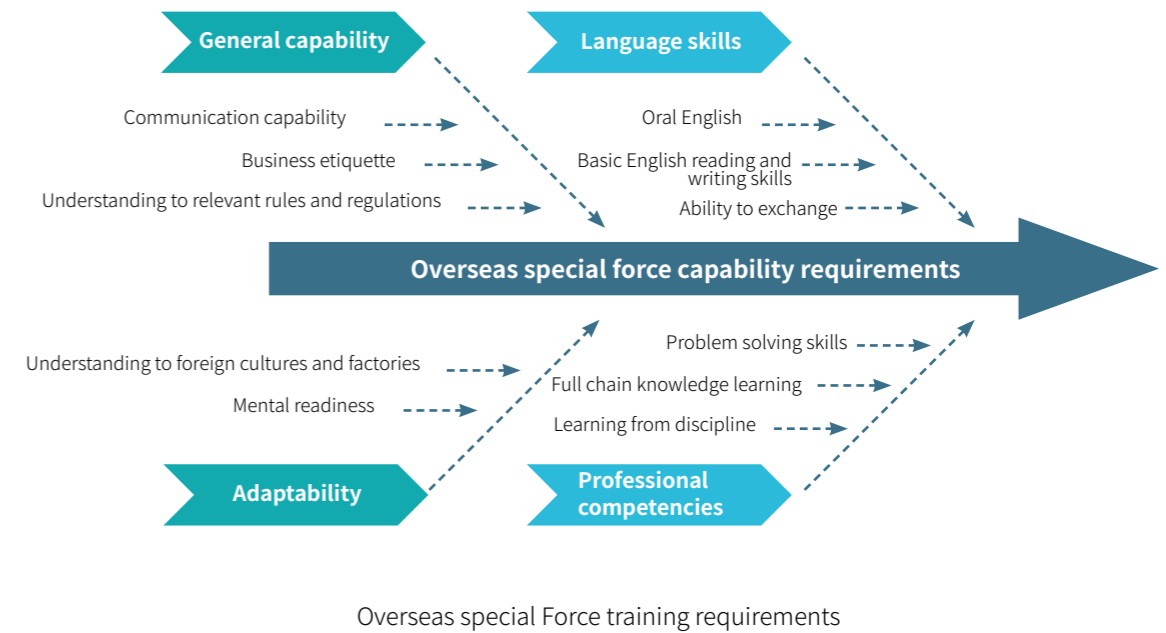


Opening ceremony

School-enterprise cooperation modern apprenticeship system: TCL Electronics has been continuously exploring the model of school-enterprise cooperation. Through the implementation of TCL title classes, school-enterprise dual system anti-poverty classes, modern apprenticeship, school-enterprise resource sharing, etc., the Company provides employees with the opportunity to share teaching resources and corporate resources. In the future, we will continue to work hard to explore a new model of school-enterprise cooperation with a more open and sincere attitude, help China's education cause, and cultivate more new-age technical talents that meet the needs of modern enterprises.



Overseas "Special Force" training program: To solve the problem that its existing talents cannot meet its internationalisation and the rapid growth of overseas business requirements, TCL Electronics' Operation Centre conducted a number of training programs at headquarters and overseas branches based on its global industrial layout. Specifically, such programs include overseas special force program, technical elite training, flight training, and overseas elite eagle reserve camps. By cultivating its general ability, language ability, foreign adaptability and professional knowledge and skills, the purpose of quickly filling the gap of overseas talents is achieved, and a solid foundation for the Company's global layout is laid.



	2019
Average training hours of all employees	14 hours
Breakdown by employment type	
The average training hours for senior management	103 hours
The average training hours for middle management	62 hours
The average training hours for junior staff	14 hours

BRINGING WARMTH TO THE COMMUNITY

TCL Electronics actively engaged in public welfare undertakings, demonstrating its manner of high accountability. With the support of Shenzhen TCL Foundation, Huameng Foundation, Mutual Aid Fund, TCL King Volunteer Association and other organisations, and under the guidance of the "Measures for the Management of TCL Electronics' Love Fund Management", we have carried out diversified public welfare projects. In 2019, TCL's "Love and Mutual Aid Fund" donated RMB478,207 in various types of projects such as employee assistance, education assistance, and aid to the disabled, and won the honorary title of "The Charity Model in 16th (2019) China Charity List".

