SUSTAINABILITY REPORT

TCL Communication Technology Holdings Limited

2015

Management Statement

As a world leading provider of mobile terminal manufacturer and internet service, TCL COMMUNICATION specializes in offering smart terminal products and services with premium user experience. Upholding the corporate mission, which is to create value for customers, provide opportunities for employees, bring benefit to shareholders, and shoulder responsibilities to the society, the company has always been proactively fulfilled its social responsibilities while expanding international business.

CEO

Dr. GUO Aiping

TCL COMMUNIATION dedicates itself to build eco-friendly factory, to ensure product safety by stringent quality management system and supply chain management system, as well as emphasize energy saving and environment protection. The company provides a sound working environment with full of potential for employees, cares for their growth and long-term development. Meanwhile, the company also undertakes social service programs to help communities to realize sustainable development.

STATEMENT FROM CSR COMMITTEE CHAIRMAN

CSR Committee Chairman

TCT SVP

Global Manufacture Center GM

Mr. LV Xiaobin

TCL COMMUNICATION is a global player in mobile terminal industry and our corporate mission instructs us to take care of our customers, employees, shareholders and society.

As the chairman of CSR committee and GM of global manufacturing center in TCL COMMUNICATION, I do believe that if we want to play globally, we need to fulfill these requirements below,

- Satisfy our customers with safe and valuable products and services.
- Satisfy our employees with safe and hommization environment.
- Cooperate with our supply chain partners with trustworthiness and good reputation in society.
- Take the social responsibility with green production and friendly to communities.

Since 2008, we have set up OHSAS 18001 & SA8000 management system and both are qualified by TUV, a Germany audit company. Both systems guide us to keep improving in CSR. We do believe that a global sustainable player should be a responsible player in CSR.

STATEMENT FROM CSR COMMITTEE MANAGER

CSR Committee Manager

TCT VP

Global Quality & Customer Care GM

Mr. Laurent LABBE

For many years now, the quality department is leading a CSR activity in TCL communication. We decided to do it not because we have to, but because we think it is our responsibility in the society.

TCL Communication is a global player in the telecom industry and we are willing to be a promoter of green practice, constant improvement on our social responsibility to our employees and outside the company with our suppliers and partners.

The plan was not only on product side but also on human management, resources consumption and saving. This was particularly important in our factory, where a strong focus is done.

Years after years, we developed, implemented many different activities, process, training to improve our practices. Moreover, we have integrated our suppliers in this process by training then work together.

All the activities are monitor with top level management core team and subject to many customers' reviews or audits. Our goal is to spray this spirit, this responsibility inside and outside the company.

We are living in a world where the resources are limited. It is our duty to engage such actions and, in the quality department, to implement the processes, the practices cross company for everyone involvement. It is part of our extended quality mission. Moreover, CSR is one of the formal reported activities to all company managers on regular basis and one of the most audited parts by our customers.

As this is never end, every year, we build an improvement plan, with new targets, despite fierce competitive environment. It is long term view, strategic position for TCL communication, to be a responsible player in this global industry. Everyone is concern, at all level of the company and has his own add value in his scope.

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General Information

Company Profile

TCL Communication Technology Holdings Limited ("TCL Communication"; HKSE stock code: 2618; hereinafter referred to as the "TCT" or the "Company"), a global mobile terminal manufacturer and internet service provider, was founded in March, 1999. The company headquartered in Shenzhen, China, is a subsidiary company of TCL Corporation. TCL Communication's portfolio of products has been sold in over 170 countries in the world with over 12,900 employees in China and overseas.
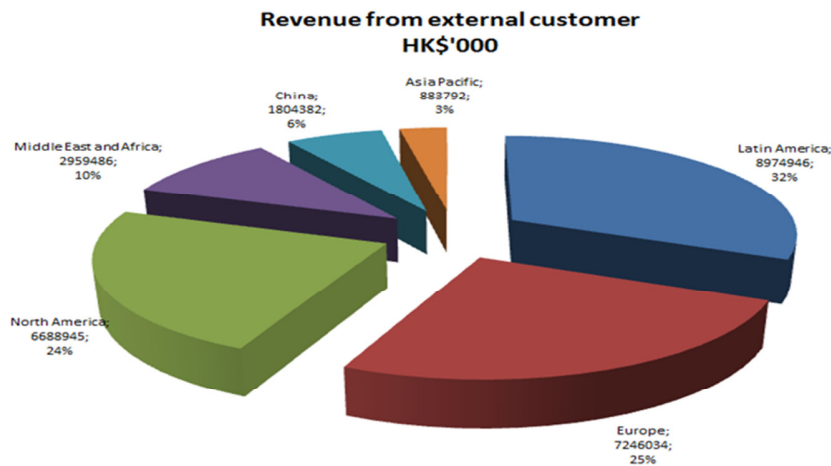
In 2015, TCT total sales volume of handsets and other products grew 9% to 80 million units, with sales volume of smart devices increasing by 7% to 44.5 million units. Revenue for 2015 has decreased by 7% to HK$28.6 billion.

FINANCIAL HIGHLIGHTS

Audited results for the year ended 31 December

	2015 (HK$'000)	2014 (HK$'000)	Change (%)
Revenue	28,557,585	30,691,054	-7%
Gross Profit	6,032,148	5,917,552	+2%
Gross Profit Margin (%)	21.1%	19.3%	+1.8%
EBITDA	1,512,604	1,417,134	+7%
Net Profit	1,057,484	1,107,540	-5%
Basic earnings per share attributable to ordinary equity holders of the parent (HK cents)	84.60	91.58	-8%
Diluted earnings per share attributable to ordinary equity holders of the parent (HK cents)	83.25	88.25	-6%
Proposed final dividend per ordinary share (HK cents)	21.00	26.00	-19%
Full year dividend per ordinary share (HK cents)	33.80	38.80	-13%

During the year, in order to better align markets in different locations, TCT restructured its business regions, changing from 4 into 6 major areas: North America, Latin America, Europe, Middle East and Africa ("MEA"), Asia Pacific ("APAC") and China.

