



TCL Electronics Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)



ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT 2022

01 **About TCL Electronics 01**
1.1. Company Profile
1.2. Corporate Honours

02 **About this Report 02**

03 **Performance Highlights of 2022 03**

04 **Statement of the Board 04**

05 **ESG Governance 05-08**
5.1. ESG Governance Structure
5.2. Communication with Stakeholders
5.3. Material ESG Issues

06 **Robust Development 09-16**
6.1. Creating Economic Value
6.2. Complying with Laws and Regulations
6.3. Fulfilling Partner Responsibility

07 **User First 17-26**
7.1. Technological Innovation
7.2. Green Design
7.3. Product Responsibility
7.4. Quality Service

08 **Green Operation 27-33**
8.1. Environmental Management System
8.2. Deployment of Photovoltaic Business
8.3. Energy Conservation and Emission Reduction
8.4. Water Conservation
8.5. Promoting Circular Economy
8.6. Responding to Climate Change

09 **Upholding People-Oriented Philosophy 34-41**
9.1. Enhancing Talent Attraction
9.2. Right and Benefit Protection
9.3. Employee Training and Development
9.4. Occupational Health and Safety

10 **Giving Back to Society 42-44**
10.1. Pandemic Prevention and Disaster Assistance
10.2. Public Service Activities

11 **Outlook 45**

12 **ESG Performance Overview 46-48**

13 **ESG Index 49-51**





1 About TCL Electronics

1.1. Company Profile

TCL Electronics Holdings Limited (an exempted company incorporated in the Cayman Islands with limited liability, stock code: 01070.HK), was listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in November 1999. The Group’s business scope covers display, innovative and Internet business, and is the sole diverse consumer electronics enterprise in China with the strength of vertical integration of industry chain. In 2022, TCL Electronics comprehensively implemented the strategy of “Value Led by Brand with Relative Cost Advantage”, continuously focused on the mid-to-high-end global markets and the development of new tracks, and actively promoted the globalisation of “intelligent IoT ecosystem” strategy across all categories, to provide users with experiences and services of higher quality, and become a leader in the global intelligent technology market.

In 2022, the global shipment of the TCL smart screens reached 23.78 million sets, with a year-on-year increase of 0.8%, and its market share jumped to the 2nd place in the world¹, with its market share ranking among the top five² in more than 20 countries worldwide and steadily increasing. Thanks to the solid foundation in the smart screen technology, the overall shipment of TCL smart screens in the PRC market continued its rapid growth, with a year-on-year increase of 21.3%. Meanwhile, the sales proportion of large-sized smart screens continued to rise, and the shipment of TCL smart screens of 65 inches and above in the PRC market grew by an impressive 96.0% year-on-year. The shipment of smart screens in the international markets achieved high growth in Benelux³ and the United Kingdom. The market share ranked firmly among top in countries such as United States, Australia, Saudi Arab, Brazil, France, Italy, the Philippines and Pakistan.

TCL Electronics is among the eligible securities under the Shenzhen-Hong Kong Stock Connect, has been included in the constituents of the Hang Seng Stock Connect Hong Kong Index (HSCHKI), Hang Seng Composite MidCap & SmallCap Index (HSMSI) and Hang Seng Corporate Sustainability Benchmark Index (HSSUSB), and has received Hang Seng Index’s ESG rating of A for five consecutive years from 2018.

1.2. Corporate Honours

January 2022	The 7th Golden Hong Kong Stocks – “Most Valuable Consumer Products Company” received by TCL Electronics
March 2022	“Hong Kong Listed Company (H-shares) of Best Investor Relations” at the 5th New Fortune Best IR Hong Kong-listed Companies Awards received by TCL Electronics
December 2022	“Information Disclosure Award of the Year” among the outstanding listed companies in Greater China by the 7th Gelonghui Award received by TCL Electronics
June 2022	The Gold Award of the 9th Guangdong Patent Award received by Shenzhen TCL New Technology

1 Source: Global TV brand shipment data of 2022 from Omdia. Omdia is a global technology research organisation formed by the merger of the research divisions (Ovum/Heave Reading and Tractica) and the acquisition of IHS Markit International.
2 Source: TV retail sales volume data of 2022 from NPD and TV shipment data of 2022 from GfK. NPD refers to the NPD Group, a market research company that provides global data, industry expertise and insightful analysis. GfK refers to Gesellschaft für Konsumforschung, a consumer goods market research company and global market research organisation headquartered in Nuremberg, Germany.
3 Benelux is the abbreviation of Belgium, Luxembourg and the Netherlands.

2

About this Report



Overview

This Environmental, Social and Governance (“ESG”) Report (“**Report**”) mainly describes the performance of TCL Electronics in compliance with laws and regulations, products and technological innovation, user services, work safety, green operation, talent development and team building, responsible procurement, and public welfare and charity. The reporting year aligns with our Annual Report, i.e. the financial year ended 31 December 2022.

Scope and Boundary

Policies and information stated in this Report apply to TCL Electronics and most of its subsidiaries. This covers all operations based in the People’s Republic of China (the “**PRC**” or “**China**”) and other overseas countries and regions. With TCL Electronics developing photovoltaic business through “TCL Photovoltaic Technology” in 2022, the reporting scope of this Report, when compared with the 2021 ESG Report of TCL Electronics, additionally covers its photovoltaic business. The reporting scope of this Report covers the Group’s display business (including large-sized display, small-and-medium-sized display and smart commercial display businesses), innovative business (including smart connection, smart home, all-category marketing and photovoltaic business) and Internet business, so as to provide a balanced reflection of the Group’s environmental, social and governance performance concerning the environment, workplace, supply chain management, product responsibility and community, in particular the ESG affairs that may have had a significant influence on the sustainability of the Group’s business operations and which are of concern to stakeholders.

Glossary

“**TCL Electronics**” “**Company**” “**Group**” and “**We**”: TCL Electronics Holdings Limited and/or its subsidiaries (as the case may be).

“**TCL Holdings**”: TCL Industries Holdings Co., Ltd., which is the ultimate controlling shareholder of TCL Electronics.

“**TCL King (Huizhou)**”: TCL King Electrical Appliances (Huizhou) Co., Ltd., a subsidiary of TCL Electronics.

“**TCL Communication**” “**TCL Communication Group**”: TCL Communication Technology Holdings Limited and/or its subsidiaries (as the case may be). TCL Communication Technology Holdings Limited is a subsidiary of TCL Electronics.

“**TCL New Technology**”: Shenzhen TCL New Technology Company Limited, a subsidiary of TCL Electronics.

“**Falcon Network Technology**”: Shenzhen Falcon Network Technology Co., Ltd., a subsidiary of TCL Electronics and an Internet technology company under TCL Electronics, which is mainly engaged in the content system development and operation of TCL smart TV.

“**TCL Photovoltaic Technology**”: Huizhou TCL Photovoltaic Technology Co., Ltd., a subsidiary of TCL Electronics, mainly engaged in the household and industrial and commercial photovoltaic business and smart energy business.

“**smart screen**”: mainly refers the smart televisions (“**TV(s)**”) under the large-sized display business, and over 95% of the Group’s TVs are smart screen products in terms of shipment.

Source of Data and Authenticity

The data and case studies included in this Report were primarily derived from our statistical reports and internal correspondence. The Board of directors of the Company (“**Board**”) confirms that this Report does not contain any false information or misleading statements, and is responsible for the authenticity, accuracy, and completeness of the Report’s content.

Reference

This Report was compiled in accordance with the *Environmental, Social and Governance Reporting Guide* (“**Reporting Guide**”) as set out in Appendix 27 to the *Rules Governing the Listing of Securities on the Hong Kong Stock Exchange* (“**Listing Rules**”). This Report was prepared in accordance with the requirements of the Reporting Guide by following the principles of materiality, quantitative, balance and consistency.

Materiality: The Group regularly conducts stakeholder engagement and materiality analyses to identify specific ESG issues significant to its business operations, and provides responses in this Report based on the analysis results. The details of assessment of materiality and the major participation channels of stakeholders are disclosed in the section headed “ESG Governance”.

Quantitative: In order to describe the Group’s impact on major ESG issues, the Group records environmental and social data. An overview of the information corresponding to the quantitative key performance indicators are set out in the section headed “ESG Performance Overview”. Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, where applicable, for the reporting of these key performance indicators, is appropriately disclosed in this Report.

Balance: In order to prepare a fair and objective ESG Report, the Group reports the positive and negative impacts of its operations and the mitigation measures it has taken to provide an unbiased picture of the Group’s sustainable performance.

Consistency: In order to maintain the comparability of the ESG Reports, the Group adopts consistent reporting standards, principles and data calculation methods and explains any discrepancy (if any) with its 2021 ESG Report.

Board Approval

This Report was approved by the Board on 10 March 2023.

3

Performance Highlights of 2022

Revenue
HKD

71,351
Million

Annual shipment of
TCL smart screens

23.78
Million sets

Total number of
global employees

24,694
Persons

R&D investment
HKD

2,531
Million

Average number of
monthly active smart
TV users

21.70
Million

Percentage of
female employees

41.7%

Greenhouse gas
emission intensity
based on revenue

1,241
kg CO₂e/HKD million
revenue

Has been included
in the constituents
of the HSSUSB

4 consecutive years

Has received an ESG
rating of A from
Hang Seng Indexes
Company Limited

5 consecutive years



4

Statement of the Board



The Board attaches great importance to the sustainability management and oversees the ESG affairs with the assistance of TCL Electronics' leadership of ESG.

The Board takes full responsibility for ESG affairs, supervises the Group's sustainable development directions and strategies, and receives the reports from the leadership of ESG on a regular basis. The Board also periodically discusses and examines the ESG risks and opportunities faced by the Group, as well as the performance and progress of the Group in this regard. Each year, the Board scrutinises the Group's ESG Report and reviews the progress of accomplishment of the ESG goals set.

Attaching great significance to the potentially significant impact of ESG risks, the Group improves its database of ESG issues in light of the ESG risk identification, macro policies, stakeholder communication results, etc., analyses the materiality of issues through the stakeholder survey, and clearly defines the priorities of its ESG governance.

During the reporting year, TCL Electronics further improved the materiality assessment of the ESG issues for the year and determined the future ESG management focus and prioritisation; as well as reviewed the environmental targets for 2025 and its accomplishment progress, and made great efforts to reduce the impact of the Group's production and manufacturing activities on the environment through energy structure improvement and process optimisation. The Board reviewed, discussed and confirmed the results of the above tasks. Please refer to this Report for details.

5 ESG Governance



TCL Electronics upholds the concept of sustainable development and integrates it into the corporate development practice. The Company proactively carries out ESG management in seven aspects, namely environmental protection, employment promotion, protection of employees' rights and interests, health and safety, fair operation, consumer relations, and community participation and development to manage the ESG work. In the meantime, it constantly improves the corporate governance structure according to the Company's business needs and the expectations of stakeholders, takes the initiative to assume social responsibilities, and delivers maximum value to stakeholders.

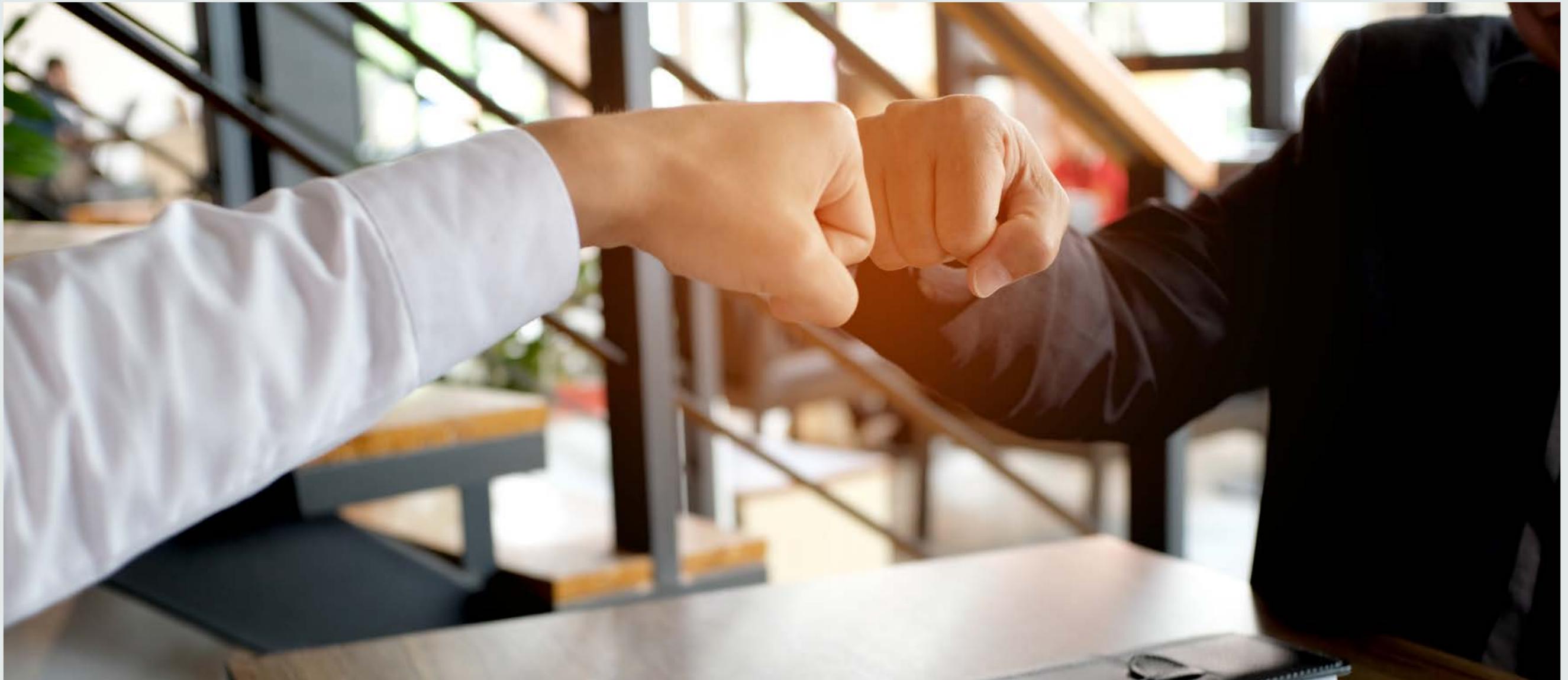
TCL Electronics has been included in the Hang Seng Corporate Sustainability Benchmark Index for 4 consecutive years since 2019, fully demonstrating recognition in outstanding achievements in sustainable development.

5.1. ESG Governance Structure

Under the leadership of the Board, TCL Electronics carries out the ESG work and actively practises green sustainable development philosophy. The Company has formulated our ESG governance structure. Our ESG team is mainly composed of the Finance Operation Department, Supply Chain and Quality Safety Centre, User Satisfaction and Quality Management Centre, Manufacturing Centre, Research and Development ("R&D") Centre, Human Resource Development Department, and other relevant departments, responsible for the internal ESG management and external disclosure of ESG performance of the Company. Leveraging on the continuously improved ESG governance structure, we promote our ESG work on an orderly basis, and gradually integrate our ESG work into the Company's daily operation and management.

 Level of ESG Governance	 Members	 Responsibilities
Board	Directors	<ul style="list-style-type: none"> Take responsibility for ESG-related affairs Supervise the ESG direction and strategy Regularly discuss and review ESG risks, opportunities, performance and progress of targets of the Group
Leadership of ESG	Senior management	<ul style="list-style-type: none"> Lead ESG-related affairs Formulate ESG strategies Allocate resources of the Group for ESG work Review and approve results of ESG work
Management of ESG	Heads of relevant departments	<ul style="list-style-type: none"> Manage ESG work (including assessing, prioritising, and managing ESG related issues and risks) Delegate ESG personnel for implementation Supervise the progress of ESG work Report to the leadership of ESG
Implementation of ESG	Business and functional departments Domestic and overseas manufacturing bases and subsidiaries	<ul style="list-style-type: none"> Collect and communicate ESG information Implement specific ESG work Report to the management of ESG

▲ ESG Governance Structure



5.2. Communication with Stakeholders

The sustainable and healthy development of TCL Electronics is inseparable from the long-term support and trust of its stakeholders. We have built a sound communication platform and attached great importance to the communication with all stakeholders, including employees, customers, suppliers, government and regulatory authorities, investors/shareholders, industry associations and chambers of commerce, philanthropic/community organisations, and the media. By strengthening the communication mechanism with stakeholders, the Group takes the initiative to understand and respond to the expectations and requirements of the stakeholders, constantly improves the transparency of the corporate operation, and achieve mutually beneficial interaction.

Employees: Directly-employed employees

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

Communication Channels and Methods	Focus	The Group's Response
Employees' Emails, employees' meetings, employee activities, employee satisfaction surveys, etc.	Benefits and remunerations of employees, protection of basic rights and interests, smooth career development paths, talent training mechanism, work-life balance, personal health and safety, and internal corporate communication channels	Provide market-competitive compensation, benefits, learning and promotion opportunities, provide a good working environment, and develop a transparent employee management mechanism

Customers: Customers who purchase and use products and services

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

Communication Channels and Methods	Focus	The Group's Response
Customer service centre, service hotline, complaint and suggestion mailbox, questionnaire survey, user interview, official WeChat accounts, and information disclosure	Provision of cost-effective products and quality services, enhancement of product quality and service level, customer privacy protection, after-sales service and warranty, product packaging and design, and low-carbon and environmentally-friendly products	Strengthen the protection of customer privacy, enhance all-round quality control, innovate service methods, diversify and innovate products, and use green technology to manufacture products, etc.

Suppliers: Material suppliers, service consultants, etc.

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

Communication Channels and Methods	Focus	The Group's Response
Organise regular suppliers' meetings and working meetings, and conduct daily communication and regular assessments	Mutual support, common progress, and transparent and honest cooperation	Build a responsible supply chain, jointly develop and improve products, and provide IT training

Investors and shareholders: Existing shareholders and potential investors

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

Communication Channels and Methods	Focus	The Group's Response
Information disclosure, shareholders' meeting, results announcement conference, non-deal roadshow, strategy conference and investor call conference	Disclose transparent financial statement information, strengthen risk management and control, and create economic value	Improve the Company's governance and investor relationship management, improve operational transparency, maintain business and profitability growth, and continuously improve our position in the industry

Government and regulators: Local government and regulators where TCL Electronics is registered, publicly listed and operates

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

Communication Channels and Methods	Focus	The Group's Response
Regular visits, policy communication with the government and regulators, meetings and exchanges	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	Implement regulatory policies, pay taxes in accordance with the law, and take the initiative to shoulder social responsibilities

Industry associations and chambers of commerce: Industry associations and chambers of commerce in which TCL Electronics participates

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

Communication Channels and Methods	Focus	The Group's Response
Industry seminar, forum, and collaborative research	Promotion of industry development, company business category, product quality, and corporate social responsibility	Strengthen multi-party business cooperation, understand market trends, promote industrial development, and explore new business models

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

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

Communication Channels and Methods	Focus	The Group's Response
Press release, media interviews, and regular seminars	Our services and products, financial performance, corporate social responsibility and future outlook	Strengthen new product publicity, build brand images, and improve brand reputation

Philanthropic and community organisations: Philanthropic organisations in which TCL Electronics cooperates and communities where TCL Electronics' locations of operations are

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

Communication Channels and Methods	Focus	The Group's Response
Cooperation in public welfare activities, volunteer services, and property construction and management	Promote local development, enhance community value, and support public welfare	Actively participate in targeted assistance, carry out public welfare activities, and encourage employees to participate in voluntary activities

5.3. Material ESG Issues

We attach great importance to the opinions and expectations of various stakeholders. TCL Electronics has conducted questionnaire surveys on stakeholders annually since 2021 to collect the latest views of all stakeholders on ESG. We have stuck to the process and method for material issue analysis, identified and screened for ESG issues of relatively high importance to improve ESG management and satisfy the stakeholders' expectations.