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



SPREADING LOVE

EDUCATION

TCL Electronics has always been enthusiastic about education and actively exploring education support models. In 2019, we launched a number of activities, such as voluntary education, caring for left-behind children, support for needy students, and donation of educational materials, to help children grow up physically and mentally and support education development.

In 2019, TCL Electronics also invested a total of RMB340,000 in education assistance activities. This has received good social response.

"True Love for Tomorrow" volunteers to support education and practice education support



In the spring and autumn of 2019, TCL Electronics sent a total of 6 volunteers to Wen County, Gansu Province to participate in the one-week education activity, and donated RMB 100,000 to China Charities Aid Foundation for Children.



Site of education support activity and donation in Wen County, Gansu

AI empowers public welfare and care for left-behind children



TCL Electronics develops products such as "Yige Story Machine" and "Xiaoxue Music Robot" for left-behind children through the "AI + public welfare" method. With voice synthesis to simulate parents' voices, AI technology accompanies children to grow up, and protect children's mental health.

PUBLIC WELFARE

TCL Electronics actively implements the spirit of public welfare to dedicate to the society, and carries out a variety of voluntary activities in accordance with the service concept of "based on enterprises and serving the society". The project covers various aspects such as helping the environmental protection, donating materials, caring during festivals, and supporting company activities.

In 2019, TCL Electronics won the title of advanced community of volunteer service in Zhongkai High-tech Zone, the first prize of the "Common Will" volunteer service project in Zhongkai High-tech Zone, the best volunteer service project in Huizhou City, and the social charity unit, etc. It has won the unanimous recognition and praise of the public.

Unpaid blood donation



On 1 August 2019, TCL King organised a total of 101 party members, union backbones, volunteers, and employees to participate in unpaid blood donation, with a total of 31,500 ml blood donated, and thus won the title of "Excellent Organisation for Unpaid Blood Donation" granted by Huizhou Unpaid Blood Donation Office.



Clothes donation in winter



In 2019, the TCL Volunteer Association actively responded to the call of TCL Electronics Third Branch, TCL King Trade Union and the R&D Centre to launch the "Clothes Donation in Winter" in TCL LCD Industrial Park. We encourage all employees of the Company to donate unused clothes to poor families or people in need, and build a platform for employees to participate in public welfare. Within four days, we mobilised through various forms of publicity, and received a total of 3,145 pieces of clothes donated by the employees in the park and outside communities.



INTEGRATING WITH THE COMMUNITY

TCL Electronics focuses on the integration with the community, and actively participates in the community's public welfare. In 2019, TCL Electronics' "Mutual Love Fund" participated in the assistance activities of the disabled persons' federation in the community where the Company is located. In the spring and autumn, a total of RMB26,000 was provided for the people with disabilities in different sub-districts, helping 20 families with disabilities. TCL Electronics Disabled Persons' Federation's assistance operation has received the positive praise from the community and has promoted the harmony between the enterprise and the family members of the community.

"Caring for the Disabled, You and Me"-Community support for the disabled



In 2019, TCL Electronics' "Love and Mutual Aid Fund" purchased new year products such as oil, rice, and dairy products, went to Xili Sub-district Disabled Persons' Federation Community for condolences, and subsidised the difficulty subsidy of RMB10,000 to Xili Sub-district Disabled Persons' Federation Rehabilitation Centre to help 10 households with the disabled persons.



COMBATING THE PANDEMIC

At the beginning of 2020, the outbreak of novel coronavirus disease 2019 (COVID-2019) worried the people throughout the PRC, and the attention of PRC and the whole world focused on the most serious outbreak in Wuhan. Since the outbreak of the pandemic, TCL Electronics' leaders have attached great importance to the rapid implementation of assistance activities. While ensuring the safety of employees, it mobilised assistance to Wuhan, reflecting the Company's strong sense of responsibility during crisis.