Revenue from external customer HK$'000

- China; 1804382; 6%
- Asia Pacific; 883792; 3%
- Middle East and Africa; 2959486; 10%
- North America; 6688945; 24%
- Latin America; 8974946; 32%
- Europe; 7246034; 25%

* The revenue information above is based on the location of customers.
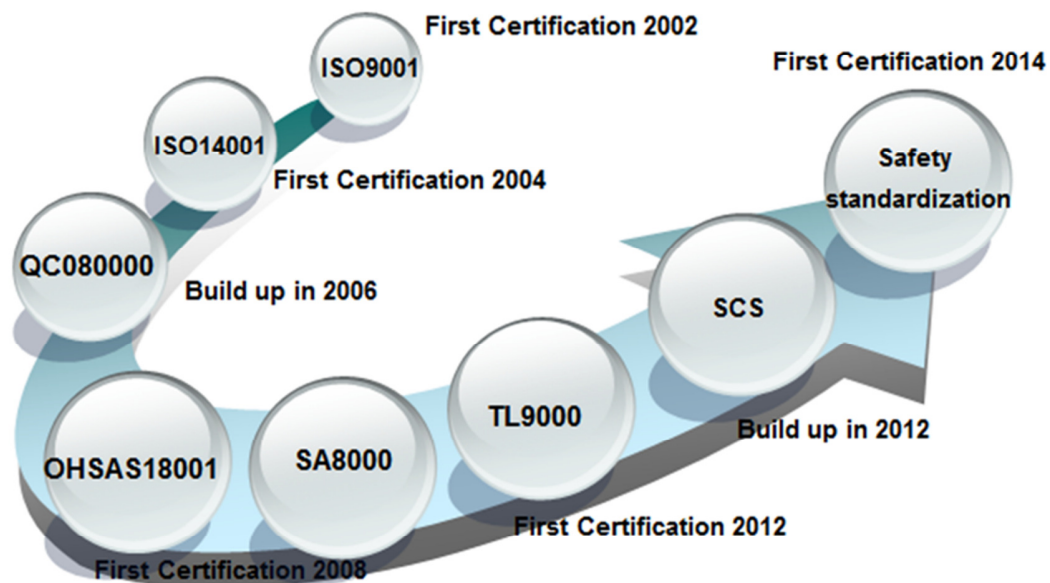* For detailed information, please refer to 2015 Finance Report.

TCT is committed to providing its customers with the ultimate user experience in smart devices, including mobile phones, tablets, smart connectivity devices, wearable devices, accessories etc. Following TCT's "Double +" strategy ("Smart + Internet" and "Products+ Service"), the company has accelerated development in the application and services areas by focusing on mobile internet application services, smart cloud platforms, smart home products, third party payment options, HD video conferencing services, innovation big pads and mobile health service products to create an unique & smart open ecosystem.

TCT operates under four brands: TCL, ALCATEL ONETOUCH, PALM and MOMODA. Its products and services have been sold worldwide. The company has built a solid partnership with global mainstream operators such as VODAFONE, ORANGE and retail giants like WALMART, BESTBUY etc.

As a global mobile terminal manufacturer, TCT has reached world class standards in terms of innovation competence, production facilities, quality control and sustainability systems. TCT's belief in constant enterprise development aims to ensure continuous customer satisfaction, provide employees with career advancement opportunities and

create value for both shareholders and society as a whole. We are determined to produce the best product, provide the best service and create the best brand name.

TCT Communication's mission is to continue to provide our customers with a fully immersive experience using the latest product and service innovations.

TCT CSR Brief

TCT believes that we can help to build a sustainable future while delivering products and services to the customers and end users.

HISTORICAL LANDMARK

2007	**SA8000 and OHSAS Start**	启动
2008	**5 in 1 Management System Developed (ISO9001, ISO14001, QC080000，SA8000,OHSAS) Certificate: SA8000 and OHSAS**	五合一管理体系建立 通过SA8000和OHSAS认证
- 2009	**5 in 1 Management System Successfully Deployed**	五合一管理体系稳健运行
- 2010	**Attention: Supplier CSR Management System (AVL Supplier Audit and Selection)**	开始关注供应商企业社会责任管理
2011	**Build Supply Chain CSR Management Principles**	建立供应链企业责任管理规则

> **TCT Ethical Code** 企业道德准则
>
> **CSR (self)Assessment Checklist** 社会责任自检清单
>
> **Supplier Communication** 供应商沟通

2012	**Supply Chain CSR Management Deployment and KPI tracking**	供应链企业责任管理执行和KPI管理
2014	**GRI Report Preparation**	准备撰写GRI报告

In 2011, TCT built up the system of B.E.C.H.S. (Business Ethical, Environment, Corporate Responsibility, and Health & Safety) to improve our CSR management operation and mission.
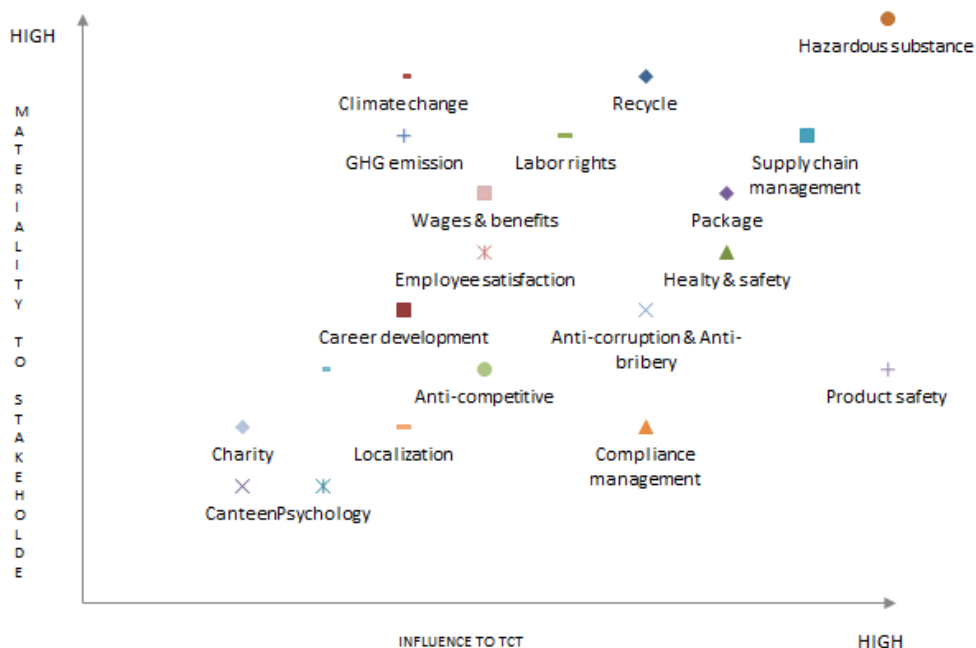
TCT MANAGEMENT STRATEGY

Customer focus, pursue quality;
Energy saving, reducing consumption, green production;
People-oriented, health and safety;
Full against-terrorism, reduce risks;
Responsibility for the benefit of society;
Focusing on prevention and continuous improvement

TCT's ethical code was released in 2011 and developed continually to promote safe and fair working conditions, to ensure the responsible management of environmental and social issues, and to govern our activities with our stakeholders.

Responsible sourcing throughout the lifestyle of a product will lead to greater sustainability overall.

Identified Material Aspects and Boundaries

TCT believes that identified material aspects are important for us. So we identified the topics from stakeholders. After that we did prioritization based on the principles of materiality to stakeholder (Y-axis) and influence to TCT (X-axis). Materiality to stakeholder priority is up to the investigation and analysis result of stakeholders. Influence to TCT priority is up to the analysis of result based on the CSR background, company strategy, long & short term objectives, current status, etc. by CSR committee.