Materiality Assessment Process

Issue identification:

Based on the Group's business model, in light of the national policies and capital market requirements, we selected 26 ESG issues including operations in compliance with laws and regulations, product quality and safety, etc., by analysing areas of stakeholders' concerns and comparing peers' initiatives.

Stakeholder engagement:

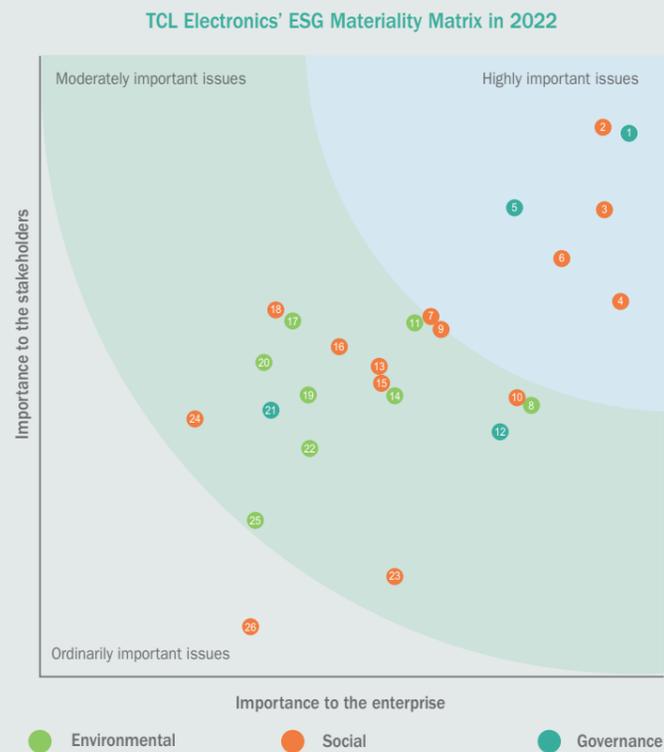
We collected more than 2,000 responses to our questionnaires from internal and external stakeholders including employees, customers, suppliers and investors to keep a good grip on the focuses of internal and external stakeholders on TCL Electronics' ESG issues.

Issue evaluation:

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

Review and confirmation:

The material issue evaluation results were reviewed, confirmed and approved by the management of the Group.



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

▲ List of TCL Electronics' ESG Material Issues in 2022

6

Robust Development



TCL Electronics takes responsible governance as an important corporate belief. We strictly comply with all domestic and foreign laws and regulations, keep a close eye on corporate risk management at all times, abide by business ethics, improve the governance of the Group, and promote the Group's continued healthy development. We persistently build a sustainable supply chain, promote industry's innovative development, and cooperate with our business partners to establish a shared future for ecological development.

Issues Covered in this Chapter	Category
Compliance with laws and regulations	Governance
Business ethics	Governance
Corporate governance	Governance
Transparency in information disclosure	Governance
Protection of intellectual property rights	Social
Sustainable supply chain management	Social
Management of conflict minerals	Social

6.1. Creating Economic Value

In 2022, TCL Electronics implemented the strategy of “Value Led by Brand with Relative Cost Advantage”, continuously optimised the product mix, and promoted steady improvement of product competitiveness. Based on honest operation, the Group pays taxes according to laws and regulations, strengthens the corporate core competitive edges and drives coordinated development between regions.

For the year ended 31 December 2022, the Group focused on mid-to-high-end breakthrough and strengthened product competitiveness to enhance gross profit, the Group's non-HKFRS measure: adjusted profit attributable to owners of the parent was HKD704 million, representing a significant increase of 102.4% year-on-year. The payout ratio of the final dividend proposed by the Board represented 45.0% of adjusted profit attributable to owners of the parent. Further details of the financial results of the Group are set out in the announcement of the Company dated 10 March 2023.

In light of the global energy transformation and carbon neutrality, the Group capitalised on the opportunity and utilised its industrial synergy to partner with TCL Zhonghuan Renewable Energy Technology Co., Limited* (TCL中環新能源科技股份有限公司) (“TCL Zhonghuan”, a joint stock limited company established under the laws of the PRC and listed on the Shenzhen Stock Exchange, stock code: 002129.SZ) to leverage on its leading photovoltaic industry chain and project operation experience to swiftly penetrate and compete in the photovoltaic sector, thereby fortifying its capabilities for sustainable and high-quality development and actively seeking new growth opportunities.

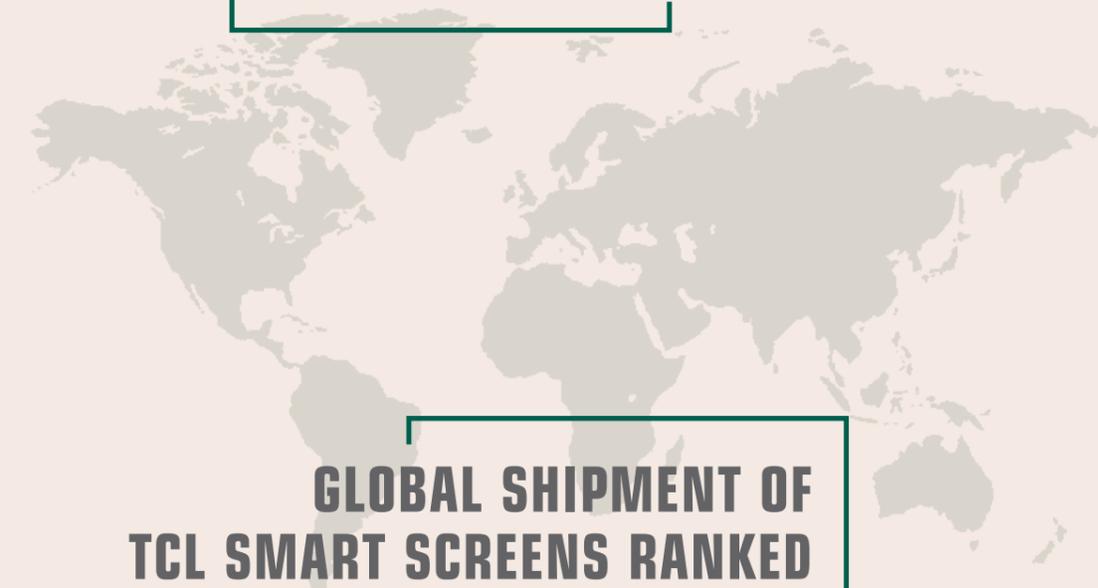
▲ Highlights of Financial Performance in 2022

Paying Taxes According to Law

Paying taxes according to the law well reflects the corporate credibility and also represents the business card for an enterprise in the market. TCL Electronics has established a strict system of financial accounting management and taxation management to ensure standardised fulfillment of the obligation of tax payment in the PRC and overseas locations. We strictly abide by the *Environmental Protection Tax Law of the PRC* and relevant overseas laws and regulations, to ensure full and timely payment of the environment protection tax according to the actual situation by each production base in the Mainland China and overseas, strive to reduce negative environmental influence during the production and operation process, and help build ecological civilisation and social credit system.

Strengthening Overseas Markets

Whilst tapping into overseas markets for over 20 years, TCL Electronics insists on the branding strategy of globalisation and holds a leading position in consumer electronics market. Taking advantage of brand influence and channel resources, the Group also actively expands its innovative business and Internet business, speeds up the distribution business growth of air conditioning, refrigerator and washing machine products across the whole world, and deepens the close cooperation with international Internet giants including Roku and Google to drive the Group to become an international brand leading the development of the global industry ecology. TCL won the “Top 10 Leading Brands in the Global Consumer Electronics Industry” award for 2022-2023 in the Global Top Brands, co-hosted by Asia Digital Group, European Data Group and TWICE, and co-organised by IDC. In 2022, the global shipment of the Group's TCL smart screens ranked the 2nd place in the world, with its market share ranking among the top five in more than 20 countries worldwide and steadily increasing.



**TOP 10
LEADING BRANDS
IN THE GLOBAL CONSUMER
ELECTRONICS INDUSTRY**

**GLOBAL SHIPMENT OF
TCL SMART SCREENS RANKED
THE 2ND PLACE
IN THE WORLD**

Whilst continuously expanding the overseas business, we set up a layout of overseas factories, promote local employment, and boost the economic development of local communities. Except for the minority of Chinese management personnel, most of the employees of the Group's overseas factories and sales branches are local citizens, and we create job opportunities for local communities.

Market Distribution	Country	2022	2021
North American Markets	America	No.2	No.2
	Canada	No.5	No.3
	Mexico	No.4	No.4
Emerging Markets	Australia	No.1	No.1
	Pakistan	No.1	No.1
	Philippines	No.1	No.2
	Myanmar	No.2	No.2
	Saudi Arabia	No.2	No.3
	Kazakhstan	No.3	No.6
	Brazil	No.3	No.4
	Thailand	No.4	No.4
	Vietnam	No.4	No.4
	Argentina	No.4	No.4
	Morocco	No.4	No.3
	Chile	No.5	No.5
	The United Arab Emirates	No.5	No.5
European Markets	France	No.2	No.3
	Italy	No.3	No.4
	Czech	No.3	No.4
	Poland	No.4	No.5
	Greece	No.4	No.9
	Hungary	No.5	No.8

Note: Data source for the North American markets: NPD; TV market retail volume data for 2022;
Data source for the emerging markets and European markets: GfK, TV market shipment data in 2022.

▲ Ranking of the 2022 Market Share of TCL Smart Screen in Major Markets of Various Countries and Regions



6.2. Complying with Laws and Regulations

TCL Electronics scrupulously follows the applicable laws and regulations of countries and regions where it operates, ensures that its business complies with legal requirements through system improvement and long-term investment, and stringently prevents violations of laws and regulations. We give top priority to technology for corporate development, put more efforts on the management and maintenance of intellectual property rights. In addition, we continuously enhance business ethic management, create a more honest and fairer internal environment, and shore up the sustainability of the enterprise.

TCL Electronics won the "Information Disclosure Award of the Year" in the 2022's "Jinge Award" – Outstanding Listed Companies in Greater China, reflecting recognition of the Group's high-quality compliment information disclosure.

Integrity in Operation

Holding on to integrity and compliance in operation, TCL Electronics stringently follows anti-bribery and anti-corruption laws and regulations that apply in our operation locations, such as the *Criminal Law of the PRC*, *Company Law of the PRC*, *Anti-Unfair Competition Law of the PRC*, *Anti-Monopoly Law of the PRC*, *Anti-Money Laundering Law of the PRC*, *Interim Provisions on Banning Commercial Bribery (Order No. 60 of the State Administration for Industry and Commerce of the PRC)*, and the code provisions of Corporate Governance Code of the Listing Rules as well as other relevant domestic and overseas laws, regulations and provisions, to expressly prevent bribery, extortion, fraud, money laundering and other illegal practices, and determinedly resists all forms of commercial malpractice and acts in violation of fair competition, and makes efforts to protect the legal rights and interest of its own and others.

We keep communicating the integrity culture to our employees and stakeholders through perfecting the integrity system and organising integrity education, enhancing employees' professional ethics, punishing any dishonest person in breach of the corporate culture and in prejudice of the Company's interests, and defining the red line for compliance of the enterprise.

In 2022, there was no concluded corruption lawsuit against the Group or any of its employees.

Anti-Corruption Management System

Anti-Corruption System

TCL Electronics has strictly implemented the *Code of Integrity*, *Anti-Commercial Bribery Compliance Policy*, *Accountability Management Measures*, *Notification of the Code of Conduct for the Procurement and Business Personnel of TCL Communication* and other internal integrity norms, and on 11 March 2022, the *Anti-Corruption Policy* was consolidated, codified and adopted (the *Anti-Corruption Policy* has been uploaded to the TCL Electronics' website: <http://electronics.tcl.com>). The *Anti-Corruption Policy* sets out the guiding principles for TCL Electronics' anti-corruption policy and provides guidance on anti-corruption matters such as the prevention of bribery, the provision and acceptance of benefits, conflicts of interest, and anti-money laundering. TCL Electronics also set out standards on employees' conduct into the employee manual of each business department to impose strict requirements on employees in terms of abuse of power, bribery, gifts, corporate hospitality, etc., in order to build a good work order within the Group.

TCL Electronics' legal compliance department and audit department assist each business department in conducting corruption risk evaluation, and regularly carry out compliance audit work for the implementation of the Group's *Anti-Corruption Policy* and the effectiveness of the compliance system; at the same time, relevant business department and personnel continuously monitor and report the compliance of the business activities and rectify the defects discovered and avoid risks in a timely manner.

Undertaking for Anti-Corruption

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

New Employees	New Management	Employees in Positions Vulnerable to Corruption	Employees Not in Positions Vulnerable to Corruption
Require to sign the <i>Undertaking of Personal Integrity</i> and receive unified propaganda and education at the time of induction training	Require to sign the <i>Undertaking of Personal Integrity</i> when they are promoted	Organise to set out standards on the <i>Undertaking of Personal Integrity</i> in public every year	Require to sign the <i>Undertaking of Personal Integrity</i> every three years

Anti-Corruption Education

TCL Electronics continues to promote anti-corruption culture and carry out anti-corruption training to all directors and staff through regular and special anti-corruption education, publicity and training:

Online Course	Promotion through Diverse Methods	Promotion on Regular Channel	Questionnaire
<ul style="list-style-type: none"> The T-Academy offers the program of Anti-Commercial Bribery Compliance Course 	<ul style="list-style-type: none"> Carry out anti-corruption education through diverse methods, including staff emails, interaction on corporate WeChat official account, etc. Make short videos on anti-corruption and play them during all training and meeting intervals 	<ul style="list-style-type: none"> Establish a special column on integrity on the home page of the Company's website, and announce disciplinary actions against corrupt employees Place the publicity information about anti-corruption and integrity proposal in the mini bulletin boards in the elevators and washrooms 	<ul style="list-style-type: none"> Carry out integrity questionnaire survey once a year to understand the current status of the Company's management, and clearly define the code of conduct of the employees

Case: TCL King (Huizhou) conducted compliance training for employees

In order to enhance the Company's compliance management, in 2022, TCL King (Huizhou) conducted compliance training for its employees covering integrity during work, risk management, internal control and compliance and other aspects, and conducted examination and evaluation and feedback sessions to further improve employees' awareness of compliance and ensure employees' implementation of the code of conduct during work.



▲ Compliance Training Organised by TCL King (Huizhou) for the Employees

Supplier Anti-Corruption Management

In respect of the anti-commercial bribery management related to the supplier, TCL Electronics clearly states in the *Procurement Agreement* that the suppliers shall not, under any name whatsoever, entertain, give gifts to the purchaser's personnel, secretly give them kickbacks, commissions, securities, physical objects and other forms of benefits, or collude with the purchaser's personnel.

The Group requires suppliers to sign the *Code of Conduct for Partners* or *Notice of Corporate Social Responsibility* with anti-commercial bribery terms. In case any supplier is found to violate the regulations in relation to commercial bribery, we will immediately terminate the contract with it, require the supplier to return us the improper benefit gained through bribery behaviours and the corresponding liquidated damage, and reserve the right to report to the judicial authority for settlement, in a bid to fight against unfair competition. We also include the business ethics into the scope of evaluation during the investigation of the suppliers' social responsibilities each year to nurture a fair and healthy business operating environment and ensure the legitimate rights and interests of both parties in business.

Declaration of Interests and Whistleblowing Management

TCL Electronics consolidated, codified and adopted the *Whistleblowing Policy* on 11 March 2022 (the *Whistleblowing Policy* has been uploaded to TCL Electronics' website <http://electronics.tcl.com>). The *Whistleblowing Policy* sets out the principles and channels through which employees (including directors and officers) of the Group and third-parties who deal with the Group (e.g. customers and suppliers) may privately and anonymously raise their concerns about any possible misconduct to TCL Electronics' Audit Committee. TCL Electronics, as a subsidiary of TCL Holdings, also abides by the *Accountability Management Measures* issued by TCL Holdings, which clarifies the definitions of improper behaviours and lists out whistleblowing channels and methods for whistleblowing handling. We have provided smooth whistleblowing channels to the employees, suppliers, and the public, including letters/emails, hotlines and personal face-to-face interviews, and sets up a special column on integrity on the home page of the office automation system (OA system) for the employees to actively declare their relatives' positions in the Group or in suppliers to avoid conflict of interest.

The Group is proactive in following up on whistleblowing cases. Upon receipt of a whistleblowing, the recipient will immediately report the whistleblowing to the internal audit department. For real-name whistleblowing, we have a dedicated team to follow up in time. There are no more than three members in the team. Two team members are responsible for investigating the case and contacting the whistleblower, and finally reporting the investigation results to the head of the internal audit department to ensure the reported information is processed in a timely and accurate manner. For anonymous whistleblowing, the investigation will be carried out according to the details reported and the degree of whistleblower's assistance with the investigation.

TCL Electronics strictly protects the whistleblower's personal information, keeps highly confidential the information from the whistleblower and the whistleblower's identity according to the *Whistleblowing Policy* and the *Accountability Management Measures*, stringently standardises the management and retention of reporting information, and prohibits units being investigated and persons being reported against from retaliating whistleblowers. Once any retaliation is found, we will seriously deal with it.

TCL Electronics joined the Trust and Integrity Enterprise Alliance. As a standing member, the Group continues to draw experience from outstanding enterprises and perfect the construction of the corporate internal anti-corruption system.