Area disinfection to stop the spread of pandemic: We took effective preventive measures immediately, including daily disinfection of factory areas, office areas and dormitories; we provided protective sanitary supplies and isolation and observation sites, strengthened the health protection and monitoring of employees who are still working, and followed up the return of employees and their health status on daily basis;

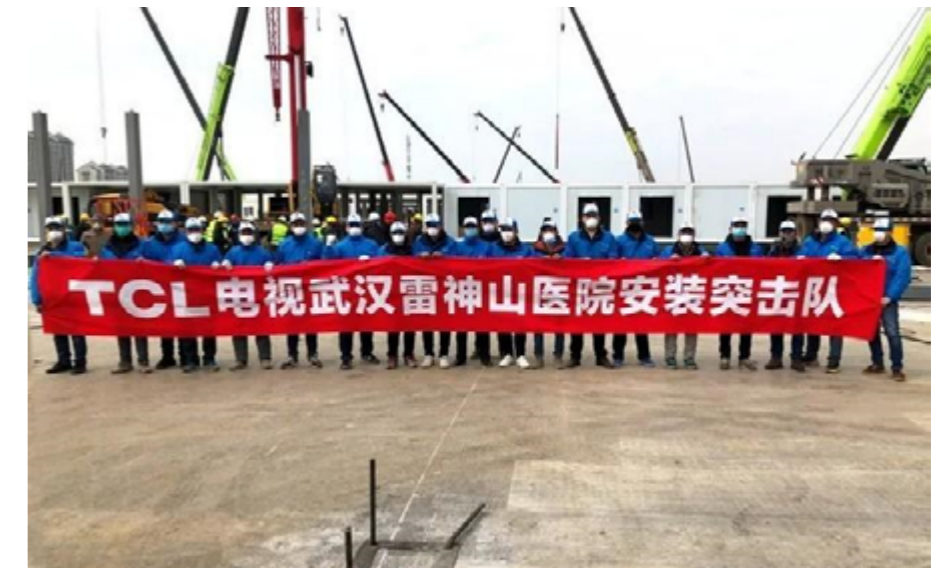
Proper staffing to prevent influx of pandemic: We established a multi-level joint prevention working team to implement various prevention, control and service guarantee measures; we implemented strict management of personnel entering and leaving the park of the Company, reduced unnecessary personnel access, and checked the personnel and vehicles in and out;

Telecommuting to respond to government requirements: According to the requirements of the governments at all levels, we adopted flexible methods such as working from home and remote online communication to ensure the effective operation of global business, and delayed resumption of work for the employees from Hubei.

TCL Electronics helped with the foundation of "Leishenshan Hospital" and "Huoshenshan Hospital" to fight the pandemic



On 26 January 2020, TCL Electronics donated public LCD devices for construction of Huoshenshan Hospital and Leishenshan Hospital in Wuhan, Hubei province, and dispatched the installation commando to support. At the same time, Shenzhen Falcon Network Technology Co., Ltd.* (深圳市雷鳥網絡科技有限公司), the Company's Internet business operation platform, quickly established a pandemic topic on the homepage of TCL TV content platform to raise everyone's awareness of pandemic prevention.



PHILANTHROPY OVERSEAS

As TCL Electronics accelerates the expansion of its business globally and operate in global markets, we give back to the local communities in order to create the image of "fulfilling social responsibility" in the world. In 2019, we launched a number of philanthropic activities in Thailand, Vietnam, Philippines, etc. We cared about supporting the development of local education, and worked together to provide local young people with teaching hardware facilities, extracurricular interests, and other support. We received positive feedback from the local communities.

Philanthropy and charity in Thailand



On 18 October 2019, TCL held its fourth charity event at Wat Tako Temple in Thailand. All the staff gathered to clear the temple area and donate items for the poor children in the community.



Philanthropy and charity in Vietnam



TCL participated in the VN Express Hope Foundation's "Children's Theatre" charity event and donated high-quality 4K large-screen TVs to local children for their classroom learning and after-school viewing, which effectively improved the quality of teaching and promoted the development of local children.



Philanthropy and charity in the Philippines



In cooperation with the Philippine Basketball Association, TCL Electronics organised a series of basketball-related charity events across the Philippines to provide all basketball fans and children who dreamed of becoming basketball players with gifts, fun and exciting games, and accompanied them through surprising time.