Stakeholder Engagement

To fully understand requirements and concerns, we communicated with all stakeholder in a number of ways

stakeholder	Method of Communication	Requirements and Concerns
Employee	Staff meeting; Satisfaction survey; Worker representative; Suggestion box; Interview; Internal magazine; Wechat; EAP(Employee Assistant Program)	Wages & benefits; Health & safety; Career development; Canteen; Psychology;
Customer/end user	Satisfaction survey; Forum; Questionnaire; Audit; Meeting; Website	Recycling; GHG emissions; Hazardous substances; Climate change; Labor rights; Packaging; Supply chain management; Employee satisfaction; Product safety
Supply Chain	Supplier communication meeting; Audit; Training; E-sourcing system;	Anti-corruption & Anti-bribery; Anti-competitive
Industrial	Forum;	Product safety; Climate change; Labor rights;
Government	Communication meeting; Forum; Report; Certification; Audit;	Compliance management; Employment promotion
NGO	Forum; Report; Website	Hazardous substances; GHG emissions Labor rights; Climate change
Social	Investigation; Forum; website	Localization; Charity work

These topics will be discussed in the report:

Topic	Chapter	Topic	Chapter
Wages & benefits	Wages & Benefits	Packaging	Eco-rating
Health & Safety	Human Resources	Supply Chain Management	Supply Chain CSR
Career Development	Human Resources	Employee satisfaction	Human Resources
Canteen	Human Resources	Product safety	Product KPI
Psychology	Human Resources	Anti-corruption & Anti-bribery	CSR status brief
Recycling	Eco-rating	Anti-competitive	CSR status brief
GHG emissions	Eco-rating	Compliance management	CSR status brief
Hazardous Substances	Eco-rating	Employment promotion	CSR status brief
Climate Change	Eco-rating	Localization	CSR status brief
Labor Rights	Human Resources	Charity Work	CSR status brief

Report Profile

TCT reported our sustainability and CSR status of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December, 2015 so that stakeholders can get to know us better. 2015 is defined as the base year. The reporting cycle is annual.

The report is generated according to Global Reporting Initiative <G4 Sustainability Reporting Guidelines>.

Please contact us via tct.csr@tcl.com with your suggestion.
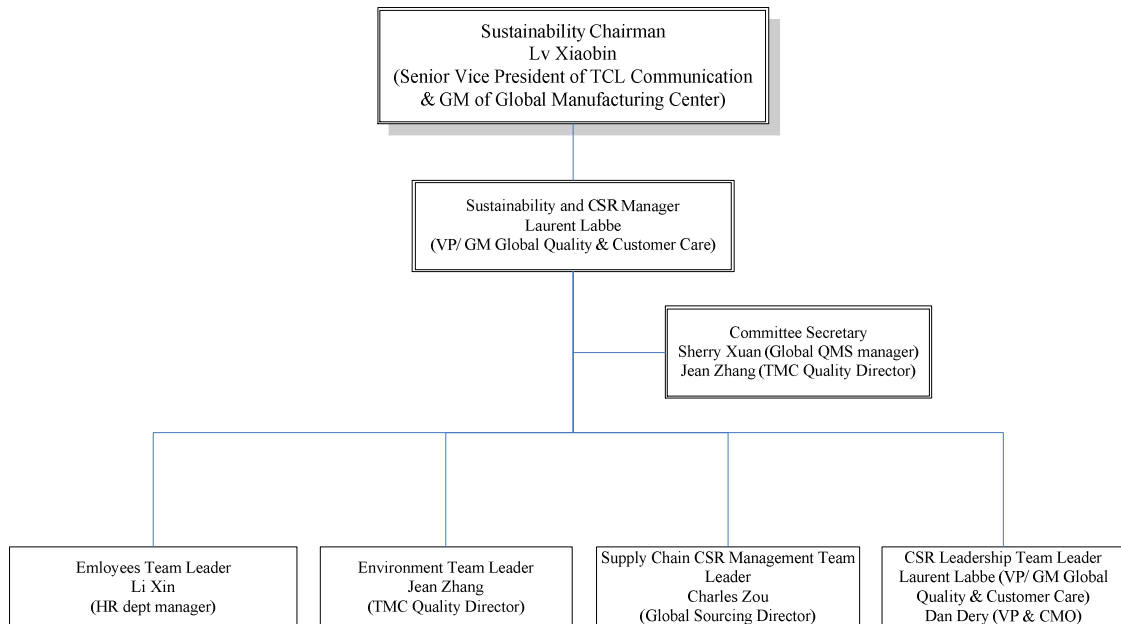
Governance

While TCL Communication Technology Holdings Limited is moving into the world market at an unprecedented pace, the company is also becoming increasingly responsible to shareholders worldwide. The Board of directors (the "Directors") of the Company (the "Board") is committed to enhance the company's corporate governance standards by improving corporate transparency through effective channels of information sharing.

The Board believes that good corporate governance is beneficial for maintaining close relationships and effective communication with its employees, business partners, shareholders and investors.

Led by the Board, CSR committee is responsible for:

- Setting the organization's sustainability purpose, values and strategy
- Competencies and performance evaluation
- Risk management
- Routine reporting and communication

CSR COMMITTEE STRUCTURE

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┌─────────────────────────────────────────┐
│          Sustainability Chairman          │
│              Lv Xiaobin                   │
│  (Senior Vice President of TCL Communication │
│    & GM of Global Manufacturing Center)   │
└─────────────────────────────────────────┘
                    │
        ┌───────────────────────────┐
        │ Sustainability and CSR Manager │
        │         Laurent Labbe          │
        │ (VP/ GM Global Quality & Customer Care) │
        └───────────────────────────┘
                    │
              ┌──────────────────────────────┐
              │     Committee Secretary       │
              │ Sherry Xuan (Global QMS manager) │
              │ Jean Zhang (TMC Quality Director) │
              └──────────────────────────────┘
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Emloyees Team Leader Li Xin (HR dept manager)	Environment Team Leader Jean Zhang (TMC Quality Director)	Supply Chain CSR Management Team Leader Charles Zou (Global Sourcing Director)	CSR Leadership Team Leader Laurent Labbe (VP/ GM Global Quality & Customer Care) Dan Dery (VP & CMO)

TEAM MISSION

Employee Improvement Team
- Wages & benefits
- Staff turnover & satisfaction
- Employee working and living conditions
- Employee relationships
- Productivity
- Health & Safety