Protecting Intellectual Property Rights

The Company's intellectual property rights ("IPR(s)") management is supervised by the IPR Team of TCL Holdings, the holding company of the Company, in accordance with the *Code of Business Conduct*, *Measures for Patent Application Management*, *Patent Reward Measures*, *Rules on Standard Technical Patent Reward and Review*, *Rules on Agency Resources Management*, and other internal policies and requirements. The IPR Team of TCL Holdings provides legal support to the Company's application, registration, maintenance, risk management and litigation with respect to IPRs, and builds an IPR management platform to exercise timely tracking and control of the IPR management progress, in cooperation with other departments to manage the third-party license of the software and safeguard the IPRs of the Group.

TCL Electronics earnestly urges suppliers to conduct the protection of IPRs. In the *Procurement Agreements* entered into with its suppliers or contractors, TCL Electronics clearly states the requirements for IPRs protection and requires suppliers to ensure that the products or services they provide to us do not infringe upon the IPRs and other legitimate rights and interests of any third party. Regarding the materials that need to be designed by the contractor, we also stipulate in the contract that the contractor shall ensure that all ideas shall not infringe upon a third party's legitimate rights and interests. If the product infringes upon the IPRs or causes the infringement upon the IPRs of a third party, the supplier shall be involved in the infringement upon IPRs, and actively cooperate with TCL Electronics in settling legal disputes and safeguarding the IPRs of others.

In 2022, TCL Electronics obtained approximately 1,300 new licensed patents, and obtained accumulatively approximately 7,200 licensed patents⁴.

TCL Electronics IPR Application Process



Measures for Protecting Self-Developed IPRs

- Legal Rights Defense**
 Collaborate with external law firms for IPRs defense, such as patent defense and trademark defense against counterfeiting, to monitor the market globally for trademark infringement such as patent infringement, counterfeiting of the Company's trademark or use of the Company's identical/similar trademark, and to defend against any infringement found.
- Risk Management**
 Manage intellectual property risks for the whole operation chain, identify and respond to key intellectual property risks from pre-research, supply chain, marketing and sales, such as comprehensive identification and response to intellectual property risks including patents and trademarks for products planned to be released or marketed. Evaluate the risk of IPR infringement by third parties in the supply chain and conduct IPR guarantee clause review. In addition, supervise the compliant use of content in business activities for published products according to the contract and set up guidelines for copyright complaints on the pages of cooperative products, etc..
- Patent Litigation**
 For domestic and international patent litigation and licensing cases, we quickly and effectively promote patent litigation or licensing negotiations by combining internal resources and external attorney teams in accordance with the *Regulation of the Patent Litigation and Patent Licensing Case Management* and related detailed guidelines, and achieve efficient internal and external coordination through a unified reporting and decision-making mechanism to comprehensively manage global patent disputes.

⁴ In order to match the needs of business development and achieve the high-quality development goal of patents, the Group has optimised and adjusted the quality structure of patents, so the cumulative number of patents granted does not include patents sold during the year or expired patents.

- **Patent Operation**

Evaluate patent classification for granted patents according to the *Manual for Analysis and Evaluation of the Value of Licensed Patents*, identify high-value patents for the Group's IPR defense and business operations, carry out a regular review of patents, and update an iterated patent library to improve our competitive strengths.

- **Intellectual Property Culture**

Develop training courses for different personnel based on business scenarios, conduct intellectual property-related training on a regular basis according to business needs, and set up an intellectual property Q&A platform to provide timely answers to existing questions.



6.3. Fulfilling Partner Responsibility

TCL Electronics actively fulfills its responsibilities as a partner, standardises supplier management through sound systems and processes, and strengthens mutual benefits and mutual assistance with suppliers to create responsible supply chain together. We are committed to promoting the industry development and actively participating in the industry information exchange activities and industry-university-research cooperation to realise mutual progress.

Supplier Management

Following the *Supplier Certification Management Process*, *Supplier Performance Management Measures* and other internal policies, TCL Electronics perfects the full process management system covering supplier introduction, qualification, evaluation and disqualification. We require all the suppliers that we have cooperated with to sign the *Quality Agreement*, *Confidentiality Agreement*, *Partner Code of Conduct*, and *Procurement Agreement* and other related documents, which clarify the requirements for the suppliers' behaviours.

At the same time, we actively keep connection and exchange with suppliers, continue to improve the professional competence of suppliers' managers through a combination of internal and external training, optimise the management processes and improve the suppliers' management efficiency.

Supplier Certification and Review

TCL Electronics carries out certification on suppliers' qualifications, systems and products together with the procurement, R&D and quality departments and the experts according to the *Suppliers' Certification Management Process* to ensure that the suppliers' products and services meet the needs of the Group.

After certification, we review suppliers according to the *Supplier Review Management Provisions*. There are four types of review: Review of newly introduced suppliers and newly added categories, annual routine review, review for changes and special review. For the new suppliers' review and special review, the quality management review covers 137 items in 11 categories, including R&D, raw material control, production process control, the system of corporate and social responsibility, supply guarantee, compliance with law and supply chain security, ensuring rigorous and comprehensive quality review of suppliers.

For routine evaluation of the suppliers, we conduct monthly, semi-annual and annual performance evaluations in terms of four dimensions of business, delivery, quality and technology, and help suppliers with low scores to understand and rectify their shortcomings. Based on the scores, we classify suppliers into four ratings, i.e. excellent, qualified, optional and unqualified, and manage them correspondingly for effective supply chain risk management.

In 2022, TCL Electronics' smart screen and communication businesses conducted an annual review for 572 suppliers. 5 of which failed to pass the review because of failure to comply with the basic standards of the review, one of which entered the elimination process, while the remaining 4 suppliers are in the process of rectification, with a rectification rate of 100%.



▲ Supplier Communication Meeting

Management of Conflict Minerals

TCL Electronics follows the requirements of the *RBA Code of Conduct* and *Global Enabling Sustainability Initiative (GeSI)* by developing Regulations on the *Non-Use of Conflict Minerals in Procurement*, and entering into a *Statement on Restricted Substances* and an *Undertaking Letter of Guarantee for the Non-Use of Conflict Minerals* with its suppliers. In the statement, the suppliers are required to guarantee that all packages, parts and/or finished products which are provided to us do not contain the restricted substances listed in this statement and to provide written evidence, such as a checklist of raw materials, and third-party test report. Meanwhile, we require suppliers to complete the *Non-Use of Conflict Minerals Questionnaire*. The CSR review on suppliers includes conflict minerals⁶ in the review dimensions, and requires suppliers to develop *Conflict Mineral List* according to local laws and regulations, to prohibit the use of conflict minerals in TCL Electronics. TCL Electronics has established the mechanism of conflict mineral information collection, and carried out information management to ensure accurate and efficient management of the suppliers' use of conflict minerals. If a supplier is using conflict minerals, TCL Electronics will immediately stop the use and procurement of such conflict minerals and require the supplier to submit a written explanation. If any supplier violates intentionally, TCL Electronics will terminate the cooperation with the supplier. In 2022, TCL Electronics did not purchase any conflict minerals.

Boosting Industry Development

TCL Electronics is devoted to being the vanguard in industry development, continuously exploring innovative technology and promoting the application of innovation achievements. We do not only participate in the formulation of industry standards and norms and carry out technical cooperation and exchanges in the industry to build R&D and talent cultivation systems at different levels and across multiple fields, but also boost industry reform, diversification and sustainable development.

Industry Cooperation and Communication

TCL Electronics prioritises industry exchange and cooperation, takes an active part in industry activities, promotes mutual complementation of strengths in innovative technologies and key resources, and achieves a technical breakthrough and win-win results. In 2022, replying on TCL Zhonghuan's leading photovoltaic industry chain and project operation experience, TCL Electronics rapidly jumped into the photovoltaic track and accelerated the distributed photovoltaic B2B (business to business) and B2C (business to customer) businesses, which boosted rural revitalisation and propelled the development of the low-carbon economy.

⁶ Conflict minerals: metals from illegal mining activities or from which profits are used to finance armed activities.

Case: TCL Electronics entered into an *Internet TV Cooperation Framework Agreement* with Tencent

Since 2014, TCL Electronics has maintained its cooperation with Tencent in building a leading "Internet Content Ecosystem" and signed the *Internet TV Cooperation Agreement* in 2017 and the *Internet TV Cooperation Framework (2022-2024) Agreement* in October 2022 with Shenzhen Tencent Computer System Company Limited.

The scope of the *Internet TV Cooperation Framework (2022-2024) Agreement* includes platform services, content and support services, and operational cooperation, optimisation of software experience and integration of smart TV platform and user operations, joint flexible cooperation in the Internet TV field to adapt to the ever-changing market environment, user needs and technology development.

Assisting in Standards Formulation

TCL Electronics endeavours to assist with the healthy growth of the industry by virtue of its years of experience in R&D, production, and sales in the industry to continue pushing forward the establishment of industrial standards. In 2022, we participated in the compilation and revision of multiple industrial standards, provided interpretations and guidance, and introduced the latest standards into products in time to ensure that our products meet regulatory requirements and that we provide consumers with reliable, safe and excellent products.

Standard Title	Standard No.	Standard Nature	Effective Date
<i>Television Receiving Equipment - Specification of LCD</i>	SJ/T 11842-2022	Industry recommended standard	1 January 2023
<i>Television Receiving Equipment - General Specification</i>	SJ/T 11843-2022	Industry recommended standard	1 January 2023
<i>Television Receiving Equipment - High Dynamic Range (HDR) Display</i>	SJ/T 11844-2022	Industry recommended standard	1 January 2023

▲ Publication of standards TCL Electronics participated in the formulation in 2022

Industry-University-Research Cooperation

TCL Electronics puts a premium on cooperation with key universities and continuously delivers quality talents to the industry to form a closed circle of industry, university and research. We are committed to achieving connection and coupling between technological innovation and industry chains. We have reached strategic cooperation with 15 leading universities across the country, and donated TCL smart education panels worth nearly RMB1 million. With the help of TCL Holdings' industry-university-research cooperation project, TCL Electronics has established the "TCL University Talent Training" base with South China University of Technology, Nanjing University, Sichuan University, Hunan University, Central South University, Huazhong University of Science and Technology, Chongqing University, Xidian University and Jilin University, organised TCL experts to go to the campus to jointly explore industry-university-research cooperation to help business development, and established talent training bases for major universities in TCL to further promote the positive development of university-enterprise relations.

7 User First



TCL Electronics constantly increases its investment in the R&D of cutting-edge technologies, sparing no effort to develop healthy and inclusive, green and environmentally friendly, high-quality and safe technological products. Meanwhile, being quality-oriented, we build a quality and safety management system for the whole product life cycle, to provide our customers with quality, safe and reliable products. Based on customer demands, we keep improving our customer service capacity and actively protect our users' rights and interests so as to better satisfy the diversified demands of our users.

Issues Covered in this Chapter	Category
Product quality and safety	Social
Product and technological innovation	Social
Customer service	Social
Information security and privacy protection	Social
Responsible marketing	Social
Green products	Environmental
Promotion of green packaging	Environmental

7.1. Technological Innovation

TCL Electronics has a conviction that innovative R&D can create value for users. The Group focuses on investment in cutting-edge technology R&D and the field of healthy and inclusive products, launching multiple new products empowered by Mini LED⁷ and low blue light⁸ technology. We keep researching and developing products designed to be accessible and user-friendly, providing different user groups with better user experiences.

R&D of Cutting-edge Technologies

TCL Electronics always vigorously explores sophisticated technologies, conducts in-depth R&D of cutting-edge technologies in the fields of display technologies, intelligent interactions, etc., aiming at promoting the technological, intelligent and diversified development of the industry. We make great efforts to develop Mini LED, 8K, quantum dot technology⁹ and other cutting-edge display technologies, and actively explore frontier technology fields such as AI, Internet big data, 5G, intelligent manufacturing and other advanced technologies, to keep sharpening the Group's competitive edges in the core technologies. Meanwhile, we have optimised our product R&D process, introduced the integrated product development (IPD) process during the reporting year, incorporating the market demands and user insights into our product planning and development system, and further promoted the IPD process to our smart mobile display (SMD) product line (such as tablet and laptop) and smart connection device (SCD) product line to improve the effectiveness of our product development.

In 2022, the Group launched different categories of smart products such as the Mini LED smart screens, 5G mobile phones, education tablets and augmented reality (AR)/extended reality (XR) glasses, and won several international awards. Meanwhile, we continued to increase our R&D investment in cutting-edge technologies and products, with our R&D costs increasing by 2.0% year-on-year to HKD2,531 million, and R&D expense ratio reaching 3.5%.

TCL Mini LED 4K smart screen 75C935 and 75C835	CES 2023 Innovation Award
TCL Mini LED smart screen X12 and X11	Red Dot Design Award 2022 of Germany
TCL NXTWEAR AIR smart glasses pioneer version	iF Design Award 2022 of Germany
TCL Avatar VR glasses	iF Design Award 2022 of Germany
TCL VR GLASS Education	iF Design Award 2022 of Germany
TCL FLEX V foldable smartphone	iF Design Award 2022 of Germany
TCL 5G CPE 2 router	Good Design Award 2022 of Japan
TCL 65C835 TV	Expert Imaging and Sound Association (EISA) Premium Mini LED TV 2022-2023 of Europe
TCL 55C735 TV	Expert Imaging and Sound Association (EISA) Best Buy LCD TV 2022-2023 of Europe
TCL smart screen R655	Digital Trends Editor's Choice Award of the United States

▲ Awards TCL Electronics Received for Products in 2022

⁷ Mini LED refers to an LED chip with the dimensional scale of 100µm, which is a small-pitch LED technology that can improve the display effect and reduce power consumption.

⁸ Low blue light refers to reducing the blue light radiation by filtering blue light through software or moving the blue light chips to long waves.

⁹ Quantum dot technology refers to use of nanometer material to emit pure high-quality monochromatic light with a concentrated energy spectrum, which improves the vividness of colour.

Case: The project of “Fully 5G-Connected Flexible Colour TV Manufacturing Factories Integrating R&D, Manufacturing and Sales” was successfully selected as the national “Fully 5G-Connected Factory”¹⁰

On 13 February 2023, according to the 2022 *Industrial Internet Pilot Demonstration List* issued by the Ministry of Industry and Information Technology of the PRC, the project of “Fully 5G-Connected Flexible Colour TV Manufacturing Factories Integrating R&D, Manufacturing and Sales” of TCL Holdings was successfully selected as the national “Fully 5G-Connected Factory”. Only 33 enterprises in the country won this honour and TCL Holdings was the only selected enterprise in the national smart home appliance industry.

The fully 5G-connected factory was built by TCL Electronics’ smart screen manufacturing centre, with the long-term and in-depth participation of partners such as China Mobile Huizhou Branch, ForwardX Technology (Beijing) Co., Ltd., Getech Technology Co., Ltd., Huawei Technologies Co., Ltd.. This heavyweight national honorary title proves that the Group is at the forefront of the industry in product design, intelligent manufacturing, digital transformation, new technology application, etc., and has been highly recognised by the state.



▲ Smart Screen Manufacturing Centre “Fully 5G-Connected Factory”

¹⁰ Fully 5G-Connected Factory refers to an advanced factory that takes full advantage of the integration of next-generation information and communication technologies represented by 5G, to build new industrial Internet infrastructure, build or transform production sites at the production line level, workshop level, factory level, etc., to form an advanced factory with the extensive connection of production units, deep integration with information technology and operation technology, full use of data, and efficient empowerment of innovative applications. It is the highest national honour for the advanced application of 5G in the industrial field.

Case: Falcon Innovations Technology (Shenzhen) Co., Ltd. (“Falcon Innovations”)¹¹ became the first to make a breakthrough in the technical problems of the full-colour Micro LED

On 6 January 2022, Falcon Innovations (a budding AR company incubated by TCL Electronics) launched the self-developed TCL NXTWEAR AIR smart glasses on the Consumer Electronics Show (CES) 2022. The domestic version of TCL NXTWEAR AIR smart glasses, namely the pioneer version of TCL NXTWEAR AIR smart glasses, was the industry’s first binocular full-colour Micro LED holographic optical waveguide AR glasses.

It is worth highlighting that the full-colour Micro LED and optical waveguide technologies used by the TCL NXTWEAR AIR smart glasses are such challenging technical problems that it had been difficult to make a breakthrough in the industry for years, and are also the recognised best technological application path for the AR for the moment. The successful R&D of the TCL NXTWEAR AIR smart glasses not only solved the problems of discomfort and poor display performance in the use of AR glasses for users, but also provided technical demonstration for the industrial development of AR. The TCL NXTWEAR AIR smart glasses won the iF Design Award 2022 of Germany, one of the top global industrial design awards, and the technologies applied in the design, research and development of the first binocular full-colour Micro LED holographic optical waveguide AR glasses won the second prize in the third National Science and Technology Award, as well as received recognition from the society.



▲ Pioneer Version of TCL NXTWEAR AIR Smart Glasses

¹¹ The smart glasses business is mainly conducted by Falcon Innovations whose equity interest was held at approximately 14.99% by the Group as of 31 December 2022.

Healthy and Inclusive Products

We are committed to spreading the idea of health and accessibility to our users by our products. In compliance with the *European Accessibility Act*, the Group creates healthy technological experience and improves the accessibility of our technological products through considerate product designs, to satisfy the diversified needs of different user groups.

Healthy Technological Experience

We care about the health of our users, attentively focus our research on the technologies and products which are friendly to the health of our users. In 2022, we introduced chronic disease management functions such as health data monitoring and medication reminder into our TV products to fully support the needs of users for health, further boosting TCL Electronics' innovative application in the health field.

- **Eyes protection:** We deeply researched and developed the low blue light technology and constantly launched various technological products such as smart screens and mobile devices that can protect user eyesight.
- **Children protection:** We introduced the distance detection function for children into our TV products with cameras, enabling an alert to pop up when a child is too close to a TV set through our independently researched algorithm, to intelligently protect children users from developing myopia.
- **Health monitoring:** TCL Communication applied the heart rate monitoring function into the smart communication products to provide constant care for users' life and health.

Case: Multiple low blue light products of TCL Electronics were certified

The low blue light technology can reduce the amount of hazardous blue light and reduce the damage to human eyes greatly while ensuring the image quality. In 2022, we continued to promote the application of low blue light technology to different types of products such as smart screens, mobile phones, tablets, etc., and cooperated with TÜV Rheinland for the development and certification of low blue light technology. As at the end of the reporting period, multiple smart screen products (such as S11, S12 and X11), mobile phone products (such as Passat 4G and Passat 5G), and Titan tablet products were certified by TÜV Rheinland.



▲ Low Blue Light Certificate of Passat 5G Mobile Phone

▲ Low Blue Light Certificate of Titan Tablet

Accessible Products

TCL Electronics has been dedicated to achieving zero distance between technology and users by identifying the diverse needs of different user groups for technological products. We design communication devices and smart screen products with various auxiliary functions such as the auxiliary functional menu, hearing aid function, colour inversion and high contrast for those with vision and hearing impairment. In order to meet the requirements of population aging in various countries, our products provide an aging mode, which reduces the learning cost of elderly users and is convenient for the elderly to use. In addition, the Group's P series and higher-end smart screen products are equipped with the voice intelligent assistant function, enabling users to control devices through voice dialogues, which eliminates barriers to use and improves user experience. In 2022, TCL Communication added the cloud assistant function to its mobile phone products, to offer more convenient and accessible products to the elderly, children and other people.