SUSTAINABILITY PERFORMANCE OVERVIEW

Sustainability KPIs	Unit	2019 Data	2018 Data
A.Environment ⁶			
A1.Emissions			
A1.2 Total GHG emission and intensity			
Direct GHG Emission (Scope 1)	Tonne CO _{2e}	23,019	6,035
Indirect GHG Emission (Scope 2)	Tonne CO _{2e}	67,838	46,139
Total GHG Emission (Scope 1+2)	Tonne CO _{2e}	90,857	52,174
GHG Emission Intensity	Tonne CO _{2e} / product	2.84	1.82
A1.3 Total hazardous waste produced			
Paint waste	Tonnes	54.90	69.80
Paint scrap	Tonnes	6.95	53.46
Oil-contaminated wastewater	Tonnes	38.45	23.57
Empty buckets	Tonnes	8.17	9.20
Others	Tonnes	20.87	87.54
A1.4 Total non-hazardous waste produced			
Cardboard box	Tonnes	3,553.03	4,257.51
Plastics	Tonnes	1,622.47	1,151.71
EPS	Tonnes	407.91	1,115.74
Others	Tonnes	2,376.77	2,542.01
A2. Use of resources			
A2.1 Total energy consumption by type and intensity			
Diesel	Litre	31,420.69	17,654.37
Gasoline	Litre	26,891.70	/
Natural gas	Cubic metre	3,541,285.08	2,774,112.00
Outsourced grid power consumption	kWh	78,744,127.13	73,480,591.00
Outsourced steam	Tonnes	8,722.00	7,703.00
Solar power generation	kWh	4,481,620.50	3,577,455.00
energy intensity per product shipped	kWh per product shipped	3.96	3.91

⁶ In 2019, we improved data management and further expanded the scope of ESG data collection. Compared with 2018, we have added production bases in Vietnam and production bases in Mexico for all environmental data categories this year.

Sustainability KPIs	Unit	2019 Data	2018 Data
A2.2 Total water consumption and intensity			
Total water consumption	Cubic metre	996,590.22	981,917.32
Water intensity per product shipped	kg per product shipped	31.1	34.3
A2.5 Total packaging material used for finished products			
Cardboard box	Tonnes	95,497.48	699,284.21
Manual	Tonnes	1,848.56	6,085.64
EPS foam	Tonnes	12,883.27	12,392.48
B.Social			
B1.Employment			
B1.1 Total workforce by gender, employment type, age group and geographical region			
Total number of employees	Number of people	28,374	26,814
Total workforce by gender			
Male	Number of people	17,444	16,030
Female	Number of people	10,930	10,784
Total workforce by employment type			
Senior management	Number of people	14	32
Middle management	Number of people	127	156
General staff	Number of people	28,233	26,626
Total workforce by age group			
29 and below	Number of people	13,246	13,844
30-49	Number of people	14,437	12,433
≥ 50	Number of people	691	537
Total workforce by geographical regions			
Mainland China	Number of people	24,871	24,726
Hong Kong, Macau and Taiwan	Number of people	65	58
Overseas	Number of people	3,438	2,030

Sustainability KPIs		Unit	2019 Data	2018 Data
B2.Health and safety				
B2.1	Number and rate of work-related fatalities.			
	Number of work-related fatalities	Number of people	3	0
	Rate of work-related fatalities.	%	0.01	(undisclosed)
B2.2	Lost days due to work injury			
	Number of injuries	Times	56	0
	Total lost days due to work injury	Days	150	0
B3.Development and training				
B3.1	Percentage of employees trained by gender and employee category			
	Percentage of employees trained	%	100	(undisclosed)
	Percentage of male employees trained	%	100	(undisclosed)
	Percentage of female employees trained	%	100	(undisclosed)
	Percentage of senior management trained	%	100	(undisclosed)
	Percentage of middle management trained	%	100	(undisclosed)
	Percentage of junior employees trained	%	100	(undisclosed)
B3.2	Average training hours completed per employee by gender and employee category			
	Average number of training hours for all employees	Hours	14	61
	Average number of training hours for male employees	Hours	17	(undisclosed)
	Average number of training hours for female employees	Hours	10	(undisclosed)
	Average number of training hours for senior management	Hours	103	60
	Average number of training hours for middle management	Hours	62	21
	Average number of training hours for junior employees	Hours	14	61