Environment Improvement Team
- Environmental protection
- Environmental performance
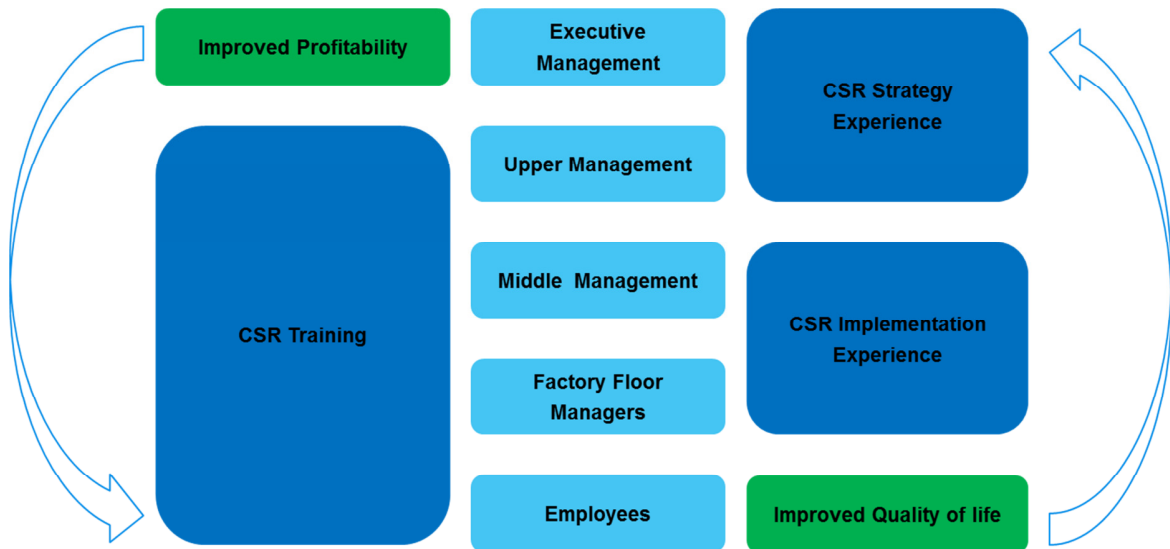- Waste map development
- Energy map development

Supply Chain CSR Management Team
- Supply Chain CSR deployment
- Supply Chain CSR risk assessment
- Supply Chain CSR compliance and follow up

CSR Leadership Team
- Internal CSR management
- Annual key tasks/project management

The members are from the Company's HR, Administration, Manufacturing, R&D, Sourcing, Quality, Finance and other departments.
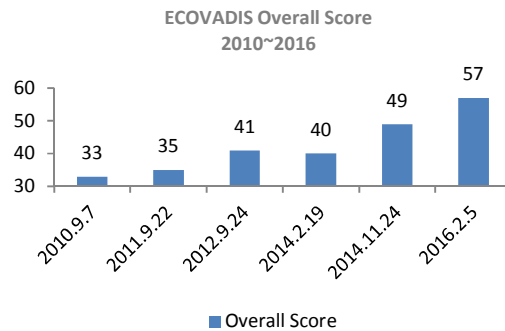

To develop and enhance the Company's collective knowledge of economic, environmental and social topics, we provide appropriate training to executive management, upper management, factory floor managers and employees.

Annual CSR indicators, monitoring, measurement and review are used for the continuous improvement of sustainability.
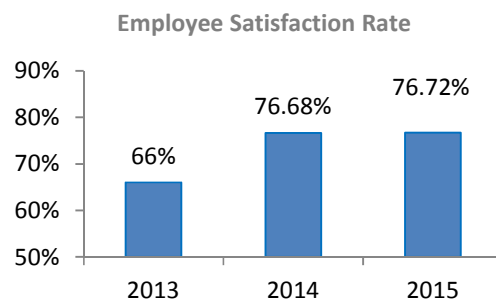
KEY TARGET IN 2015

ECOVADIS 2015 Scoring Improvement

Since 2010, TCT has participated in the ECOVADIS online CSR evaluation program, which covers four major areas: Environmental Protection, Labor and Human Rights, Fair Business Practices and Sustainable Procurement. We enhanced CSR performance through a series of actions and measures such as employee care, environmental awareness and sustainable purchasing. Now TCT is the top 21% of communications companies rated by ECOVADIS, as shown in the evaluation results in February 2016.

ECOVADIS Overall Score 2010~2016

Date	Overall Score
2010.9.7	33
2011.9.22	35
2012.9.24	41
2014.2.19	40
2014.11.24	49
2016.2.5	57

■ Overall Score

Manufacture Center Employee Satisfaction

We conduct surveys every year in order to gauge employee satisfaction rates. Based on these findings, we have taken action to increase the employee satisfaction rate by providing psychological health services, enriching leisure time activities, and providing more effective communication channels.

Employee Satisfaction Rate

Year	Rate
2013	66%
2014	76.68%
2015	76.72%

Complain/ Violation Anti-Corruption/Fair Business Indicators

This is a new indicator for CSR in 2015. We defined zero cases for it. And as a result, zero cases occurred.

Manufacture Center Employee Turnover Rate

In 2015, we took a series of actions in order to decrease the employee turnover rate. Areas considered included career development and salary increasing. Compared with 2014, the turnover rate has decreased significantly.

Ethics and Integrity

TCT believes that regulatory compliance is fundamental to the company's survival. We strive to develop a culture that respects ethics and integrity.

- The related party shall not make any agreement that will affect fair trade with TCT employees.
- When trading with public officers or private organizations, the related party will not tolerate, allow or participate in any unethical behavior including bribery or corruption.

We provide ethics and integrity training to all employees through orientation programs and regular communication meeting. All employees must sign a document committing to our ethics and integrity polices after training.

We also communicate the TCT ethical code to stakeholders and encourage their employees and all relevant people are provided with appropriate training.

Any concerns about unethical or unlawful behavior, and matters related to the organization's integrity can be reported via tct.csr@tcl.com.

Community

TCT takes pride in giving back to the community and is committed to doing so on a continuing basis. TCT aims to support communities and underprivileged groups through actively sponsoring and participating in activities of different kinds, including sports, social services, healthcare, education and culture. In 2015, TCT was awarded a "Caring Company" logo by The Hong Kong Council of Social Services to recognize its contributions to social welfare. Below are some examples of community activities that TCT was involved in during 2015.

SPORTS

TCT has participated in various sporting activities through its brand ALCATEL. These activities include sponsorship of The Color Run in 130 counties in North America and U.S. Major League Soccer clubs LA Galaxy, Toronto FC and New York City Football Club. TCT has also provided exclusive sponsorship via the ALCATEL brand for the Australian National Basketball League 2015-2016 season.

SOCIAL AND SERVICE

TCT views communities as important partners and therefore proactively promotes social welfare development. In 2015, the Group continued to partner with the Haven Foundation to support the building of sustainable community facilities in Haiti, including shelter, education, water supply and sanitation.

TCT assisted in the development of the FTW mobile app in Australia, looking to reduce the suicide rate amongst teenagers around the world.

MEDICAL AND HEALTHCARE

Raising healthcare awareness is crucial to the wellbeing of any community. That is why the Group partnered with the Movember Foundation to run a social media campaign across Facebook in the United States and Canada in order to promote awareness of prostate and testicular cancer.

Furthermore, through collaboration with Aide et Action International, Orange Africa and UNICEF, the Group assisted in the production of a short video to encourage African citizens to register births via mobile handsets, in order to promote acquiring citizenship and protecting the rights of their newborn babies. The video premiered at the 25th anniversary of the Convention on Children's Rights.

EDUCATION

TCT actively promotes and explores the integration of technology and education to create more information technology education opportunities within the community. In 2015, TCT sponsored the Orientation Camps in various universities in Hong Kong, aiming to help freshmen to establish a healthy attitude to learning. In addition, TCT continues to promote e-Education by providing free tablets to more than 10 government-aided primary and secondary

schools for teaching purposes, in order to enhance learning interactions during class.