Case: TCL Communication integrated the hearing aid function into mobile phone products

In order to enable more people with hearing impairment to enjoy the convenience brought by technology, TCL Communication integrated the hearing aid function into mobile phone products by adopting the IEEE/ANSI C63.19-2019 *American National Standard — Methods of Measurement of Compatibility between Wireless Communications Devices and Hearing Aids*. In terms of hardware design, acoustic coupling and magnetic coupling are provided to support multiple hearing aid equipment and to ensure the sound quality. Meanwhile, in terms of software design, a simplified and accessible operation interface is applied to achieve quick switching of hearing aid mode, offering full compatibility of hearing aid for products. Currently, TCL Communication's mobile phone products exported to the North American market have been fitted with the hearing aid compatibility (HAC) feature.

7.2. Green Design

TCL Electronics considers low-carbon and green product design and manufacturing as the major route for promoting its sustainable development. We actively develop energy conservation and consumption reduction technologies while adopting environmentally friendly raw materials. From the stage of product design, we start by paying close attention to their environmental impact. Meanwhile, we strive to reduce the consumption of packaging materials while promoting the use of environmentally friendly packaging materials and packaging recycling and reuse, so as to lessen the impact of packaging waste on the ecological environment. Moreover, the Company measures the environmental-and-health-related level of new products before launching by making reference to the relevant domestic and international standards.

Energy-Saving Products

TCL Electronics prioritises the green and environmentally friendly features of products. We promote green product design for high energy efficiency, ease of disassembly and recycling, reduce the use of non-environmentally friendly techniques in the product manufacturing process, continuously explore methods to extend the lifespan of hardware and equipment, dedicating ourselves to promoting environmental management throughout the product life cycle.

Better energy efficiency option: Our product design is a comprehensive response to the requirements of product performance, energy efficiency and environmental protection. We continuously make efforts on R&D to produce products in compliance with global energy efficiency policies and regulations. The energy efficiency indexes of our products generally reach level 2 or above of the national energy efficiency standard and the passive standby power is less than 0.5W, so as providing customers with products with better energy efficiency performance.

Reduction of non-environmentally friendly techniques: Exteriors of our products are made of spray-free materials and advanced injection molding technology, which enable the products to maintain their appearance while avoiding the negative environmental impact of post-processing such as spraying.

Design for easy dismantling: Smart screen products meet the recyclability index of the *WEEE Directive*¹² of the European Union. Screws are replaced by the buckle structure for the connection of smart screen shells and iron back plates, as well as the fixation of rubber frames and back plates, which is convenient for dismantling and recycling the products when they are scrapped.

¹² WEEE Directive is the Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE).



We also control hazardous substances within the scope of the supply chain and build a green product management (GPM) system project, to manage and test the raw material control of all suppliers. For illustration, according to legal requirements and user needs, TCL Communication has formulated the *Project Environmental Protection Control Procedure* for the control of hazardous substances, and identified and controlled hazardous substances within the scope of the supply chain. Moreover, TCL Communication has established a hazardous substance investigation system covering the supply chain, with a report submission rate of 64.86%, and 61.23% of suppliers have begun to maintain HSF (Hazardous Substance Free) reports.

During the reporting period, the HSF qualification rate of TCL Electronics' suppliers reached 100%.

In 2022, TCL Communication kicked off the project of the halogen-free technical standard system construction, aiming at achieving halogen-free bill of materials (BOM) for the handset of mobile phones. We have continuously updated internal environmental protection requirements, as well as that for suppliers, and motivated suppliers to sign updated documents in time. By the end of the reporting period, all the BOM of TCL Communication's handset of mobile phones have realised halogen-free.

◀ Certificate of Product Carbon Footprint for TCL Communication Router Products

Case: Launched the TCL Environmentally Friendly Mobile Phone

We carry out the concept of brand sustainability and green and environmental protection, deeply understand European consumers' strong awareness of environmental protection and sustainability, and constantly explore new environmentally friendly materials to reduce the impact of product manufacturing on natural resources. In November 2022, we developed the TCL Environmentally Friendly Mobile Phone with the exterior using 100% of eco friendly materials. The body material, camera and other decorative parts and product packaging are made of recycled materials and environmentally friendly coatings to reduce the product's carbon footprint and help mitigate the impact of electronic waste on the environment.



- Use recycled materials: plastic shell, battery cover/main camera decoration and bracket made of 100% post-consumer recycled (PCR) materials;
- Use environmentally friendly technology: battery cover coating process using environmentally friendly water-based coatings;
- Promote green packaging: packaging painted by 100% pure plant-based mineral oil free ink;

The battery cover material of TCL Environmentally Friendly Mobile Phone has obtained the International Sustainability and Carbon Certification (ISCC), reflecting the commitment of our mobile communication products to promote sustainable material use, biodiversity conservation of the industrial chain, and other dimensions of product sustainability excellence.

◀ TCL Environmentally Friendly Mobile Phone

Environmentally Friendly Raw Materials

TCL Electronics strictly abides by the regulations of *RoHS*, *REACH*¹⁴, *Prop65*¹⁵ and the *Stockholm Convention on Persistent Organic Pollutants*, as well as the halogen-free requirement for equipment of the International Electrotechnical Commission (IEC). We formulated and followed the *Restricted Substance Management Standard* and *Restricted Substance Control Procedure* and followed the principles of replacing high toxicity with low toxicity and replacing low toxicity with non-toxicity to strictly control the use of hazardous substances, including lead, mercury, cadmium and hexavalent chromium, and standardise the management of raw materials.

¹³ UL Sustainability Certification was established by UL LLC, USA, a global testing and certification agency and standard development agency.
¹⁴ *REACH*: Registration, Evaluation, Authorisation and Restriction of Chemicals is the regulation of the European Union for the precautionary management of all chemicals entering its market.
¹⁵ *Prop65*: Proposition 65, officially known as the *Safe Drinking Water and Toxic Enforcement Act of 1986*, which is used to test chemical substances such as lead, cadmium, phthalates and BPA in products.

Economical Use of Packaging Materials

Packaging materials are one of the focuses of TCL Electronics to help the development of the circular economy. We examine packaging materials and packaging methods of products according to the requirements of environmental friendliness and innovation in order to continuously promote the use of lightweight, harmless, pollution-free and renewable environmentally friendly packaging materials.

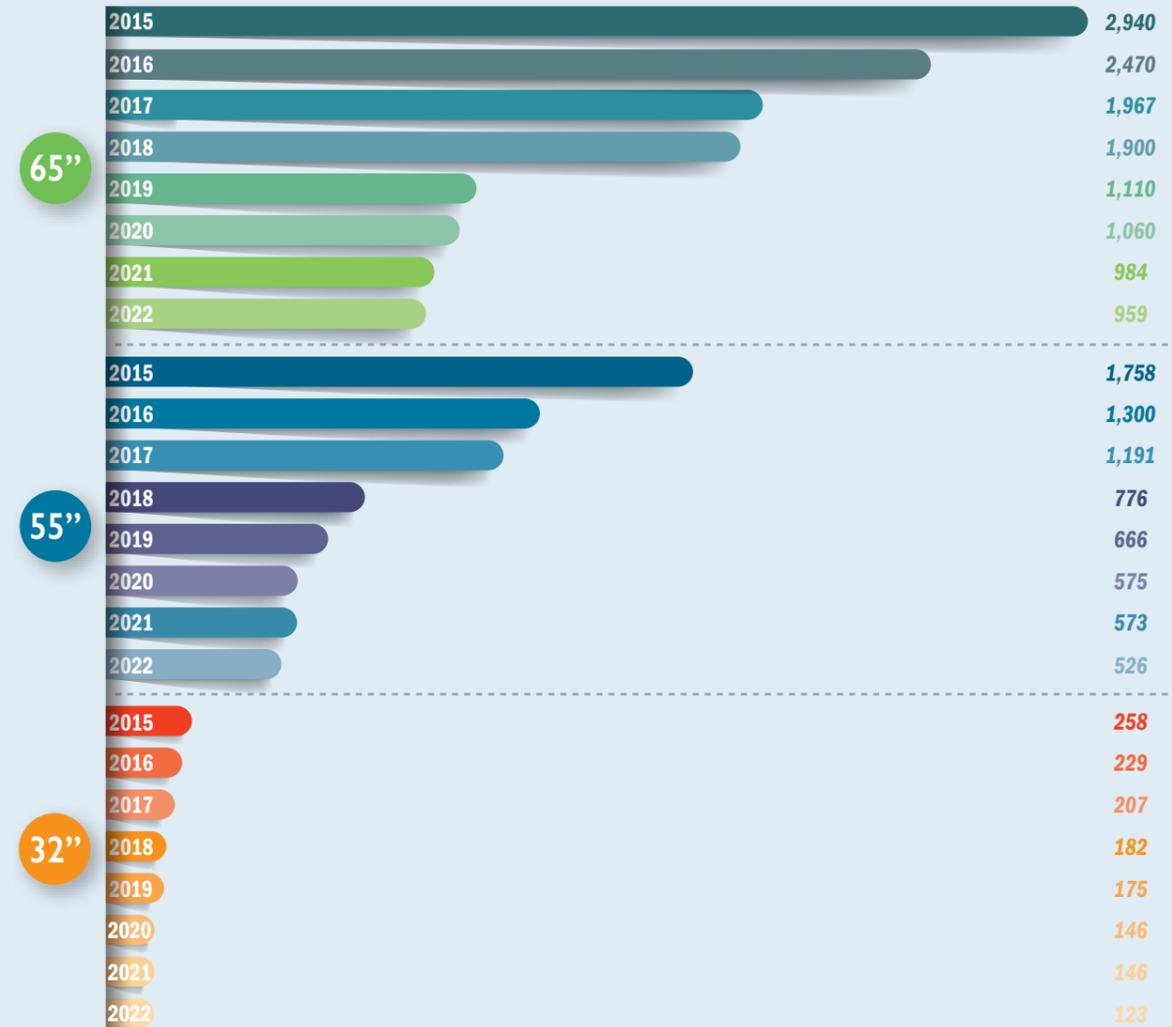
We push forward the reduction of packaging in design and have implemented measures worldwide such as downsizing the packaging boxes, decreasing the pages of the product manuals, which have effectively reduced the use of packaging materials. In addition, the paper packaging materials we use can lessen the weight and volume of our products, increase the quantity loaded into containers, and reduce the greenhouse gas emissions generated from the transportation of goods.

We actively advocate the use of environmentally friendlier packaging materials. The packaging materials of our smart communication products and smart connection products have broadly use environmentally friendly materials such as soybean ink, recyclable paper and paper packaging materials certified by Forest Stewardship Council (FSC), and ABS recyclable plastics. Some projects have implemented a ban or 100% recyclable on plastic packaging, and in the future, we will continue to expand the scope of products covered by plastic banned packaging. In addition, with an intention of replacing the packaging materials made from existent logs, we promote the use of expandable polyethylene (EPE) materials, which are healthier, more environmentally friendly and more recyclable, and take the initiative to research and develop many kinds of alternatives such as honeycomb paper and paper film packaging made from recyclable material.

We also encourage the supply chain to recycle packaging materials and require suppliers to recover the packaging paper cartons, cardboards, plastic turnover boxes, etc. to improve the utilisation rate of packaging materials.

Case: Industry's first new honeycomb-board packaging solution

In 2022, TCL Electronics researched and developed the first new embedded and integral honeycomb-board packaging solution in the industry. We have designed lightweight EPS packaging materials by reasonably measuring the material properties to improve the cushioning performance of the packaging material, while reducing the thickness of the packaging, increasing the quantity loaded into containers and reducing transportation costs and greenhouse gas emissions generated from the transportation process.



▲ Consumption of EPS Packaging Materials for a Single Device of Main Models of TCL Electronics for the Years from 2015 to 2022 (Unit: g)



▲ Total consumption of Packing Materials of TCL Electronics in 2022

7.3. Product Responsibility

TCL Electronics, adhering to the management philosophy of “product quality is the overall work quality”, has established a quality management accountability system and a quality control system covering the entire product lifecycle and fully guides departments and employees at all levels to implement the “prevention first” quality management spirit, to satisfy users’ pursuit of high quality.

Product Quality Management

TCL Electronics sets up a Customer Satisfaction and Quality Management Centre, which is responsible for the quality management of the smart screen business. The management scope of the centre covers all major business units and implements a solid double line and embedded quality management model with various business departments. The Quality Management Centre comprehensively coordinates the R&D, components, manufacturing, and after-sales quality management platforms in China and abroad, and systematically and comprehensively monitors the quality of the value chain of all products of TCL Electronics. In 2020, TCL Electronics introduced the management method of IATF 16949:2016 Automotive Quality Management System and referred to the requirements of the Quality Management System to continuously perfect the existing management system and measures and further improve the quality management level.

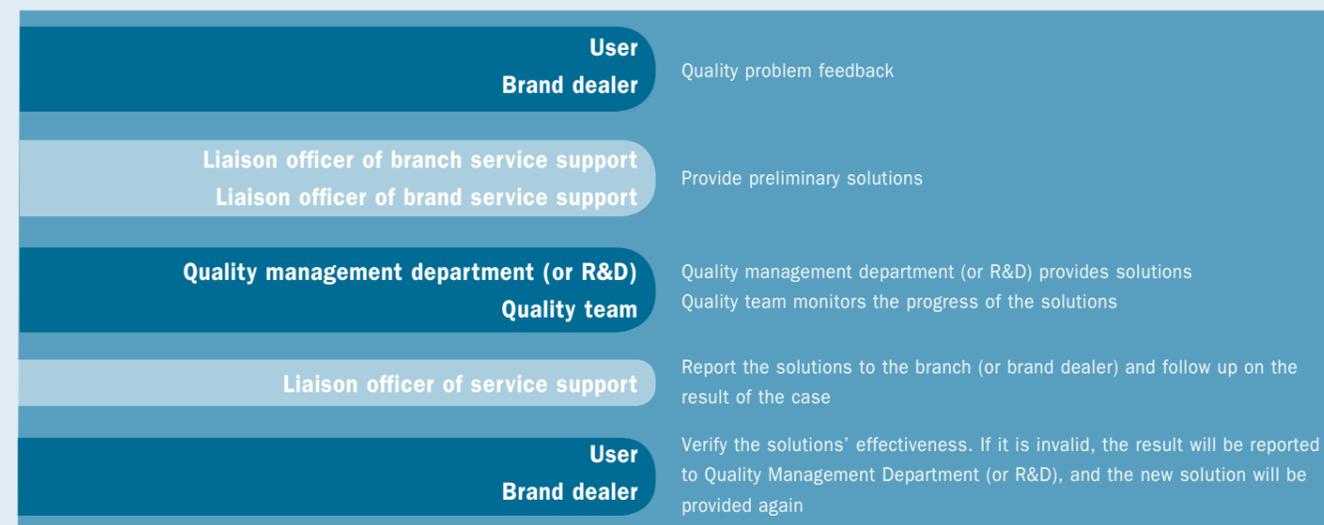
In 2022, some subsidiaries of the Group had obtained certification by the ISO 9001 Quality Management System, IECQ-QC080000 Hazardous Substance Process Management (HSPM) System and TL9000 Telecommunications Industry Quality Management System, etc.

Quality Management Measures

Pre-launch quality management: We have established the *Project Service Strategic Process* and *Project Service Plan and Implementation Procedure*, and conducted inspections for 27 items, including after-sales maintenance strategy development, reparability analysis, development of turnaround products, and after-sales materials planning, to ensure that corresponding quality management systems and processes are in place before the new products are launched.

Process and market-side risk management: We have established regulations such as *Major Market Quality Issues Classification Management* and *Unqualified Issues and Product Procedure* (including product recall management), and assigned specific employees in the R&D, quality, and manufacturing processes, and used QBQ (Question Behind Question) factor analysis method to conduct root cause analysis, improvement implementation and closed-loop handling of product quality problems in the market. A specified department is dedicated to quality responsibility division and KPI management and performs accountability, rewards and performance evaluation according to level of seriousness.

After-sales and recall management: TCL Electronics has formulated internal regulations for recall procedures such as *Management Process of Free Sample Removal for Branches* and *Management Process for Machines Returned to Branches*. TCL Communication has formulated requirements such as *Order Management Process for Spare Parts and Turnover Items* and *Handling Process for Abnormal Receipt* to standardise the processing procedure of products that need to be returned for repair or recalled. To constantly reduce the rate of returned machines, TCL Electronics assigns specific employees to analyse the information about returned machines to understand the reasons for return and subsequent improvement measures and continue reducing the return rate. During the reporting period, there were no product recalls due to safety and health reasons of the Group.



▲ Overseas Markets Quality Feedback and Handling Process

Case: Quality plan for smart screen products

In 2022, we have formulated the “9225 Quality Plan” for smart screen products, with the vision of “global quality leadership in smart screen products” guiding by the strategy of user needs and user satisfaction. We have clearly planned the core capabilities in user experience, high-end product, global manufacturing and component quality, quality cost, whole process quality assurance (PQA) construction, process quality management, and internal quality assessment system etc., together with setting the quality targets for 2027, which are to reduce three-month failure rate for new products, annual cumulative failure rate, and single unit quality cost etc. to comprehensively improve the quality management level.

Development of Quality Culture

TCL Electronics highly focuses on the quality cultural development of the Group and formulates quality training programs and training targets every year. We carry out various types of quality training courses including system, management development, profession/technology and general basic, to enhance quality-related personnel’s general and professional skills in respect of basic knowledge, policy interpretation, practical operation and other aspects.

Case: TCL Communication carried forward DFMEA¹⁶ quality culture improvement programs

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

¹⁶ DFMEA (Design Failure Mode and Effects Analysis) also known as potential failure mode and effects analysis in design, is a method to control product quality in the product design stage.

Case: TCL Communication carried out a presentation contest of QCC improvement program

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



▲ QCC Improvement Program

TCL Electronics strictly abides by laws and regulations such as the *Law of the PRC on the Protection of Consumer Rights and Interests*, *Product Quality Law of the PRC*, and *Measures for the Administration of the Restricted Use of the Hazardous Substances Contained in Electrical and Electronic Products*, as well as provisions on product health and safety in overseas market access policy and consumer protection laws and regulations. Meanwhile, we also refer to national, industrial and local work safety standards including GB 8898-2011/IEC 60065:2014 *Audio, video and similar electronic apparatus - Safety requirements*.