Sustainability KPIs		Unit	2019 Data	2018 Data
B5.Supply chain management				
B5.1	Number of suppliers by geographical region			
	Mainland China:	/	362	420
	Hong Kong, Macau, Taiwan and overseas	/	61	62
B6.Product responsibility				
B6.2	Number of products related complaints received	/	620	(undisclosed)
B7.Anti-corruption				
B7.1	Number of corruption cases brought or concluded	/	0	(undisclosed)
B8.Community investment				
B8.2	Resources used in the area of focus			
	Item donation value	thousand RMB	420	(undisclosed)
	Volunteer hours	hours	1,838	(undisclosed)
	Number of volunteers	person	286	(undisclosed)
	Capital contributions	thousand RMB	240	(undisclosed)

CONTENT INDEX

Aspects, general disclosures and KPIs	Description	Disclosure paragraph	Remarks
Aspect A1: Emissions			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7 Safe and green production	
KPI A1.1	The types of emissions and respective emissions data.	Not disclosed	The exhaust gas emitted by the company is mainly volatile organic compound (VOC) coming from the combustion process of natural gas. The VOC emissions are regularly tested by the regulatory authorities of plant located city and are in compliance with the standards set by the local government. The company has no statistics on the total annual emissions of VOC.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	7.3 Green operation 10 Sustainability performance overview	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	7.3 Green operation 10 Sustainability performance overview	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	7.3 Green operation 10 Sustainability performance overview	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	7.3 Green operation	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	7.3 Green operation	

Aspects, general disclosures and KPIs	Description	Disclosure paragraph	Remarks
Aspect A2: Use of resources			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.1 Product design 7.3 Green operation	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	7.3 Green operation 10 Sustainability performance overview	
KPI A2.2	Water consumption in total and intensity.	7.3 Green operation 10 Sustainability performance overview	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	7.3 Green operation	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	7.3 Green operation	TCL Electronics mainly uses municipal water and has no issue in sourcing water.
KPI A2.5	Total packaging material used for finished products	6.1 Product design 10 Sustainability performance overview	
Aspect A3: The environment and natural resources			
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.		TCL Electronics believes that our activities have not directly affected the ecological environment in the vicinity of the operation site. We have not affected the supply of materials in the natural world when we obtained the raw materials used to produce TV sets. Our products may have an impact on the ecological environment during the disposal phase. The policies to reduce these impacts are mainly to strictly control the content of harmful substances in the products and to recover TCL TV products based on the ability of TCL Group to recycle electronic products.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not disclosed	

Aspects, general disclosures and KPIs	Description	Disclosure paragraph	Remarks
Aspect B1: Employment			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	8 Creating opportunities for our employees	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	8 Creating opportunities for our employees 10 Sustainability performance overview	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Not disclosed	
Aspect B2: Health and safety			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	7.1 Work safety management 7.2 Occupational health	
KPI B2.1	Number and rate of work-related fatalities.	10 Sustainability performance overview	
KPI B2.2	Lost days due to work injury	10 Sustainability performance overview	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	7.1 Work safety management 7.2 Occupational health	
Aspect B3: Development and training			
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	8.3 Development and training	
KPI B3.1	The percentage of employees trained by gender and employee category.	10 Sustainability performance overview	
KPI B3.2	The average training hours completed per employee by gender and employee category.	10 Sustainability performance overview	
Aspect B4: Labour standards			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	8 Creating opportunities for our employees	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	8 Creating opportunities for our employees	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	8 Creating opportunities for our employees	

Aspects, general disclosures and KPIs	Description	Disclosure paragraph	Remarks
Aspect B5: Supply chain management			
General disclosure	Policies on managing environmental and social risks of the supply chain.	5.3 Win-win results for multiple parties	
KPI B5.1	Number of suppliers by geographical region	10 Sustainability performance overview	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.3 Win-win results for multiple parties	
Aspect B6: Product responsibility			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations on prevention of child and forced labor	6 Creating value for our users	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.1 Product design	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	6.3. Service quality assurance 10 Sustainability performance overview	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.2 Complying with the law	
KPI B6.4	Description of quality assurance process and recall procedures.	6.2 Product quality assurance	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.3 Service quality assurance	
Aspect B7: Anti-corruption			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.2 Complying with the law	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.2 Complying with the law 10 Sustainability performance overview	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	5.2 Complying with the law	
Aspect B8: Community investment			
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	9 Bringing warmth to society	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture and sports)	9 Bringing warmth to society	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	9 Bringing warmth to society 10 Sustainability performance overview	



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