TCT has also established a long-term partnership with the Hong Kong University of Science and Technology and the Hong Kong Applied Science and Technology Research Institute, to explore and promote the development of 5G technology.

CULTURE

TCT actively seeks the integration of culture and arts to promote cultural development in the community. In 2015, TCT sponsored Le French May, the largest organized cultural festival in Asia. 150 cultural projects were launched within two months and attracted over 1 million attendees in Hong Kong.

Anti-corruption

The highest standard of integrity is to be expected in all business interactions. Any and all forms of corruption, bribery, extortion and embezzlement are strictly prohibited. To ensure full compliance by TCT, we have a defined anti-corruption policy and conduct audit annually. TCT's anti- corruption policy can be viewed on our website. Anti-corruption training is provided to all employees during orientation. Our anti-corruption requirement is communicated to our supply chain. Training is also provided to suppliers. As a result, zero cases occurred in 2015.

Public Policy

TCT donated to various charitable organizations in China to provide financial assistance to underprivileged families and students.

In early 2015, the Group formed "Sunshine Angels", with 24 TCL Sunshine Angels and volunteers paying visits to Ping'an Central Elementary School in Boluo County, China. The team brought learning tools and played with over 60 orphaned children.

Anti-competitive Behavior

TCT has a defined anti-competitive policy and conducts audits annually. The anti-competitive requirement is defined in <TCT ethical code> and communicated to stakeholders. Suppliers have agreed to follow our anti-competitive behavior requirement. As a result, there are no examples of anti-competitiveness in the reporting year.

Compliance

TCT believes that compliance is a basic requirement for a responsible company. We collect and identify applicable laws and regulations and carry out conformity assessment periodically. There was no non-compliance in 2015.

Grievance Mechanisms for Impacts on Society

Stakeholders such as customer, employee, supplier, etc. are made aware of the effectiveness, monitoring and measurement of grievance mechanisms.

PRODUCT

TCT understands that product liability is key to the Company's success as it directly influences our customers' health and safety. TCT recognizes the importance of product liability in supply chain management, product design management, industry requirements, upstream customers' special requirements and compliance with the laws and regulations in difference countries. Through innovation in health and safety, TCT is indicated to providing our customers with more reliable products.

Customer Health and Safety

TCT ships ecologically sound products to APAC, Europe, LATAM, MEA, USA&KR, Angola, China. For hazardous substance management, TCT requires supply chain partners to provide RoHS statement. TCT also provides RoHS and REACH reports certified by third party test agencies qualified by ISO17025. Product shipments to Europe are 100% in compliance with RoHS & REACH requirements for the reported year.

LAWS AND REGULATION IN DIFFERENT COUNTRY

Region		Regulatory
ANGOLA		Security Label
		Contain Portuguese
		Pre-shipment Inspection
North America	U.S.A. & Canada	NRTL (National Recognized Testing Lab) NRTL-UL NRTL-CSA NRTL-TUV NRTL-MET

		NRTL-NEMKO
		NRTL-ITS
		FCC (U.S.A., EMC aspect, mandatory)
		Energy star (California & International, Energy saving aspect, Voluntary for listed products)
		U.S.A. ROHS (EDEE)
		ETL
		California ROHS (DTSC, Department of Toxic Substances Control)
Latin America	Brazil	INMETRO mark
	Mexico	NOM mark
	Chilean	CESMEC mark
	Argentina	S-mark/IRAM
Europe	CE	LVD directive
		EMC directive
		ERP directive
		Machinery Directive
	ROHS	
	PAHS (Germany requirement)	
	WEEE	
	REACH	
Australia & New Zealand	SAA approval (Safety aspect, mandatory)	
	C-tick (EMC aspect, Mandatory)	
	RCM (Contain SAA & C-tick, Voluntary)	
China	CCC mark including safety & EMC	
	CQC mark including safety & EMC	
Korea	KC mark	
Japan	PSE mark (Two different PSE marks depending on listed products)	
	VCCI mark (EMC aspect, Voluntary)	
Russia	GOST-R mark	
Saudi Arabian	SASO mark	
Singapore	PSB	
Switzerland	SEV	
Poland	BBJ	
Hungary	EME	

(* Not limited)

Product Maintenance

TCT provides a Frequently Asked Questions section on the Company's official Website and APK in order to help customers to correctly use a device and guarantee a product's life cycle. To further support customers, TCT has set up call centers using local languages to provide sales and support for our products.

For software, TCT provides free FOTA upgrading. End users can refresh software by themselves based on our upgrade tools. For hardware, TCT has developed repair centers all over the world which provide reliable and high-quality services. We ensure that all maintenance services are provided in a suitable repair center in order to avoid the wastage of nonrenewable resources. Based on customer guarantees, TCT also aims to extend product life cycle and decrease wastage of electronic equipment.

TL9000 quality management system built up since 2011 for indicators measurement and status monitoring

TL9000 MONTIORING INDICATORS - SMART PHONE

Data	Identifier	Title	2015 Result	2015 Target
NPR	NPR1(PPM)	Critical problem reports per unit per year	0	0.737
	NPR2(PPM)	Major problem reports per unit per year	2.588	2.48
	NPR3(PPM)	Minor problem reports per unit per year	2.337	15.8
FRT	FRT2	Major problem report fix response time	39.28	94.1
	FRT3	Minor problem report fix response time	100	97.4
OFR	OFR2	Major overdue problem report fix responsiveness	37.83	89.2
	OFR3	Minor overdue problem report fix responsiveness	91.67	94.4

(*NPR: Negative Indicator, FRT & OFR: Positive Indicator)

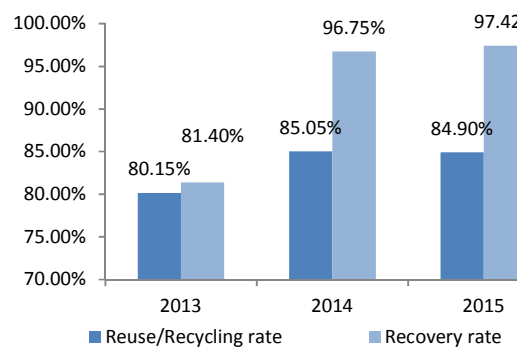## TL9000 MONTIORING INDICATORS - FEATURE PHONE

Data	Identifier	Title	2015 Result	2015 Target
NPR	NPR1(PPM)	Critical problem reports per unit per year	0.04	0.221
	NPR2(PPM)	Major problem reports per unit per year	2.079	4.04
	NPR3(PPM)	Minor problem reports per unit per year	0.94	3.55
FRT	FRT2	Major problem report fix response time	37.225	100
	FRT3	Minor problem report fix response time	100	94.8
OFR	OFR2	Major overdue problem report fix responsiveness	57.025	98.4
	OFR3	Minor overdue problem report fix responsiveness	100	85

(*NPR: Negative Indicator, FRT & OFR: Positive Indicator)

Waste Electrical and Electronic Equipment Disposal

Although electronic products can make life more convenient for customers, their development can lead to a large amount of waste. In compliance with WEEE directive 2002/96/EC and by working to extend the life cycle of products, TCT is active in reducing electronic waste from product design to maintenance.