All products and safety devices of TCL Communication comply with the national standard GB 31241-2014 *Lithium Ion Cells and Batteries Used in Portable Electronic Equipments-Safety Requirements* and are certified following IEC 62368-1 *Safety standards for Audio/Visual and Information Technology Equipment* and IEC 62133 *International Safety Standard for Lithium-Ion Battery Products* by the International Electrotechnical Commission (IEC) as well as the safety standards in the corresponding sales areas. We keep a close eye on the selection and certification of safety devices such as lithium ion batteries and chargers to strictly prevent fire, electric shock and other incidents causing personal injuries and property losses. If defects in the products of the Group cause personal or property damage to consumers or the legitimate rights and interests of consumers are harmed when they receive our services, consumers can claim reasonable compensation from the Group.

To further implement the safety management of batteries, TCL Communication sets down a *Material Safety Data Sheet (MSDS)* for all batteries and builds strict access and production line review processes for batteries supplier to establish dedicated TCL Communication product lines for eliminating insecurity at the beginning. Meanwhile, the Group sets up a supplier capability map according to each supplier's process, equipment status, and R&D capabilities, and seeks markets and customers that we can compliantly supply products in accordance with the map.

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

Case: TCL Communication joined the CTIA Association¹⁷ and strived to build a CTIA Authorised Testing Lab (CATL)

TCL Communication continues to improve standard introduction, gap analysis, and process improvement to fully prepare Huizhou Central Laboratory of TCL Communication to become a CATL. In 2022, TCL Communication has joined the CTIA Association and will persist in promoting CATL construction work, striving to meet customer requirements for equipment hardware reliability certification.

¹⁷ CTIA Association stands for Cellular Telecommunications and Internet Association.

7.4. Quality Service

TCL Electronics has always adhered to the principle of the “user-centric” concept and is committed to providing users with satisfactory service experience. We attach great importance to users’ feedback, actively smoothen our communication channels with users, and constantly collect and analyse user requests, taking user satisfaction as an important basis of our service work. We also emphasise protection of user information and privacy to strictly prevent user information leakage, committing to responsible marketing, eliminating false advertising and making every effort to protect the rights and interest of our users.

Improving User Satisfaction

In compliance with the *Law of the PRC on the Protection of Consumer Rights and Interests* and the *Provisions on the Liability for the Repair, Replacement and Return of Some Commodities*, TCL Electronics has formulated *Quality Information Processing, Specification for the Management of Customer Satisfaction, Specification for Processing Quality Feedback in Overseas Markets, Online Repair Service For End-user, Quality Claim Management Procedure*, and other internal systems to standardise the customer service process and effectively manage and improve the service quality.

In 2022, TCL Electronics’ overseas business achieved a complaint rate of 0.04%, and the domestic business achieved a complaint handling satisfaction rate of 87.2% and a customer complaint close rate of 99.3%.

Smooth Communication Channels	We provide users with a variety of feedback and complaint channels, including hotlines, WeChat official accounts, messages via TCL Electronics’ official website, emails, messages via social media, messages via e-commerce websites and WeChat complaint channels built into TV applications.
Complete Closed-loop Management	We set up a complete closed-loop management process, through seven steps of collection, classification, investigation, disposal, effect evaluation and filing, to track and deal with customer complaints, and continuously improve product quality and service level.
Conduct Satisfaction Assessments	Focusing on NPS ¹⁸ , we formulate the <i>NPS Closed-Loop Management Process Specification</i> and construct an index assessment architecture based on three dimensions in the experience of products, channels and services. Meanwhile, we yield an exclusive NPS product assessment system in terms of different features of the products; set up a special NPS data department, collect information from monthly sampling, and analyse and propose improvement measures for negative feedback.
Optimise Technology Information Management	In overseas markets, we apply and constantly optimise the CRM (Customer Relationship Management) system for after-sales service management. Through an integrated management process, we empower call centres to directly resolve problems for users, and continuously track the status of problem resolution through the “Following One Order Till Closure” mechanism, realising a real-time progress checking to improve after-sales service efficiency.
Promote Intelligent Service	The customer service hotline and WeChat official account have built-in intelligent robots on standby for 24-hour reponse to make preliminary judgements on users’ problems and provide solutions to common problems, thus reducing users’ waiting time.
Enhance Training and Education	We carry out skill training and sets up examinations for customer service personnel to help them improve product knowledge and the resolution rate; strengthen technical training for end service engineers, and formulate standardised work manuals to improve our door-to-door service efficiency and resolution rate.

In 2022, the NPS of smart screen service for the domestic market was 72%, up by 8.6% year-on-year; the average NPS for overseas markets was 65.2%, up by 2% year-on-year.

Information Security and Privacy Protection

TCL Electronics attaches great importance to network security and privacy protection, and complies with applicable laws and regulations on data and privacy protection worldwide, such as the *Cybersecurity Law of the PRC*, the *Data Security Law of the PRC*, the *Personal Information Protection Law of the PRC*, the *General Data Protection Regulation (GDPR) of the European Union*, the *California Consumer Privacy Act (CCPA)*, *California Privacy Rights Act (CPRA)*, etc.

¹⁸ NPS (Net Promoter Score), also known as word of mouth, is an index that measures the likelihood that a user will recommend a business or service to others.

System Improvement

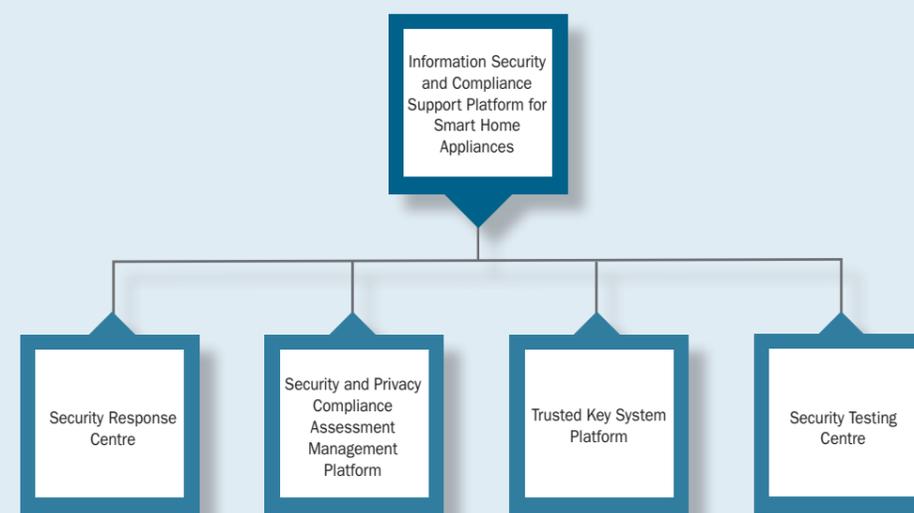
The scope of the information security management system and privacy information management system of TCL Holdings covers TCL Electronics and the Executive Committee of TCL Holdings is responsible for guiding, supervising and evaluating the information security management and privacy protection management of TCL Electronics. We have formulated relevant systems and procedures for data and privacy protection, such as *Privacy Management Policy, Code of Conduct for Information Security, Information Security Compliance Control Procedure, Privacy Incident Emergency Response Process, Data Subject Rights Response Retention*, etc., fully standardised information asset management of the Group and protected the users’ personal privacy security. If safety incidents such as leakage of personal data arise, the Company will carry out internal investigation, emergency treatment and rectification and/or remedial measures in accordance with the requirements under laws and regulations and internal procedures, report to the Company’s management according to the risk level, and notify relevant external stakeholders such as regulatory authorities, data subjects, media and the public.

Privacy and Security Assessment

In terms of information security, we set up an *Information Asset Risk Assessment Form*, and risk ratings are conducted on the information asset through analysing the threats and weakness of the employees, data, hardware etc. In addition, before all TCL Electronics’ products are launched, a series of security assessments are conducted according to their product attributes and the Company’s software security R&D process including evaluation on source code defects, vulnerability scanning, manual source code logic audit, black box testing, compliance standards satisfaction, data encryption, etc., to ensure product security.

In terms of privacy security, we apply the concept of Privacy by Design to integrate data and privacy protection requirements into relevant business processes and assessed the influence of the data and privacy through PIA (Privacy Impact Assessment) and SIA (Security Impact Assessment) process. In 2022, we renewed the PIA process according to the newly promulgated and revised relevant laws and regulations such as the *Personal Information Protection Law of the PRC, Measures for the Security Assessment of Outbound Data Transfer, CPRA* etc. We have also supplemented a special self-checking table in connection with the *Personal Information Protection Law of the PRC* in domestic business compliance review process to protect users’ privacy security.

During the reporting period, TCL Holdings unveiled an information security and compliance support platform for smart home appliances, and built four security platforms with a management scope covering TCL Electronics, achieving intellectual and integrated management of system security, cloud security and data security, so as to improve security management efficiency.



▲ Information Security and Compliance Support Platform for Smart Home Appliances

Awareness Enhancement

For the Group's R&D, operation and maintenance personnel, we promote the Group's overall awareness of data and privacy protection through multi-level and hierarchical training, such as privacy compliance training for new employees, privacy specialist training camp and customised training for relevant staff.

For suppliers, we have requirements for information security and privacy protection. We evaluate and manage the suppliers in accordance with third-party data management process requirements, and require the suppliers to sign *Business Confidentiality Agreement* to strengthen the awareness of suppliers' information security responsibilities and protect users' privacy from infringement.

TCL New Technology, TCL King (Huizhou), JRD Communication (Shenzhen) Ltd., and Huizhou TCL Mobile Communication Co., Ltd. and other subsidiaries of the Company have obtained ISO 27001 information security certification and ISO 27701 privacy information management system certification. The Communication Business Unit and Smart Screen Business Unit have obtained TrustArc privacy certification.

Case: Participation in privacy specialist salon

In September 2022, the privacy specialist team of TCL Electronics participated the privacy specialist salon activity and conducted privacy protection training. This activity improved the privacy protection awareness and the professional capabilities of the specialists by sharing the key privacy compliance problems of the Company, PIA process practice and simulated privacy handling ways etc.

Responsible Marketing

TCL Electronics strictly abides by the *Advertising Law of the PRC*, *Regulations on Control of Advertisement* and other relevant regulations, and has formulated more than 25 guideline documents, including the *Promotion Standardisation Management Plan of TCL Promotion Centre*, *Marketing Guide*, and *Brand Management Guide*, to regulate the production and use of various promotion materials, strictly require that any advertising and labelling content produced by the Group must be true, healthy, clear and understandable and shall not deceive users in any form.

TCL Electronics requires a unified external publicity approach, and has established a standard production, review and output process for the release of the video, pictures, advertorials and other materials. The first draft to the final draft has to be reviewed and confirmed by the product side, retail side, R&D side and legal side. The review dimensions include IPR description, patent and trademark use, technical terms, promotional copy, legal risk tips, etc., to ensure that the text and visual presentation of any external promotional material is error-free. If it is possible to cause consumers' doubts or misunderstandings, the Group will add an appropriate explanatory description. Besides, TCL Electronics also complies with the requirements of the *Product Quality Law of the PRC*. Consumers will be compensated legally and reasonably by the Group, if the product, packaging or labelling does not meet the product standards marked on the product or does not meet the quality requirements indicated by product descriptions, physical samples, etc., and it is still attributed to the Group after the repair, replacement, return, and compensation of products.

Falcon Network Technology, a subsidiary of the Company, has also formulated management and review specifications for the advertising cooperation undertaken by the advertising platform business, including the *Advertising Platform Business Management Specifications* and the *Advertising Content Review Guideline Standard*, and signed *Promotion Cooperation Contracts* with partners to ensure that the published content complies with the legal requirements. In addition, TCL Communication has formulated *Marketing and Retailing Tool Kits Output Specifications* and *Review Process for Marketing and Retailing Materials* for forthcoming tablet, laptop products and mobile phone products, to standardise the review requirements for the marketing materials of the new products.

8

Green Operation

Under the concept of green operation, TCL Electronics constantly improves its environmental management system, enhances the efficiency of energy and resource use, and alleviates the impact of its operation on the ecological environment by building a circular production model. In addition, we plan ahead, actively respond to climate change, strategically deploy clean energy business, and actively explore low-carbon and efficient development pathways while managing the impact of climate risks, aiming to contribute to building a beautiful China.

Issues Covered in this Chapter	Category
Recycling of electronic waste	Environmental
Emission management	Environmental
Energy management	Environmental
Water resources management	Environmental
Response to climate change	Environmental
Waste and hazardous materials management	Environmental



8.1.Environmental Management System

TCL Electronics scrupulously follows national laws and regulations on the emission of exhaust gas and greenhouse gases, discharge to water and land, and generation of hazardous and non-hazardous wastes, such as the *Environmental Protection Law of the PRC*, *Atmospheric Pollution Prevention and Control Law of the PRC*, *Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and *Water Pollution Prevention and Control Law of the PRC*, and actively reduces emissions. We mainly affect the environment through consumption of energy, water resources and virgin minerals, and discharge of wastewater, exhaust gas and solid waste in our production process. In order to minimise our impact on the environment and natural resources, we have established a sound internal environmental management system based on ISO 14001 environmental management system, set basic environmental management objectives and performance objectives of environmental emission reduction for different departments, and assessed the accomplishment of each department, while publicizing environmental protection information and effectively implementing the responsibility of environmental governance in strict compliance with the laws and regulations.

In accordance with the goals of the 14th Five-Year Plan of the state government and TCL Electronics' business planning and environmental management plan, the Group has set the targets for greenhouse gas emissions, water use, energy use, hazardous and non-hazardous waste treatment and disposal, and packaging material reduction, taking 2020 as the base year and 2025 as the target year, and actively implemented a number of management measures disclosed in the Report to ensure the fulfillment of the targets.

Category	Target
 Greenhouse gas emission intensity level tCO ₂ e/RMB10,000 output value	Decrease by 18.0%
 Water use intensity level m ³ /RMB10,000 output value	Decrease by 27.0%
 Purchased electricity use intensity level MWh/RMB10,000 output value	Decrease by 13.5%
 Natural gas use intensity level m ³ /RMB10,000 output value	Decrease by 70.0%
 Hazardous waste	Implement harmless and non-landfill disposal measures for five types of hazardous waste (waste fluid of organic solvents, oil-contaminated wastewater, paint waste fluid, waste empty buckets, waste lamp tubes) to reduce hazardous waste
 Non-hazardous waste	Implement the following measures to reduce non-hazardous waste: <ul style="list-style-type: none"> • Establish a sound waste management system • Build sound waste classification and collection devices • Keep detailed records of the amount of waste generated during production and operation
 TV set EPS packaging materials¹⁹	<ul style="list-style-type: none"> • 55-Inch: Decrease by 6.0% • 65-Inch: Decrease by 10.0% • 75-Inch: Decrease by 10.0%
 TCL Communication product packaging materials	<ul style="list-style-type: none"> • Small: Decrease by 5.7% • Medium: Decrease by 5.3% • Large: Decrease by 5.5%

▲ Environmental Targets of TCL Electronics for 2025²⁰

¹⁹ The target setting covers the flagship S-series models.

²⁰ According to the current situation of TCL Electronics, the setting of environmental targets for 2025 covers the factories under TCL King (Huizhou), TCL Optoelectronics Technology (Inner Mongolia) Co., Ltd. and Huizhou TCL Mobile Communication Co., Ltd. who are mainly engaged in production and manufacture.

We are also active in identifying and minimising the ecological impact from the Group's operations. During the reporting period, TCL Communication carried out the annual identification of significant environmental factors and produced the *2022 List of Significant Environmental Factors*. We identified nine significant environmental factors, including energy consumption, water resources consumption, wastewater discharge and production exhaust gas emission, and carried out the environmental management work for 2022. In addition, we focused on the environmentally friendly operation of the whole value chain, constantly improved the construction of the green supply chain system, monitored and reviewed the environmental performance of suppliers and distributors, and passing on the green business philosophy to all value chain partners.

For the year ended 31 December 2022, TCL Electronics has had no significant environmental pollution accidents and no adverse impact on the surrounding ecological environment and biodiversity.

8.2. Deployment of Photovoltaic Business

Staying true to the global trend of clean energy and carbon neutrality, taking the initiative to respond to the national goal of "carbon peaking and carbon neutrality", and leveraging on the leading photovoltaic industry chain and project operation experience of TCL Zhonghuan, TCL Electronics officially entered the distributed photovoltaic field in the second quarter of 2022. Centering on the two core businesses of customer-end household distributed power stations and business-end industrial and commercial distributed power stations, TCL Photovoltaic Technology is committed to becoming a photovoltaic technology enterprise integrating construction, operation and maintenance, management and consulting services of vertical industrial chain, and grows into an innovator and leader of zero-carbon intelligent rural life and zero-carbon industrial park solutions.

We provide various photovoltaic technology application scenarios such as rooftop photovoltaics and photovoltaic plus power storage, and create diversified and flexible cooperation mode. Thanks to the development concept of "green energy + common prosperity" and intelligent operation and maintenance service advantages, we have become a photovoltaic solution service provider with unique brand characteristics, and promoted the development of clean energy industry and enterprise energy structure transformation.

During the reporting period, the total power generation of household and industrial and commercial distributed power stations reached 39.41GWh, reducing approximately 12,216 tonnes of standard coal consumption and 30,907 tonnes of carbon dioxide emission.



▲ TCL Photovoltaic Technology Won "CREC China's Top 10 Distributed Photovoltaic System Brands"

Intelligent Energy

In order to ensure energy security and business continuity, TCL Photovoltaic Technology has introduced TCL Photovoltaic intelligent monitoring, operation and maintenance platform to carry out centralised and intelligent management of photovoltaic equipment all over the country. The platform can provide safe and reliable connection and communication capabilities for photovoltaic equipment, deliver one-stop photovoltaic IoT solutions with data collection and visualisation, operation and inspection services and other functions, which enable data monitoring, fault detection, operation and maintenance management of photovoltaic power stations and equipment, ensure the stable power generation of photovoltaic power stations and safe operation of equipment, and enhance the support capacity of the power stations. As of the end of the reporting period, more than 4,500 power stations had been connected to the platform, and the platform won honours including the "CREC China's Top 10 Distributed Photovoltaic System Brands" and the "2022 Most Influential Household Photovoltaic System in the Photovoltaic Industry".

Power Station Data Analysis, Real-Time Grasp of Power Station Information

Collect and analyse power station and equipment data in real time, and establish power station and equipment accounts, providing support for digital management of power stations.

Intelligent Inspection and Early Warning, Strict Control of Potential Hazards of Power Stations

Periodically and automatically create inspection orders, intelligently monitor components and extreme weather hazards, promptly cut power off when necessary to prevent accidents, improving the stability of power station operation and reducing power station losses.

24-Hour Operation and Maintenance (O&M) Service Response, Closed-Loop Refined Management of Fault Orders

Build a 24-hour rapid response, 48-hour timely door-to-door service, and 72-hour closed-loop O&M system, receive power station alarms in real time, and assign and execute fault maintenance orders with one click, improving the quality and efficiency of O&M services.



▲ Interface of TCL Photovoltaic Intelligent Monitoring, Operation and Maintenance Platform

Case: Smart troubleshooting of power failure

In November 2022, TCL Photovoltaic Technology found power outages in some photovoltaic power stations in Henan province through its photovoltaic intelligent monitoring, operation and maintenance platform. Based on the real-time information of the platform, we sent professional operation and maintenance personnel to conduct an offline investigation in time, and identified that the power failure was caused by the system upgrade of the inverter manufacturer, so we promptly contacted the manufacturer to upgrade and replace the equipment, thus ensuring the energy security of the power station

Empowering Common Prosperity with Green Energy

In order to meet the social demand for green energy, TCL Photovoltaic Technology has created a new household photovoltaic model "Guangfubao", which is different from the traditional distributed photovoltaic model for household use and benefits the people to the greatest extent. We sign operational lease agreements with rural and urban residents to undertake the development and construction of the power station for the rural and urban residents, and guarantee the operation and maintenance of the power station during the lease period, so as to meet the energy needs of the rural and urban residents in a "zero-cost" way. Based on the power generation efficiency of the TCL photovoltaic power station, after the energy demand of the rural and urban residents is met, the income of the remaining power generation capacity will be calculated according to the established on-grid electricity price and granted to the rural and urban residents quarterly. After the expiration of the agreement, the power station and its income will all belong to the rural and urban residents. While developing photovoltaic technology, TCL Photovoltaic Technology helps rural and urban residents generate income, forming a mutually beneficial business model of "Green Energy + Common Prosperity", and contributing to rural revitalisation. As of the end of the reporting period, "Guangfubao" had been launched in Shandong, Hebei, Tianjin, Henan and other provinces and cities.



▲ An 18KW Distributed Photovoltaic Project in Zaozhuang, Shandong Province

8.3. Energy Conservation and Emission Reduction

Improvement of Energy Efficiency

In accordance with the *Energy Conservation Law of the PRC*, the *Circular Economy Promotion Law of the PRC* and the *Measures for the Administration of Industrial Energy Conservation*, TCL Electronics has formulated internal policies such as the *Energy Management System Manual* and the *Regulations on Electricity Resource Management* to enhance the efficiency of energy conservation and emission reduction and reduce resource waste. As of the end of 2022, most of the Group's manufacturing subsidiaries passed the ISO 14001 Environmental Management System Certification, ISO 50001 Energy Management System Certification and ISO 14064 greenhouse gas verification certification respectively.

We proactively respond to the national goal of "carbon peaking and carbon neutrality", and carry out a variety of energy-saving and emission reduction projects, including air compressor system energy-saving renovation, LED energy-saving renovation, injection molding machine servo renovation, central air conditioning system energy-saving improvement, ice storage, photovoltaic power generation, volatile organic compounds (VOCs) regulation, and staff dormitory solar heating project, so as to improve the efficiency of production, operation and energy use.

Case: TCL Photovoltaic Technology helped TCL Communication build green industrial park

In June 2022, TCL Photovoltaic Technology and TCL Communication jointly launched a distributed photovoltaic power generation project. With an investment of approximately RMB17 million, the photovoltaic installed facilities cover an area of approximately 40,000 square meters, and the total installed capacity of the project was expected to reach approximately 4 megawatts upon completion. The project adopts the grid-connected mode of "self-generated power for self-use, with surplus electricity supplied to the grid". The annual average power generation capacity is approximately 4.4 million kWh, saving approximately 1,400 tonnes of coal consumption, and reducing carbon dioxide emissions by about 2,000 tonnes per year. As of the end of the reporting period, the construction of 3.2 megawatts of installed capacity had been completed for the project, with an annual generating capacity of approximately 3 million kWh. As the first industrial and commercial distributed photovoltaic project of TCL Photovoltaic Technology, the project will enable TCL Communication to build green industrial parks and realise energy transformation of the Group.



▲ Photovoltaic Project Commencement Ceremony



▲ Completion of TCL Communication's Photovoltaic Project

Type of Energy	Consumption in 2022	Unit
Diesel	3,955	L
Gasoline	25,274	L
Natural gas	3,492,044	m ³
Purchased electricity	135,587,081	kWh
Solar power generation for self-use	7,670,042	kWh
Total energy consumption²¹	181,248	MWh
Energy consumption intensity by revenue	2.54	MWh/HKD million revenue

▲ Energy Consumption of TCL Electronics in 2022

Emission Reduction

We give top priority to the emission management of exhaust gas containing VOCs, strictly abide by the *Emission Limits of Air Pollutants* and Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations and other standard limits, and take the following measures to reduce emissions:

- Conduct regular inspection and maintenance of environmental protection facilities and equipment for exhaust gas treatment to ensure good working conditions;
- Develop emergency plans for exhaust gas leakage to deal with emergencies;
- Improve the processes, reduce the use of spraying and screen printing process, so as to reduce exhaust emissions in the production process;
- Collect the exhaust gas from the front end through the confined space (including the confined space gas detector) with negative pressure, and use the joint method of water spray + activated carbon adsorption and concentration + catalytic combustion for exhaust gas treatment from the back end; and
- Monitor the exhaust emissions regularly to ensure that emissions meet standards.

Case: TCL King (Huizhou) carried out spraying exhaust gas advanced treatment renovation project

In 2022, TCL King (Huizhou) renovated two manual spraying production lines for exhaust gas treatment. By installing biological purifiers, the VOCs emission in the painting process was reduced, and one production line was upgraded to a semi-automatic spraying production line, with the biological purifier transformed into a processing system of "active carbon adsorption concentration + desorption catalytic combustion". After the renovation of exhaust gas treatment equipment, VOCs removal rate increased to 85%, and VOCs emissions were reduced by 4.8 tonnes/year.

8.4. Water Conservation

TCL Electronics has formulated the *Regulations on Water Resources Management* that regulates the use and management of production and domestic water in factories, reduce the waste of water, and promote the efficient use of resources and energy; standardised drinking water safety management to ensure the health and safety of employees; and stipulated the water pollution source control and sewage treatment requirements of the Company to reduce the hazards of the Company's sewage to local water bodies and meet the requirements of relevant laws and regulations. In 2022, we revised the *Regulations on Water Resources Management* to further improve the requirements for water conservation and water pollution management.

In addition, we assess water consumption indicators such as per capita water consumption in factories and urge production and office staff to implement water-saving measures. In terms of production water use, the factories have improved water use efficiency by improving production equipment, adjusting water valves and other measures, and carrying out a number of water-saving projects, such as recycling of wastewater from the injection molding parts washing process, to save production water use in the factories. In terms of domestic water, we adopt water-saving appliances and encourage employees to establish good water usage habits, so as to build a water-saving culture for the Group. During the reporting period, TCL Electronics did not have any problems in obtaining suitable water sources.

Water Resources	Consumption in 2022	Unit
Total water consumption	801,186	m³
Water consumption intensity by revenue	11.23	m³/HKD million revenue

▲ Water consumption of TCL Electronics in 2022

8.5. Promoting Circular Economy

Waste Management

TCL Electronics conscientiously complies with the *Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill* and *Standard for Pollution Control on Hazardous Waste Storage* and other regulations, and has developed the *Measures for Pollution Control of Solid and Liquid Waste*, *Management Plan for Hazardous Waste*, and *Regulations on the Prevention and Control of Waste Pollution* to improve the management of solid wastes, promote the recycling and reuse of wastes and avoid the severe impact of business activities on the environment. The Group regularly entrusts professional organisations to inspect, monitor and control workplace environment, solid waste, hazardous chemicals management, etc., to ensure that waste disposal meets national and local standards.

TCL Electronics mainly generates wastes such as industrial wastes, industrial refuse, and hazardous wastes in its production and operation. In this regard, the Group takes corresponding pollution prevention and control measures to eliminate or reduce the hazard of wastes, while well managing the collection, storage and transfer of wastes, etc., for a strict prevention and control of the environmental pollution of hazardous wastes.

Different types of non-hazardous waste, such as industrial refuse and industrial waste, are treated differently. For waste electrical and electronic products, TCL Electronics carries out unified recycling and harmless treatment. For waste packaging materials, TCL Electronics recycles them to the maximum extent. The waste packaging materials that cannot be recycled are classified into cartons, plastics, and EPS, and then are processed centrally by qualified third parties. For all kinds of industrial wastes that cannot be recycled for reuse in the production and working process of all departments in the plant, we will hand them over to qualified third-party recycling companies for treatment.

For hazardous wastes, such as paint waste, paint scrap, oil-contaminated wastewater and other hazardous chemicals, as well as waste empty buckets, TCL Electronics has formulated a strict hazardous waste management system, implemented the accountability system for management of hazardous wastes level by level, updated the *Company List of Hazardous Wastes* constantly, and signed waste treatment contracts with qualified third parties to ensure all hazardous wastes are properly treated.

²¹ Total energy consumption has included 7,670,042 kWh of solar power generation for self-use.

• **Hazardous Waste Reduction Measures**

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

Waste Type	Amount Generated in 2022	Unit
Total amount of hazardous wastes	265	t
Paint waste	76	t
Paint scrap	64	t
Oil-contaminated wastewater	17	t
Empty buckets	12	t
Others	96	t
Hazardous waste intensity by revenue	3.71	kg/HKD million revenue
Total amount of non-hazardous wastes	10,715	t
Carton	4,173	t
Plastics	3,375	t
EPS	297	t
Others	2,870	t
Non-hazardous waste intensity by revenue	0.15	t/HKD million revenue

▲ Waste Generation of TCL Electronics in 2022

Recycling of Electronic Waste

Proactively fulfilling the extended duties to take the responsibility as a manufacturer, TCL Electronics maximises the recycling of electronic wastes by means of recycling of resources.

- In domestic markets, we recycle the relevant products of TCL Electronics in reliance upon the capacity of fellow subsidiaries of TCL Holdings who are mainly engaged in environmental protection business to recycle electronic products.
- In the European markets, we fully implement extended producer responsibility in accordance with laws and regulations of locations of operation, such as the *EU WEEE Directive*, *CE Directive*²² and *Ecodesign Directive*, taking accountability for the whole life cycle of products.
- In the North American markets, we provide the How2Recycle® label on all TV, soundbar and electronic product packaging to help users recycle product and packaging materials; provide users with detailed information on product recycling so that they can find the nearest product recycling solution; and divert 100% of used electronic product to recyclers certified with the highest e-waste recycling standards to ensure that our products are properly disposed of and avoid negative environmental impacts.

We funded electronic product recycling solutions in 25 states of the United States, with more than 14,500 tonnes of electronic products recycled in 2022.

Case: TCL Electronics has actively promoted the recycling of electronic products in the US market and won multiple commendations from the United States Environmental Protection Agency (EPA)

In 2022, TCL Electronics' North America Branch was awarded the EPA's first Special Sustainability Leadership Award for creating innovative product recycling solutions for the United States market during the COVID-19 pandemic. Due to the inability to carry out public activities and social gatherings during the pandemic, we have created a unique recycling model, namely the TCL Take-Back Tour, in order to drive community residents to participate in electronic product recycling activities safely and conveniently. The model has brought together municipal agencies and recycling agencies across the United States to set up collection points in cities and towns, making it easy and safe for community members to participate in recycling operations.

We also won four consecutive Gold Awards in the EPA Sustainable Materials Management Electronics Challenge, which recognised our innovative and responsible electronic product recycling solutions and commitment to electronics recycling across the United States.



²² CE refers to Conformité Européenne, and stands for European Community. The *CE directive* is a mandatory requirement for products circulating in the EU market, and the goods affixed with the CE mark indicate that they meet a series of European directive requirements such as safety, health, environmental protection, and consumer protection.

8.6. Responding to Climate Change

In view of the gradual expansion of the impact of climate change, TCL Electronics proactively identifies the climate risk, and positively takes measures as its orderly responses to the potential impact of climate change on the Group's operation, while responding to the great concern about climate change among the stakeholders.

Climate Risk Type	Climate Risk Illustration
Physical Risks ²³	<ul style="list-style-type: none"> Acute risks: more and more frequent extreme weather and climate-related natural disasters, such as typhoons, heavy rains, floods, fires or heat waves and other weather events may cause TCL Electronics' asset loss, production interruption, etc.. Chronic risks: long-term climate change, such as global temperature rise, sea level rise, water resource reduction, and biodiversity loss may impact TCL Electronics' upstream and downstream supply chain, production, product performance, etc..
Transition Risks ²⁴	<ul style="list-style-type: none"> Policy risks: the risks brought by relevant policies and regulations to TCL Electronics, such as a series of energy-related policies issued by the state after the release of the carbon peaking and carbon neutrality targets, the restrictions on energy consumption in the production process under the energy consumption reduction target proposed in the 14th Five-Year Plan, and the increasingly stringent requirements for environmental data disclosure in the <i>ESG Reporting Guide</i> released by Hong Kong Stock Exchange. Technology risks: the market of science and technology has undergone rapid evolution due to the rapid progress in technology, meanwhile paying increasing attention to technology development and innovation that support low-carbon and energy-saving transformation of economies. TCL Electronics' success will depend on its ability to keep pace with technological changes. If the Group does not effectively and timely adapt its products and services to these changes and increase its investment in energy saving technologies, its business, financial conditions and operating performance will be adversely affected. Market risks: rising raw material procurement costs and energy costs caused by climate change could have a negative impact on TCL Electronics' business stability and financial conditions. With the increase of customers' environmental awareness, if our products and services fail to meet customers' demand, the Group's market competitiveness will be weakened, which is not conducive to the sustainable development of the business. Reputation risks: If TCL Electronics fails to take relevant measures in a timely manner, its production and operation process will have a long-term destructive impact on the climate, which in turn will have a negative impact on the reputation of the Company.

▲ Climate Risks of TCL Electronics

The Group actively adapts to and responds to the potential risks brought by climate change. To effectively prevent physical risks brought by climate change, TCL Electronics develops special systems such as *Emergency Plan for Natural Disaster Event* and *Special Emergency Plan for Typhoon and Rainstorm*, and establishes an accident emergency command team, sets up a hazardous source management system in daily management, In the meantime, the Group allocates dedicated safety management personnel, and inspects the hazardous source, completes inspection records, and implements monitoring measures on a weekly basis. If any potential safety hazards are found, all relevant departments will be required to complete the rectification within a time limit. Furthermore, the Group regularly tests the first-aid equipment and lightning protection system, posts safety warning signs on site, arranges emergency lighting and safety evacuation signs and emergency evacuation diagrams, prepares emergency plans, and regularly carries out emergency drills and training to ensure that the emergency system can be activated in a timely and effective manner.

²³ Physical risks refer to the risks of physical damage to assets, supply chains, transportation, employee safety, etc. caused by climate change.

²⁴ Transition risks refer to the risks caused by extensive changes in the external environment in terms of policies, laws, technologies and markets during the transition to a low-carbon economy.

Case: TCL Electronics conducted the special inspection and rectification for the defense against heavy rainfall and extreme weather

In May 2022, to respond to extensive and continuous rainfall, TCL Electronics organised its factories to carry out special inspection and rectification for the defense against heavy rainfall and extreme weather, and to conduct a comprehensive inspection of the drainage and defense for the roofs and grounds in the factories. We found a total of 16 problems in the inspection and took rectification measures in a timely manner, removing the mud, weed and rubbish, which might affect the normal drainage in a timely manner and guaranteeing the safety of people and properties in the factories when the heavy rainfall came.

TCL Electronics believes that identifying and responding to a series of climate transition risks such as climate policy change, technological innovation or investor preference change in advance would help the Company enhance its market competitiveness and anti-risk ability. We actively respond to the national and local policies, take the green production process as the guidance, strive to build a green factory characterised by clean production, waste recycling and low-carbon energy according to the *Implementation Guidelines for Green Manufacturing Engineering (2016-2020)* and *Evaluation Requirements on Green Factory*, combined with the system management requirements of ISO 14064 greenhouse gas management standards, etc. Moreover, we continue to increase the investment in low-carbon and energy saving technology, and ensure that the per-unit product energy consumption is in the leading position in the industry through various measures such as energy-saving product design, technology optimisation, manufacturing process optimisation and improvement of equipment automation. In 2022, TCL Communication won the title of the *Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing)*, which was jointly granted by the Department of Industry and Information Technology of Guangdong Province and the Environment and Ecology Bureau of The Government of the Hong Kong Special Administrative Region.

► The "Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing)"
Plaque of TCL Communication



TCL Electronics has spontaneously carried out greenhouse gas emission investigation and verification every year since 2017, in accordance with the ISO 14064 series of greenhouse gas management standards and the *General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises*. In 2022, we finished the thorough examination of greenhouse gas for 2021 in accordance with the ISO 14064, worked out our inspection report, and obtained a carbon inspection certificate issued by a third-party inspection institution.

Scope	Emissions in 2022	Unit
Scope 1 (Direct greenhouse gas emissions)	7,672	tCO ₂ e
Scope 2 (Energy indirect greenhouse gas emissions)	80,873	tCO ₂ e
Total greenhouse gas emissions (Scope 1 and Scope 2)	88,545	tCO₂e
Greenhouse gas emission intensity by revenue	1,241	kg CO₂e/HKD million revenue

▲ Greenhouse Gas Emissions of TCL Electronics in 2022

9

Upholding People-Oriented Philosophy



In light of the people-oriented development strategy, TCL Electronics is committed to creating a diverse, fair, open and inclusive working atmosphere for its employees. We constantly attract outstanding talents from all over the world, improve the staff training system and development mechanism, pay attention to the physical and mental health of employees, and comprehensively enhance the sense of belonging and happiness of employees.

Issues Covered in this Chapter	Category
Occupational health and safety	Social
Employees' rights, interests and benefits	Social
Talent attraction and retention	Social
Diversity and equal opportunities	Social
Employee training and development	Social

9.1. Enhancing Talent Attraction

Talents are one of the most significant resources for enterprise development. TCL Electronics conducts various recruitment activities regularly according to the annual recruitment plan, and maintains efficient communication with employees by holding meetings and improving complaint channels, so as to continuously enhance the talent attraction of the enterprise.

Recruitment

Regarding talents as an important source of enterprise development, TCL Electronics has formulated and continuously improved the *Recruitment Management System* and other relevant documents according to its development needs and strategic plans, so as to clarify the job responsibilities of each position and establish a standardised recruitment management system. We have built a comprehensive and efficient talent recruitment system, and continue to optimise a variety of online and offline talent attraction channels such as on-site recruitment, internal recommendation, and recruitment through media and headhunters, so as to deliver excellent talents to the enterprise.