During this report year, the target of reuse/recycling is 65%, and the target of recovery is 75%. All TCT products achieved this target. Reuse/ recycling and recovery have increased along with a corresponding product shipment increase of 12.57%.

Incidents of Noncompliance Announce

According to 2014-2015 customer satisfaction survey, the average customer satisfaction score was 7.4 (Total 10), up 0.5 points compared with the previous year. Regarding the survey results, TCT has identified areas needing improvement next year.

These areas include spare parts management, improving brand visibility, reducing complaint response times, less rigidity on delivery lead times, sharing information for projects and more pro-active commercial support.
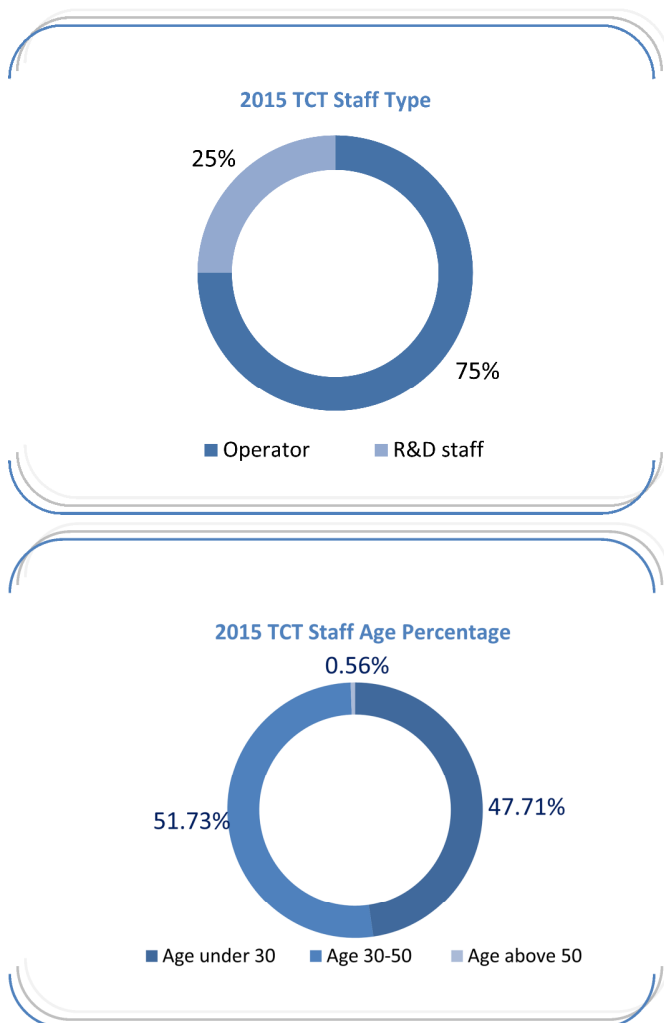
In 2015 noise, emissions of household waste water and exhaust gas in TCT manufacturing center were compliant with local environment requirements.

2015 NONCOMPLIANCE INDCIATOR

Customer Privacy & Health and Safety	Product and Service Labeling	Marketing Communications	Compliance	Water & Effluents and Waste	Environmental Grievance Mechanisms
0	0	0	0	0	0

Human Resources

TCT is not only actively in creating a good employment environment, but also makes positive efforts for community development.

2015 TCT Staff Type

25%

75%

- Operator
- R&D staff

2015 TCT Staff Age Percentage

0.56%

51.73%

47.71%

- Age under 30
- Age 30-50
- Age above 50

Employees

At year-end 2015, TCT had around 13,000 employees all over the world. TCT has close to 3,000 R & D staff, accounting for almost 25% of all employees, thereby guaranteeing product and technology innovation.

As a large international company, TCT implements a full range of diversity goals. In relation to gender balance, TCT strictly complies with the relevant local laws and international regulations and conventions. To ensure the male and female employees have equal employment right, TCT strictly prohibits any form of discrimination. At year-end 2015, female employees made up around 39.46% of all staff.

In addition, TCT attaches great importance to the appointment of female managers. TCT prioritizes the selection of and assists in the career development of female employees. In 2015, the proportion of female managers has reached 9.4%.

Meanwhile, under the complex and unstable world economy in 2015，TCT has created a nearly 13,000 job opportunities worldwide.

In order to maintain our ability to provide timely and efficient services and to improve our competitiveness and innovation capacity, TCT maintains a globally diversified team. TCT pays close attention to the employee nationality, age, race, religious beliefs, and other equal rights. We have 91 minority employees in China. Employee diversity helps the Company to integrate into local communities, promote local employment and ultimately provide better products and experiences to the domestic market. TCT makes a positive contribution to the development and stability of the local community. The company employs 15 disabled employees in Shanghai. In Huizhou manufacture center, TCT complies with laws and regulations to establish cooperation with Huizhou technician institute on worker-led social contribution programs, developing new talents on PCBA repair and SMT professional skill. The program effectively created a better employment environment in the local community.
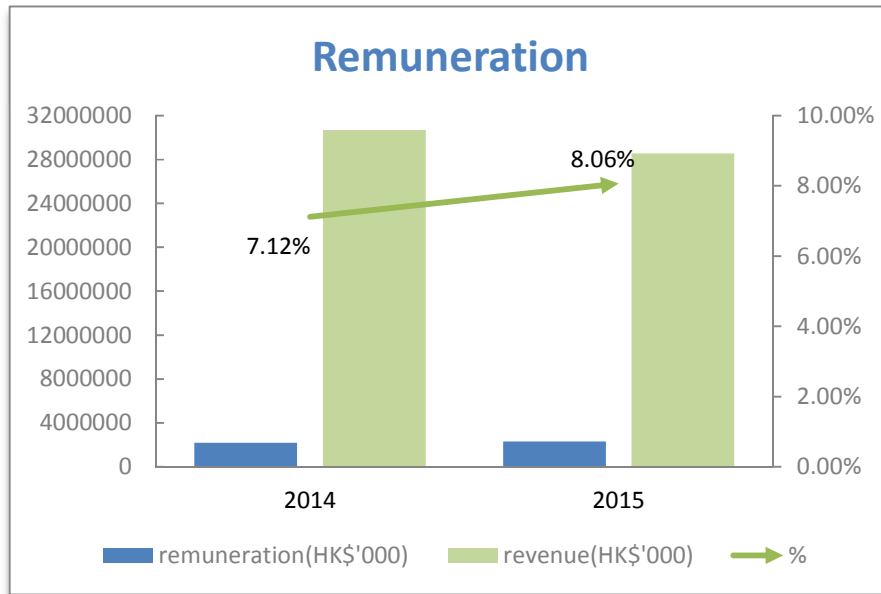
Wages & Benefits

The remuneration committee of the Board, consisting of three INEDs and one NED, meets regularly to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management, and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The committee also reviews and approves the performance-based remuneration with reference to corporate goals and objectives resolved by the Board from time to time.