In 2022, a total of 2,738 talents were recruited, of whom 618 (22.6%) were from universities, and 2,120 (77.4%) were experienced hire. In 2022, 1,253 talents were recruited for key sectors to augment the organisational capabilities in our four key areas including production, marketing, operation and organisation.

Case: Participated in on-campus recruitment

In 2022, TCL Electronics participated in the on-campus recruitment activities held by TCL Holdings in spring and autumn, and carried out 4 live broadcasts, with approximately 18,000 audience per session and 71,000 viewings. In addition, we also organised online and offline on-campus recruitment presentations. The offline presentations were held in 14 cities, covering 62 schools, and more than 6,600 people participated on site.



▲ Live Broadcast of "T's Talk"



▲ Offline On-campus Recruitment Presentation



Employee Communication

TCL Electronics carefully gives ear to the voice of every employee and tries to meet the needs and wants of employees. For example, in 2022, TCL Communication developed the *Internal Communication Management Measures* to clarify the communication management responsibilities of the department heads and the frequency and scope of different types of communication meetings (company level, department level, shift level, etc.), determine the treatment and follow-up process for the problems found in the communication meetings, and further improve the management of employee communication.

We set up a number of complaint channels such as TLink column, employee suggestion box, complaint email and hotline, and carry out such activities as quality complaint meetings, employee communication meetings, CEO live broadcasts, and conduct engagement and satisfaction surveys, in order to encourage employees to express their demands, create a pleasant communication atmosphere and improve employee satisfaction.

Case: All-staff communication meeting on strategy and organisational change of TCL Communication

On 15 April 2022, TCL Communication held an all-staff communication meeting on strategy and organisational change through live video broadcast under the theme of “Make Change and Breakthrough, Dare to Fight Wisely”. The communication meeting focused on the operation strategy, business and organisational changes of the company. Senior executives answered and communicated with all the employees on such key issues as personnel organisation, assessment and incentives, product capability breakthrough points, and R&D planning, and earnestly responded to the employees’ concerns, thus effectively improving their sense of participation in the company’s operation.



▲ All-staff Communication Meeting on Strategy and Organisational Change of TCL Communication



9.2.Right and Benefit Protection

TCL Electronics always respects and protects the legitimate rights and interests of employees, and provides competitive and comprehensive compensation and benefits for employees. In addition, the Group constantly improves the working environment, effectively improves the quality of life of employees, and creates a warm and harmonious working atmosphere.

Employment Compliance

Equal Employment

In strict compliance with the applicable domestic and overseas laws and regulations, such as the *Labour Law of the PRC*, *Labour Contract Law of the PRC*, and *Employment Promotion Law of the PRC*, and with appropriate reference to *International Labour Organisation Conventions and Universal Declaration of Human Rights*, TCL Electronics continuously improves the management policies such as *Recruitment Management Regulations*, *Recruitment Management Procedures*, and *Employee Handbook*, and sets up fair, open and just procedures for employee recruitment, promotion and dismissal. No discrimination is allowed on the basis of race, ethnic or social origin, region, social class, descent, religion, physical disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinion, age, language, etc., or any other factors that may cause discrimination, and all employees are treated equally.

In accordance with the *Law of the PRC on the Protection of Minors*, *Provisions on the Prohibition of Using Child Labour* and other relevant laws and regulations, we have stipulated in the *Recruitment Management Regulations*, *Employee Handbook* and other management systems that the employment of child labour in any form is strictly prohibited. During the recruitment, the recruiters meticulously check the valid credentials of the applicants at all stages to ensure that the recruitment process complies with local laws and regulations. If a child worker is found to be employed, the Group will immediately stop his/her work, send him/her to the hospital to check his/her health condition and inform the local labour authority. With the consent of the labour authority, we will send him/her back to his/her original place of residence and require the signature of his/her parents or guardians. After obtaining the confirmation stamped with seal from the government authority, we will file the relevant documents with the personnel department.

At the same time, in accordance with *Labour Law of the PRC* and other relevant laws and regulations, we stipulate in the *Recruitment Management Regulations* and *Employee Handbook* that forced labour, and any slave and human trafficking are strictly prohibited. The personnel department will regularly review the background and working hours of employees and check whether there is any overwork for a long time or forced labour. The union also provides employees with complaining channels for protecting employees’ human rights. In case any forced labour is found, we will promptly interview the relevant employees and management to investigate the actual situation, and ensure the rights, rest time and leave that the employees are entitled to.

During the reporting period, TCL Electronics was free of any violation of regulations or complaint due to discrimination, use of child labour or forced labour.

Diversity and Equal Opportunity

TCL Electronics values the diverse background of employees and is committed to creating an equal, inclusive and diverse employment environment.

We implement a global development strategy to fairly treat the overseas employees and abide by the laws, regulations and labour systems of the places of employment, including *National Employment Standards of Australia*, *Fair Work Act 2009 of Australia*, and *Labour Code of the Philippines*. In addition, we have laid down internal policies for branches operating in different countries according to relevant local laws and regulations. For example, the Philippine branch has formulated *the Policy on Recruitment and Selection*, and *the Policy on Timekeeping and Payroll Processing*, in order to ensure that our staff management complies with local laws and regulations.

We actively shoulder our corporate social responsibility, set up employment positions for persons with disabilities in the Company, and provide them with equal employment opportunities. In 2022, TCL Communication set up a new disability recruitment program and recruited 22 disabled employees to help them realise self-value.

		2022
Total number of employees		24,694
Breakdown by gender	Male	14,391
	Female	10,303
Breakdown by employment category	Full-time employees	24,694
	Part-time employees	0
Breakdown by age group	29 or below	9,153
	30 to 49	14,273
	50 or above	1,268
Breakdown by geographical region	Mainland China	20,514
	Hong Kong, Macao and Taiwan	29
	Overseas	4,151

▲ Employees of TCL Electronics in 2022

Remuneration and Benefits

TCL Electronics complies with the *Labour Law of the PRC*, and establishes and continuously improves the scientific and reasonable salary and welfare system according to the Group's *Employee Handbook* considering fairness and incentives, and continues to improve the Company's market competitiveness and external attractiveness.

Remuneration

In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual performance, qualification and experience of employees). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual performance of employees. The remuneration policy of the Group has been reviewed regularly, making reference to current legislation, market condition and both the performance of individual employees and the Group. The salary is reviewed annually and adjusted according to the latest remuneration policy of the Company. In order to align the interests of staff with those of shareholders of the Company, share options and/or restricted shares were granted to relevant employees of the Company, under the Company's share option scheme and restricted shares scheme.

Employees' Benefits and Rest Periods

- We pay pension scheme contributions, social insurance, commercial insurance and/or housing provident fund for employees according to local laws and regulations
- We provide all employees with statutory holidays, annual leave, maternity leave and other holidays according to law
- We provide employees with welfares and holiday bonuses and special gifts on Women's Day, Children's Day, Mid-Autumn Festival and other festivals
- We provide transportation reimbursement, service station compensation for employees working overtime

Employee Care

According to the actual needs and suggestions of employees, TCL Electronics constantly improves the employee care activities, cares about their physical and mental health, solves their actual difficulties, and strives to improve their happiness.

Union and Care Activities

In order to ensure the protection of employees' rights and interests, TCL Electronics has set up unions at all levels, which will participate in the development of employee-related benefits policies on behalf of employees. We have further avoided human rights abuses such as discrimination, harassment, and unreasonable working hours, and fostered a harmonious and equal working environment through various measures, such as the *Labour Agreement* signed between the Company and the union on behalf of the employees.

In terms of humane care, based on the union organisation, we set up eight clubs, including Outdoor Sports Club, Basketball Club and Badminton Club, and regularly organise club activities in the headquarters and branches of the Company to guide employees to live a healthy life and enhance corporate cohesion. In addition, we organise festival garden parties in Lantern Festival and Mid-Autumn Festival, as well as group activities such as staff birthday parties to care for employees.

As of the end of 2022, the number of union members of TCL Electronics exceeded 10,000.

Employee Care Measures

Convenient Transportation	We provide shuttle bus services between and within Shenzhen and Huizhou
Ease of Living	We provide dormitory services for fresh graduates, employees for off-site origin, and employees working alternatively in Shenzhen and Huizhou
Employee Support	We set up a mutual aid association to help employees in need
Care for Female	We set up a Baby Care Room, which is equipped with daily necessities for mothers and infants
Environment Optimisation	We continuously upgrade public facilities such as canteens and optimise the working and living environment of employees
Special Care	We provide festival care for family members, courtesy pandemic prevention kits, upgraded health check benefits, medical supplies and other travel and health care for expatriates and employees on overseas business trips



▲ Activity of Basketball Club



▲ Activity of Badminton Club



▲ Birthday Party for Employees



▲ Mid-Autumn Festival Celebration

Case: Employee support

The TCL Electronics Mutual Aid Fund (the **"Mutual Aid Fund"**), advocated and supported with donation by Dr. TSENG Shieng-chang Carter (an independent non-executive director of TCL Electronics) and others, was established in August 2012. The Mutual Aid Fund is a self-managed organisation formed by employees under the Group's union association and is dedicated to assisting employees or families suffering from serious illness or major disasters. Since its establishment, the Mutual Aid Fund has been rendering assistance to employees who suffered hardship. The total donation amount of 2022 was approximately RMB60,000.

9.3. Employee Training and Development

TCL Electronics values the cultivation and development of talents. We constantly improve the talent training system, motivate employees, and enhance their personal competence, to enable them to fully exert their potentials, and achieve all-round development.

In line with the Company's development strategy, we carry out the Program of Four Lines of Training, including Eagle series, new leader series, professional series and learning platform resource construction, to provide rich training resources for all staff. On this basis, each subsidiary of TCL Electronics makes annual training plans according to its own actual situation, and continuously launches professional training programs for different kinds of employees to help them grow in an all-round way. In 2022, we also provided subsidies and rewards to professionals who obtained the Project Management Professional Qualification Certificate (PMP), on-the-job educational qualification certificate (such as MBA/EMBA) and other certificates to encourage employees to improve their management competence and help build the Company's management talent team.

Training Program	Program Introduction	Key Actions in 2022
Eagle Talent Training Program	Based on the employee grades and taking fresh graduates as the starting point, we have built a leadership development system from "Rookie Eagle" "Flying Eagle" to "Elite Eagle" as well as a new leader and highly potential talent training system, to help students quickly adapt to the workplace.	<ul style="list-style-type: none"> A new 5-year super A special training program is set up to select outstanding graduates and expand the talent pool of the Company. We constantly follow up the learning of employees and strengthen and consolidate the learning content through independent TLink group, after-class learning test and clocking in study. Interactive activities such as the Rookie Eagle onboarding meeting and the lunch meeting with the general manager are organised to promote two-way communication.
New Leader Training Program	The New Leader Training Program provides special training for new managers, department heads, directors and other key positions to accelerate the targeted improvement of management competence of the new leaders and help them realise rapid adaption in 90 days.	<ul style="list-style-type: none"> Monthly feedback mechanism for on-duty learning is set up to promptly follow up the training process of new management staff. Online course resources are refined and updated constantly to improve the staff learning efficiency.
Professional Training Program	We provide professional competence training according to the nature of employees' work, which mainly includes Sword Casting Plan, Cost Reduction and Efficiency Surge Training Camp, training for new employees hired through experienced hire and technology learning program for all, so as to further ensure the rapid implementation of organisational strategic projects.	<ul style="list-style-type: none"> For workers, sales representatives and other employees, we set up training programs to improve their operation competence, and continue to train and provide outstanding management talents.
Construction of Learning Platform Resources	T-Academy and other public learning platforms are set up for all employees to share learning resources and a variety of learning methods are available to increase the diversity and joy of learning.	<ul style="list-style-type: none"> We constantly hold public training activities such as lecturers' festival and CEO lecture to create a positive learning atmosphere in the Company.

▲ Talent Training System of TCL Electronics

		2022
Average number of completed training hours for all employees		40 hours
Breakdown by gender	Average number of completed training hours for male employees	46 hours
	Average number of completed training hours for female employees	31 hours
Breakdown by employee type	Average number of completed training hours for senior management	132 hours
	Average number of completed training hours for middle management	67 hours
	Average number of completed training hours for junior employees	34 hours
All employee training coverage		99.33%
Breakdown by gender	Average training coverage of male employees	58.53%
	Average training coverage of female employees	41.47%
Breakdown by employee type	Training coverage of senior management	0.19%
	Training coverage of middle management	8.83%
	Training coverage of junior employees	90.98%

▲ Employee Training Data of TCL Electronics in 2022

Case: Overseas business talent training program

In order to help the Group's overseas business deliver strategic goals, enhance the organisational capacity of overseas branches, and expand the pool of expatriated talents, TCL Electronics set up a series of reserve camps and training and empowerment projects for overseas employees in 2022.

Overseas Elite Eagle Reserve Camp: We arranged professional and English selection and evaluation, and provided training programs such as team expansion and intensive training sandbox to cultivate talents with operation, management and general skills, and boost the selection of reserve talents.

Role cognition training: We launched business interviews, position model sorting, empowerment courses and practical topic discussion to further improve the professional competence and responsibility of employees.

Marketing training series: Under the Guidance of Marketing Operation Manual, we organised a series of training activities to improve the marketing standardisation requirements, and enhance the marketing skills of all business staff.



Case: Six Sigma basic application training

In May 2022, TCL Communication organised a Six Sigma basic application training project. The project helped employees learn data analysis tools such as dendrogram, fishbone diagram and Pareto diagram, and use the Six Sigma DMAIC (Define, Measure, Analyse, Improve and Control) mindset to solve practical work problems. It effectively improved the efficiency and quality of the work of employees, and helped achieve lean management in the enterprise.



9.4. Occupational Health and Safety

TCL Electronics keeps a close watch on the occupational health and safety of each employee, and constantly strengthens the safety and health management measures to create a positive and safe working environment for employees, and ensure that employees avoid occupational hazards. The Company has passed the certification of ISO 45001 occupational health and safety management system, RBA audit, SMETA audit, SCAN (Supplier Compliance Audit Network) certification and SCS (Supply Chain Security) audit, and established a work safety standardised system.

Work Safety

In strict compliance with *Work Safety Law of the PRC* and other laws and regulations, TCL Electronics has laid down the *Work Safety Management Measures* and *6S Management Rules*, and implements safety management measures such as safety inspection, emergency drill and production safety summary as planned.

Work Safety Management Structure

In 2022, according to the actual operation situation of the Company, we adjusted the management scope and operation mechanism of the Safety Management Committee and Safety Committee Office. And we set up a new safe production working group of Huizhou TCL LCD Industrial Park (the “**Safe Production Working Group**”) to further perfect the Company’s internal work safety management system.

Management Level	Management Duties
Safety Management Committee	<ul style="list-style-type: none"> Be responsible for the research, deployment and guidance of safety management Study and put forward major guidelines and policies in safety management Study and solve the major problems in enterprise safety management
Safety Committee Office	<ul style="list-style-type: none"> Be responsible for studying and providing suggestions on major guidelines, policies and important measures of production safety Supervise and inspect the safety management work of subsidiaries, organise and implement safety inspection, urge the related units to fulfill rectification of hidden hazards and outstanding problems
Safe Production Working Group	<ul style="list-style-type: none"> Establish the work safety management mechanism in the industrial park, organise and roll out safety inspection, emergency drill, work safety training and other activities as planned Coordinate internal and external audit matters related to work safety

▲ Safety Management Hierarchy of TCL Electronics

Work Safety Goals

We have set down work safety management goals for each level and each centre/business unit, and defined the responsibilities of work safety management. In 2022, there was no major work safety accident in the Company.

Work Safety Goals	Fulfillment in 2022
“Zero” major work safety accidents	✓
“Zero” disabling or fatal safety accidents	✓
“Zero” medical supplies poisoning incidents	✓
“Zero” major fire, explosion, mechanical safety accidents, major public security problem, asset theft incidents ²⁵	✓

▲ Fulfillment of Safety Goals of TCL Electronics in 2022

Measures to Ensure Work Safety

Work Safety Inspection	Formulate work safety inspection list, organise internal work safety inspection regularly in each centre/business unit on a daily, weekly, monthly and quarterly basis, covering fire facilities, safety signs, hazardous chemicals, etc., and urge all units to rectify problems in time; cooperate with third parties to carry out external inspection, implement rectification according to the third party inspection report, confirm the operating status of safety equipment with the professional maintenance organisation and effectively control all kinds of safety and fire risks.
Safety Performance Evaluation	Organise and perform annual work safety performance evaluation of all units and individuals on a regular basis, commend and reward units and individuals with excellent performance in production safety and fire safety, punish those responsible for production safety and fire safety accidents, and further implement the Company’s work safety management mechanism.
Construction of Safety Culture	Provide basic safety training for employees according to the work safety training plan, provide safety training for operators in key positions, and continuously organise safety publicity activities such as safety regulations publicity, fire-fighting skills competition and safe production month in the Group, so as to comprehensively raise the safety management level and work safety awareness at all levels of the Group. Constantly improve the emergency planning system for safety accidents, establish standardised implementation procedures of emergency drills, and carry out a series of emergency drills, such as fire-fighting drills, natural disaster drills and hazardous chemical leakage drills, so as to enhance employees’ ability to deal with safety accidents.

As of the end of 2022, TCL Electronics carried out 132 safety inspections, found 382 hidden hazards in total, of which, 380 were closed, and 2 were under rectification, with a total closure rate of 99%.

As of the end of 2022, TCL Electronics launched 12 company-level safety trainings for skill improvement, involving more than 900 attendances and 1,800 training hours. The training completion rate of special operation staff was 100%. 11 emergency drills were rolled out, involving more than 11,000 attendances.

²⁵ Refer to the accident/incident with an economic loss of more than RMB20,000.



▲ New Employees Receiving Basic Safety Training



▲ Forklift Operation Safety Training Site



▲ Firefighting Skills Competition



▲ Special Event for Work Safety Month



Occupational Health

Conscientiously following *Law of the PRC on the Prevention and Control of Occupational Diseases*, *Regulation on Work-Related Injury Insurance* and other relevant laws and regulations, TCL Electronics has further refined the *Inspection Report on Occupational Hazards in the Workplace* and the *Assessment Report on the Current Status of Occupational Hazards*, continuously performs assessment of occupational hazards and daily physical examination of employees, and regularly inspects wearing of occupational health protective equipment and labour protection equipment, so as to effectively protect the occupational health of employees and avoid occupational hazards.

In 2022, we evaluated and identified toxic and harmful factors and high-risk groups in various positions of the Group, and organised occupational health examinations for 64 identified employees, to effectively monitor and manage employees' occupational health status.

TCL King (Huizhou), Huizhou TCL Mobile Communication Co., Ltd. and TCL Optoelectronics Technology (Huizhou) Co., Ltd. have passed the ISO 45001 occupational health and safety management system certification.