Total staff costs for the year under review were HK$2303 million.

Meanwhile, besides the social insurance and housing fund mandatory by laws and regulations, TCT provides other benefits to employees, such as commercial insurance, physical examinations, unemployment funds, traffic allowance, meal allowance, etc. Total benefits cost in 2015 was HK$393,194,690.12.

TCT provides equal remuneration for women and men. Salary management regulation is defined according to the company's human resource management system and auditing is conducted annually to monitor the compliance status.

TCT's non-discrimination policy is also defined and appropriate training is carried out to ensure that policy is strictly followed.

Career Development

TCT provides high-quality services to customers and is committed to the development of community. The company also provides a platform for career development.

We provide equal opportunities in training and promotion. TCT has a comprehensive training system that includes the Eagles training project, the Vongo training project, the Flight training project, the Jingying training project and many other programs for all levels of staff. Senior experienced engineers are also regularly responsible for teaching the internal technical course.

Many training courses are held in the training center every day. The training courses related to general and professional knowledge. In 2015, global total training hours were more than 560,000 hours. This corresponds to 32.94 training hours per employee. In total, 3,188 employees accepted the two hours fire safety training in TCT.

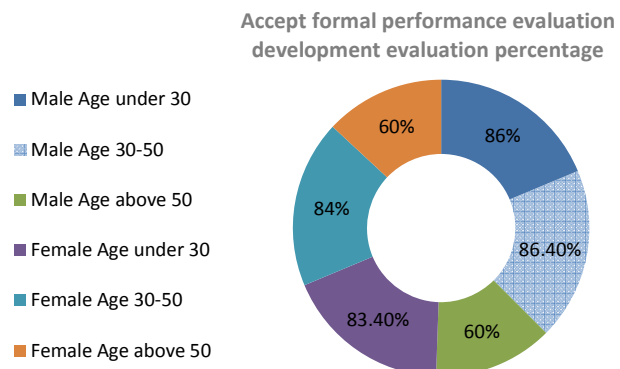## TRAINING TO OPERATORS IN HUIZHOU MANUFACTURING CENTER

Course Number	Training Course	Numbers in Attendance	Total Training Hours
1	Three level security education for new employees	10963	263112
2	Special operation personnel training	43	158
3	Middle and above level operator training	5	60
4	Safety management training	147	2005
5	Job transfer	20	420
6	All staff training	7904	10031
7	Professional training	2413	2863
Total		21495	278649

TCT always provides a variety of training for employees and in addition provides a good environment for employees to learn in their spare time:

From 2015, TCT has co-operated with Huizhou Huiyang library, setting up the TCT library. 200 new books were imported to the library at the outset. The TCT library continues to import 200 new books per month for employees to borrow.

Accept formal performance evaluation development evaluation percentage

- Male Age under 30
- Male Age 30-50
- Male Age above 50
- Female Age under 30
- Female Age 30-50
- Female Age above 50

Staff training has not only improved employee ability, but also brought a solid foundation for the company development at the same time. Meanwhile, employee training can enhance communications between the company and its employees. Training also contributes to the development of company culture.

TCT provides equal job promotion opportunities. In 2015, almost all of the employees accepted the formal performance evaluation and professional development evaluation in China.

In other regions, 86% of French employees accepted the formal performance appraisal and career development appraisal two times a year in 2015. 66% of European and the Middle Eastern employees received the formal performance evaluation and career development evaluation two times a year in 2015.

In China, TCT designed a career development qualification model & management system. After system evaluation, qualified staff will be promoted based on the provisions of the company. TCT assists employees achieve personal occupation goals.

Health & Safety

Based on the focus of employee career development, TCT pays attention to the occupational health and safety of employees. In China, Huizhou, TCT set up a labor union to protect employees' legal rights and interests. In Europe and the Middle East, TCT has two formal labor unions. The European labor union covers 100% of employees.

In China, Shenzhen, TCT provides an annual health examination and consulting service for employees. Various sports and entertainment activities are regularly held to promote employee physical and mental health. TCT established the staff caring community to support employees' families with financial difficulties due to major diseases or accidents. Festival bonuses, gifts or greetings are delivered to staff during holiday periods. At the end of a year, TCT provides economic assistance to families facing special difficulties.

NINGBO

The health and safety standard contains:

- Labor health and safety committee
- Inspection, review and investigation of the occupational health and safety related matters
- Training and education
- Complaint mechanisms
- Right to refuse unsafe work
- Comply with the provisions of the international labor organization
- Mechanism to solve problems
- Commitment to the performance or practice level

SHANGHAI

The Shanghai RND center arranged a hotline to provide psychological services to employees. In the Huizhou manufacturing center, TCT aimed to provide face-to-face psychological services to all employees in order to support their mental health.

HUIZHOU

The TCT manufacture center in Huizhou opened consulting rooms to assist employees with psychological problems. Thirty volunteers have been trained as part-time counselors.

Due to the focus on employee occupational health and safety, TCT had no high risk occupational activities or occupational diseases in 2015. TCT also had no occupational diseases or fatal accidents in 2015.

TCT has taken control of work-related injuries. There was an injury rate of only 0.2% in Huizhou. No female employees reported an injury. In Europe and the Middle East, no work injuries occurred. There was a work delay rate of 0.04% and a total staff absence of 712 hours in Huizhou. In Europe and the Middle East, the delay rate was 1%. There was a reported 0.52% absenteeism rate for male employees in China and a 1% absenteeism rate for all employees in Europe and the Middle East.

Human Rights

TCT continued to guarantee human rights compliance for employment. In China, Ningbo, more than 40 agreements contain human rights provisions or human rights reviews.

New employees are provided with details wages & welfare provisions. In 2015, human rights training for employees exceed 11,000 hours.

TCT has around 150 security staff in the China. TCT conducted formal human rights training for all security staff.

TCT has always complied with laws and regulations. TCT's code of ethics explicitly prohibits the use of forced, bonded or indentured labor. TCT's code of ethics also explicitly prohibits the use of child labor. Detailed procedures ensure that human rights violations in recruitment, employment and termination are voided. We also request that our suppliers follow human rights regulations. Regular supervision and audits are performed to ensure that suppliers do not use child labor. Based on the good management and practice globally, TCT ensured the following compliance in 2015:

- No occurrence of discrimination
- No incidents violating freedom of association and collective bargaining rights in operation sites or among suppliers
- No involving violations of indigenous rights
- No serious forced or compulsory labor incidents in operation sites or among suppliers
- No incidents of child labor

Employee Satisfaction

TCT maintains a harmonious work environment in order to enhance employee satisfaction and promote a health work/ life balance.

In 2015, TCT conducted human rights reviews and assessments across five sites covering 100% of operations in Europe and the Middle East.

At the same time, TCT conducted an employee satisfaction survey and assessment to improve the staff experience in China.

In China，Huizhou manufacturing center, in order to better analyze employee's needs and to improve the employee satisfaction, we pre-set employee satisfaction goals and carry out a survey every year.