As an accountable enterprise, TCL Electronics keeps social responsibility firmly in mind and has created a steady flow of social value along its operation. We have devoted ourselves to the public welfare and charitable undertakings, such as pandemic prevention and disaster relief, public education and caring about the vulnerable group, and also worked with our employees to participate in voluntary services in the spirit of conveying the wave of positive energy to the society.

Issues Covered in this Chapter	Category
Community investment	Social

10 Giving Back to Society

10.1. Pandemic Prevention and Disaster Assistance

When one is in need of help, all sides offer a hand. In fighting against the COVID-19 pandemic and natural disasters, TCL Electronics has made great efforts to selflessly support the pandemic prevention and control in Guangdong Province, while providing assistance to the regions in Yingde City of Guangdong Province that was suffering from floods, and donating emergency supplies to them. As we joined hands with people suffering from the disaster and helped them overcome difficulties in disaster rescue and relief, the wave of positive energy was spreading.

Case: Supported for the prevention and control of the pandemic in Huizhou

In October 2022, for ensuring people's safety during returning to work and going back to schools after the National Day holiday, TCL Communication mobilised its employees to participate in voluntary pandemic control services in public areas such as parks, hospitals and communities in Zhongkai District, Huizhou City, Guangdong Province, assisting in pandemic control support including disinfection and cleaning, nucleic acid testing, travel code inspection, as well as guiding the people and vehicles flows in high-speed railway and highway areas.



▲ Volunteers Assisted in Nucleic Acid Testing at the Gate of the Hospital

Case: Supported the front line of flood fighting in Yingde

In June 2022, multiple areas in Guangdong province suffered from natural disasters including torrential rain, floods and landslides arising from consecutive days of heavy rainfall, which caused severe impact in these places, especially in Yingde City. TCL Communication immediately organised volunteers to take part in the disaster rescue in Yingde by assisting in road rescue, disinfection and cleaning and power generation equipment transportation, and providing emergency supplies such as drinking water and instant noodles for disaster-struck victims, so as to help people in these disaster-struck areas with flood fighting and rescue and quickly rebuild their homes.



10.2. Public Service Activities

TCL Electronics is devoted to the social public services, adheres to the original aspiration of contributing to the society, and is committed to creating education and growth opportunities for vulnerable groups, seeking community welfare, and conveying a philanthropic and responsible corporate image to the society.

Case: TCL education tablet extends the warmth of “Home A.I.”

In November 2022, TCL Communication and Shenzhen TCL Foundation developed the “Eagle Listening” APP and officially launched the educational tablet product of TCL Mobile Classroom L10. As an extended item of the “Home A.I.” project, “Eagle Listening” has three educational resources segments including story, music and poetry. With AI technology, children can synthesise and customise their parents’ voices through WeChat applet, and listen to stories with customised tone on APP. While they are learning through the APP, children can always feel the company of their parents. AI technology enables children left behind in rural areas and with no fixed abode to enjoy their childhood.



▲ The Page of Public Welfare Module on TCL Mobile Classroom L10

Case: “Caring for Tomorrow”, the college student aid program

In 2022, TCL Electronics continued to participate in the “Caring for Tomorrow”, the first-generation college student aid program, and donated RMB100,000 to the China Charities Aid Foundation for Children, to support families with difficulties. We comprehensively empowered senior high school students in terms of learning, quality, and ability, endeavouring to cultivate them into the first generation of college students in the family. In July 2022, the first students funded by the student aid program achieved excellent results in the college entrance examination, with 97% above the score line for admission into the first batch of universities. In the future, we will continue to fund more students to build their brighter tomorrow and help promote equity in education with practical actions.

Case: Charity activity for the disabled

In October 2022, TCL Electronics and the Social Health Centre of the Disabled Persons’ Federation of Xili Street, Shenzhen, jointly organised the activity of “Caring about the Disabled”, donating RMB10,000 worth of TCL TV sets, milk, umbrellas, blankets and other living materials to the centre, enriching the leisure life of the disabled and bringing them social warmth.



▲ TCL Electronics Donates Living Materials to the Social Health Centre of the Disabled Persons’ Federation of Xili Street

Case: Charity activity of hiking for donation by all staff

In 2022, TCL Electronics teamed up with the Spring Warm Social Work Service Centre of Longgang District, Shenzhen to carry out the hiking for charity activity by all staff. Employees could participate in the hiking for charity by scanning WeChat QR code. TCL Electronics then donated cash according to the amount generated from the hiking for charity. The total donation from the activity was approximately RMB19,000, which would be used to support the charity project for autistic children to brighten their lives with love.



▲ Hiking for Charity by All Staff

11 Outlook



Exposed to such external pressure as continued downward economy and exacerbated industrial competition mixed with such market opportunities as rising digital economy and green economy, TCL Electronics has been able to adapt, with flexibility and innovation, to changes in such an environment where opportunities and challenges coexist, and maintain its aspiration to explore the path towards sustainable development.

In 2022, we have actively expanded the new track of “intelligent IoT ecosystem” across all categories by leveraging our core industrial and technological strengths. On a global scale, we provided our users with “all-scenario, all-category, all-connected” smart living experience with the goal of becoming the leading player in the global intelligent device market. Meanwhile, we had a strategic deployment in the photovoltaic industry and founded the photovoltaic business group, promoting the development of the clean energy industry and technology, as well as the transformation of the energy structure, which is also a significant milestone towards the Group’s environmental targets for 2025.

Looking ahead to 2023, we will vigorously practise the “Building a Sustainable and Connected Future with Advanced Technology” mission, adhere to promotion of the strategic layout of “globalisation”, “intelligence” and “green” and explore potentials in new markets, fields and tracks. By accelerating the transformation of digital and green manufacturing, TCL Electronics will lay the foundation for sustainable and high-quality development. We will continue to explore revenue growth drivers, upgrade our product and service experience and strengthen our management in green and low-carbon development. We will also improve the innovative talent cultivation mechanism while pursuing the concept of public welfare, in an attempt to deliver greater value to our shareholders, users, employees and other stakeholders.

12. ESG Performance Overview

ESG KPIs	Unit	2022	2021	2020
A. Environmental				
A1. Emissions				
A1.1 Air contaminants ²⁶				
SO ₂	kg	177	215	Not disclosed
NO _x	kg	3,230	2,269	Not disclosed
PM	kg	1,850	1,640	Not disclosed
VOC	kg	8,858	6,552	Not disclosed
A1.2 Total GHG emission and intensity				
Scope 1 (Direct greenhouse gas emissions generated by the use of diesel, gasoline and natural gas)	tCO ₂ e	7,672	10,994	14,407
Scope 2 ²⁷ (Energy indirect greenhouse gas emissions generated by the purchased electricity)	tCO ₂ e	80,873	88,932	111,323
Total GHG emission (Scope 1 and Scope 2)	tCO ₂ e	88,545	99,926	125,730
GHG emission intensity by revenue	kg CO ₂ e/HKD million revenue	1,241	1,335	2,097
A1.3 Total hazardous waste produced and intensity ²⁸				
Paint waste	t	76	70	70
Paint scrap	t	64	70	64
Oil-contaminated wastewater	t	17	47	54
Empty buckets	t	12	20	20
Others	t	96	82	70
Total hazardous waste	t	265	289	278
Hazardous waste intensity by revenue	kg/HKD million revenue	3.71	3.85	5.46

²⁶ The air contaminants emitted by TCL Electronics are mainly the nitrogen oxide (NOx) from the natural gas burning and the volatile organic compounds (VOC) from the painting process. The emission of VOC is regularly tested by the regulatory authorities of factory locations and complies with the standards set by local governments. In 2022, the Group redefined the classification and calculation standards for air contaminants data, and restated relevant 2021 data for KPI A1.1 Air contaminants to improve the comparability of data.

²⁷ The source of grid electricity GHG emission factors in 2022 is the *Notice on the Management of Greenhouse Gas Emission Reporting of Enterprises in the Power Generation Industry from 2023 to 2025* issued by the Ministry of Ecology and Environment. The source of grid electricity GHG emission factor in 2021 is the *Guidelines for Accounting Methods and Reporting of Corporate Greenhouse Gas Emissions – Power Generation Facilities (2022 Revised Edition)* issued by the Ministry of Ecology and Environment.

²⁸ In 2022, TCL Electronics further improved the classification and calculation standards for waste data of each factory, and restated relevant 2021 and 2020 data for KPI A1.3 Total hazardous waste produced and intensity and KPI A1.4 Total non-hazardous waste produced and intensity to improve the comparability of data.

ESG KPIs	Unit	2022	2021	2020
A1.4 Total non-hazardous waste produced and intensity ²⁸				
Carton	t	4,173	3,935	4,327
Plastics	t	3,375	2,765	2,939
EPS	t	297	327	286
Others	t	2,870	3,440	2,864
Total non-hazardous waste	t	10,715	10,467	10,416
Non-hazardous waste intensity	t/HKD million revenue	0.15	0.14	0.20
A2. Use of resources				
A2.1 Total direct and/or indirect energy consumption by type and intensity				
Diesel	L	3,955	5,397	2,016
Gasoline	L	25,274	26,466	22,927
Natural gas	m ³	3,492,044	4,856,281	4,180,146
Purchased grid electricity consumption	kWh	135,587,081	147,717,876	126,205,173
Solar power generation for self-use	kWh	7,670,042	17,488,240	7,310,680
Total energy consumption ²⁹	MWh	181,248	218,050	178,977
Energy consumption intensity by revenue	MWh/HKD million revenue	2.54	2.91	3.27

²⁹ The source of standardised coal coefficient and electric power equivalent value used to calculate energy consumption in 2022 is the *General Rules for Calculation of the Comprehensive Energy Consumption (GB/T2589-2020)* issued by the National Standard of the PRC. Total energy consumption includes the amount of solar power generation for self-use.

ESG KPIs	Unit	2022	2021	2020
A2.2 Total water consumption and intensity				
Total water consumption	m ³	801,186	1,079,693	982,617
Water intensity by revenue	m ³ /HKD million revenue	11.23	14.43	17.63
A2.5 Total packaging material consumption and intensity for finished goods				
Carton	t	82,857	73,641	59,786
Manual	t	2,937	3,628	3,364
EPS	t	13,923	12,334	15,211
Total Packaging material	t	99,717	89,604	78,361
Packaging material intensity by revenue ³⁰	t/HKD million revenue	1.40	Not disclosed	Not disclosed
B. Social				
B1. Employment				
B1.1 Total workforce by gender, employment type, age group and geographical region				
Total number of employees	Number of person	24,694	31,238	34,155
Total workforce by gender				
Male	Number of person	14,391	18,854	21,189
Female	Number of person	10,303	12,384	12,966
Total workforce by employment type ³¹				
Full-time	Number of person	24,694	28,696	Not disclosed
Part-time	Number of person	0	2,542	Not disclosed
Total workforce by age group				
29 or below	Number of person	9,153	13,461	16,912
30-49	Number of person	14,273	16,596	16,199
50 or above	Number of person	1,268	1,181	1,044

³⁰ New KPI disclosed in 2022.

³¹ The number of employees by employment type in 2022 and 2021 adopts the classification of full-time employees and part-time employees. The data classified by senior management, middle-level management and junior employees corresponding to past years have been restated.

ESG KPIs	Unit	2022	2021	2020
Total workforce by geographical region				
Mainland China	Number of person	20,514	25,932	30,001
Hong Kong, Macau and Taiwan	Number of person	29	52	21
Overseas	Number of person	4,151	5,254	4,133
B1.2 Employee turnover rate by gender, age group and geographical region³²				
Overall employee turnover rate	%	28	33	41
Employee turnover rate by gender				
Male	%	31	35	44
Female	%	23	30	36
Employee turnover rate by age group				
29 or below	%	40	46	48
30-49	%	19	24	32
50 or above	%	17	16	48
Employee turnover rate by geographical region				
Mainland China	%	25	4	42
Hong Kong, Macau and Taiwan	%	15	37	22
Overseas	%	40	72	31
B2. Health and safety				
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year				
Number of work-related fatalities	Number of person	0	0	0
Rate of work-related fatalities ³³	%	0	0	0
B2.2 Lost days due to work injury				
Number of injuries	Case	19	6	13
Total lost days due to work injury	Day	365	93	666

³² The 2022 and 2021 employee turnover rate calculation excludes the number of labour dispatch.

³³ Rate of work-related fatalities is calculated as the ratio of the number of work-related deaths to the total number of employees.

ESG KPIs	Unit	2022	2021	2020
B3. Development and training				
B3.1 Percentage of employees trained by gender and employee category³⁴				
Percentage of all employees trained	%	99.33	100.00	100.00
Percentage of male employees trained	%	58.53	100.00	100.00
Percentage of female employees trained	%	41.47	100.00	100.00
Percentage of senior management trained	%	0.19	100.00	100.00
Percentage of middle management trained	%	8.83	100.00	100.00
Percentage of junior employees trained	%	90.98	100.00	100.00
B3.2 Average training hours completed per employee by gender and employee category				
Average number of training hours for all employees	Hour	40	28	24
Average number of training hours for male employees	Hour	46	31	25
Average number of training hours for female employees	Hour	31	22	22
Average number of training hours for senior management	Hour	132	95	27
Average number of training hours for middle management	Hour	67	53	39
Average number of training hours for junior employees	Hour	34	27	23
B5. Supply chain management				
Total number of suppliers	Number of suppliers	1,048	607	536
B5.1 Number of suppliers by geographical region				
Breakdown by geographical regions				
Mainland China	Number of suppliers	890	466	396
Hong Kong, Macau, Taiwan and overseas	Number of suppliers	158	141	140

³⁴ For more meaningful disclosure, the calculation method of KPI B3.1 Percentage of employees trained by gender and employee category for 2022 has been updated according to the *How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs* issued by the Hong Kong Stock Exchange. The updated breakdown of percentage of employees trained in relevant categories is the percentage of the number of employees trained in the specified category to the total number of employees trained x 100%.

ESG KPIs	Unit	2022	2021	2020
B5.2 Number of suppliers where the practices are being implemented	Number of suppliers	1,048	588	Not disclosed
B6. Product responsibility				
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	Not disclosed
B6.2 Number of products and service related complaints received ³⁵	Case	2,355	1,064	1,238
B7. Anti-corruption				
B7.1 Number of concluded legal cases regarding corrupt practices brought against the Company or its employees	Case	0	1	0
B7.3. Anti-corruption training provided to directors and staff				
Anti-corruption training courses	Session	13	12	Not disclosed
Training participated by directors (including directors of subsidiaries of the Company)	attendance	290	264	Not disclosed
Training participated by employees	attendance	10,170	9,245	Not disclosed
B8. Community investment				
B8.2 Resources contributed to the focus area				
Value of goods and materials donated	RMB thousand	67	70	116
Number of volunteer hours	Hour	5,792	41,893	13,938
Number of volunteers	Number of person	922	860	732
Monetary donations	RMB thousand	10,453	307	199

³⁵ This item includes media complaints received by TCL Electronics in China and abroad, including complaints about products, services and sales, etc. In 2022, TCL Electronics additionally counted the number of complaints from users of e-commerce platform and monitored media channels, so the number of products and service related complaints received increased significantly compared with 2021.

13. ESG Index

Mandatory Disclosure Requirements

Description	Disclosure Paragraph
Governance Structure	
A statement from the board containing the following elements:	4 Statement of the Board
(i) a disclosure of the board's oversight of ESG issues;	5 ESG Governance
(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	
(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	
Reporting Principles	
A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	2 About this Report
	5 ESG Governance
	12 ESG Performance Overview
Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	
Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	
Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	
Reporting Boundary	
A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	2 About this Report

"Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph
A. Environmental		
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.	8 Green Operation
KPI A1.1	The types of emissions and respective emissions data.	8.3 Energy Conservation and Emission Reduction 8.5 Promoting Circular Economy 12 ESG Performance Overview
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.6 Responding to Climate Change 12 ESG Performance Overview
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.5 Promoting Circular Economy 12 ESG Performance Overview
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.5 Promoting Circular Economy 12 ESG Performance Overview
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	8.1 Environmental Management System 8.3 Energy Conservation and Emission Reduction 8.4 Water Conservation 8.5 Promoting Circular Economy 8.6 Responding to Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	8.1 Environmental Management System 8.5 Promoting Circular Economy

Subject Areas, Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	8.3 Energy Conservation and Emission Reduction 8.4 Water Conservation 8.5 Promoting Circular Economy 7.2 Green Design
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	8.3 Energy Conservation and Emission Reduction 12 ESG Performance Overview
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	8.4 Water conservation 12. ESG Performance Overview
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	8.1 Environmental Management System 8.2 Deployment of Photovoltaic Business 8.3 Energy Conservation and Emission Reduction 7.2 Green Design
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	8.1 Environmental Management System 8.4 Water Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	7.2 Green Design 12 ESG Performance Overview
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	6.3. Fulfilling Partner Responsibility 7.2 Green Design 8 Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.3. Fulfilling Partner Responsibility 7.2 Green Design 8 Green Operation
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	8.6 Responding to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	8.6 Responding to Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph
B: Social		
Employment and Labour Practices		
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.	9.1 Enhancing Talent Attraction 9.2 Right and Benefit Protection
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	9.2 Right and Benefit Protection 12 ESG Performance Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	12 ESG Performance Overview
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.	9.4 Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	12. ESG Performance Overview
KPI B2.2	Lost days due to work injury.	12 ESG Performance Overview
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	9.2 Right and Benefit Protection 9.4 Occupational Health and Safety
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9.3 Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	9.3 Employee Training and Development 12 ESG Performance Overview
KPI B3.2	The average training hours completed per employee by gender and employee category.	9.3 Employee Training and Development 12 ESG Performance Overview

Subject Areas, Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph
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.	9.2 Right and Benefit Protection
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	9.2 Right and Benefit Protection
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	9.2 Right and Benefit Protection
Operating Practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.3 Fulfilling Partner Responsibility
KPI B5.1	Number of suppliers by geographical region.	12 ESG Performance Overview
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6.3 Fulfilling Partner Responsibility
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.3 Fulfilling Partner Responsibility
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.3 Fulfilling Partner Responsibility 7.2 Green Design
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	7.3 Product Responsibility 7.4 Quality Service
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7.3 Product Responsibility 12 ESG Performance Overview
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	7.4 Quality Service 12 ESG Performance Overview
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2 Complying with Laws and Regulations
KPI B6.4	Description of quality assurance process and recall procedures.	7.3 Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	7.4 Quality Service

Subject Areas, Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph
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.	6.2 Complying with Laws and Regulations
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.2 Complying with Laws and Regulations 12 ESG Performance Overview
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.2 Complying with Laws and Regulations
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.2 Complying with Laws and Regulations
Community		
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.	10 Giving Back to Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	10 Giving Back to Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	10 Giving Back to Society 12 ESG Performance Overview

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