TCT use a variety of different ways to improve employee satisfaction including:

- Engaging Employees
- Psychological Services
- Improving Living Environment

At Huizhou manufacturing center, employee satisfaction reached 76% in 2015. Overall employee satisfaction increased 15%.

Engaging Employee

WECHAT:

Purpose: To publish the information that employees care about.

Result: 701 employees joined in groups to communicate

PUBLIC ACTIVITY TO SHARE COMMUNCATION CHANNEL:

Purpose: To ensure employees know how to feedback and communicate their problems

Result: 100% of problems and questions were dealt with on-site

BOARDCASTING STATION:

Purpose: To quickly broadcast polices and activities

Result: Broadcasting station broadcasts polices and activities regularly and quickly
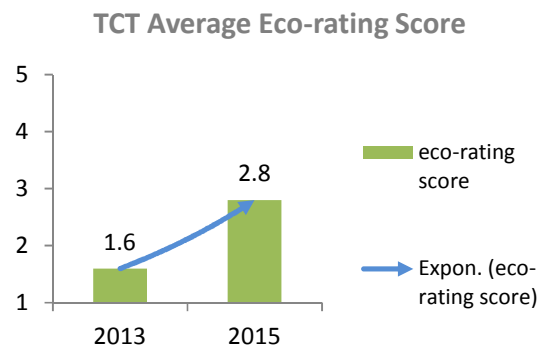
Eco-Rating

In recent years, co- operation with overseas operators has increased TCT's attention to green design and production.

TCT products are compliant with RoHS, REACH, WEEE directive 2002/96/EC, halogen-free, package directive 94/62/EC, battery directive 2006/66/EC, POPs, California proposition 65, conflict mineral requirement etc. to satisfy environment requirement of different markets & operators.
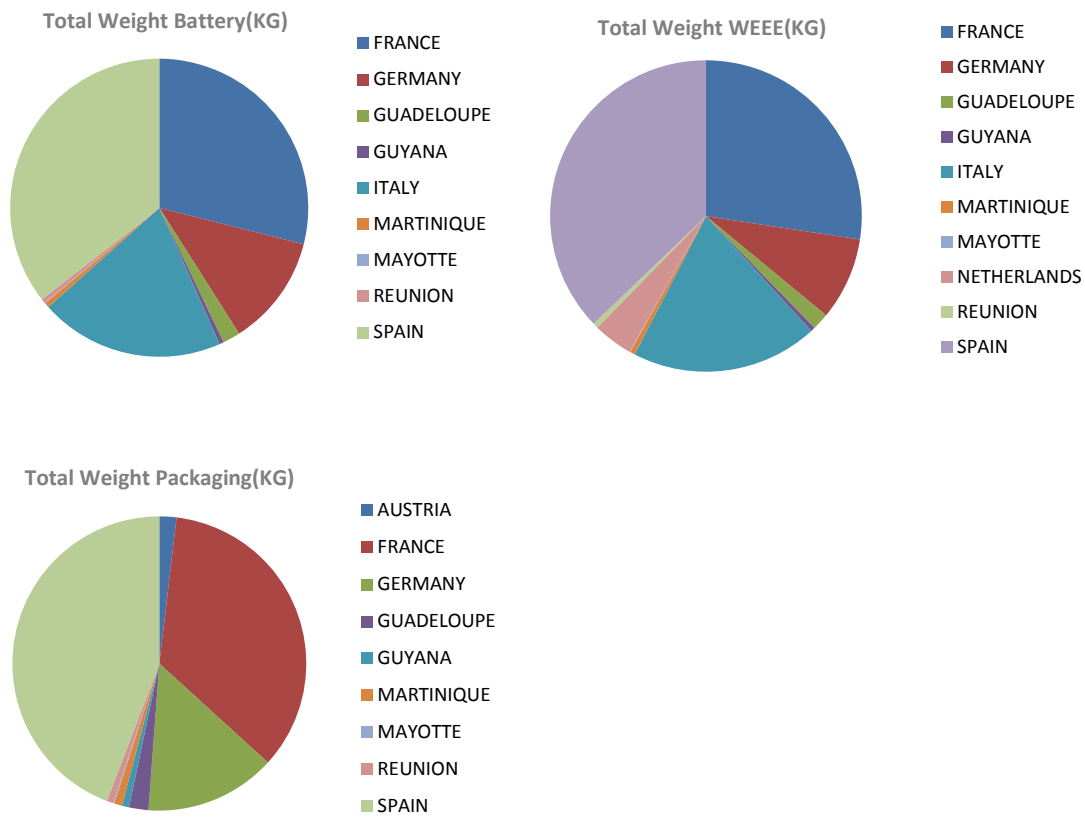
Green Design Product

From 2013 onwards, TCT has used an industry eco-rating calculation model. TCT has continually maintained and managed the green design model.

With the development of compliance on laws and regulations, TCT has created a questionnaire and continuous improvement template to increase our product eco-rating score. With our effort in the past several years, TCT had gain significant improvement in its eco-rating score from 1.6 to 2.8. The total eco-rating score is 5.

TCT Average Eco-rating Score

Recycled Materials

During this reporting year, a total of 24,731kg of hazardous waste was transported to qualified companies for disposal. All solid waste was transported to suppliers for disposal.
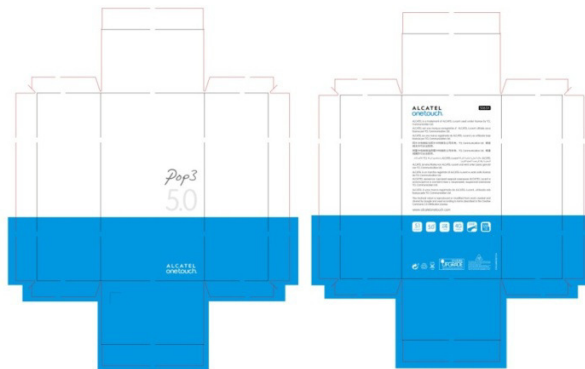
Total Weight Battery(KG)

- FRANCE
- GERMANY
- GUADELOUPE
- GUYANA
- ITALY
- MARTINIQUE
- MAYOTTE
- REUNION
- SPAIN

Total Weight WEEE(KG)

- FRANCE
- GERMANY
- GUADELOUPE
- GUYANA
- ITALY
- MARTINIQUE
- MAYOTTE
- NETHERLANDS
- REUNION
- SPAIN

Total Weight Packaging(KG)

- AUSTRIA
- FRANCE
- GERMANY
- GUADELOUPE
- GUYANA
- MARTINIQUE
- MAYOTTE
- REUNION
- SPAIN

Water Resource

All water in TCT comes from municipal sources. To promote water recycling, TCT manufacturing plants use runoff on trees and flowers. Signs are posted to remind staff and visitors to protect water resources. During this report year, the total volume of sewage in TCT manufacturing plants was 238,626m^3. The total volume of sewage in the Huizhou site was 6,829m^3. All sewage was discharged in municipal waste water pipelines. During this report year, no incident related to water sources were reported.
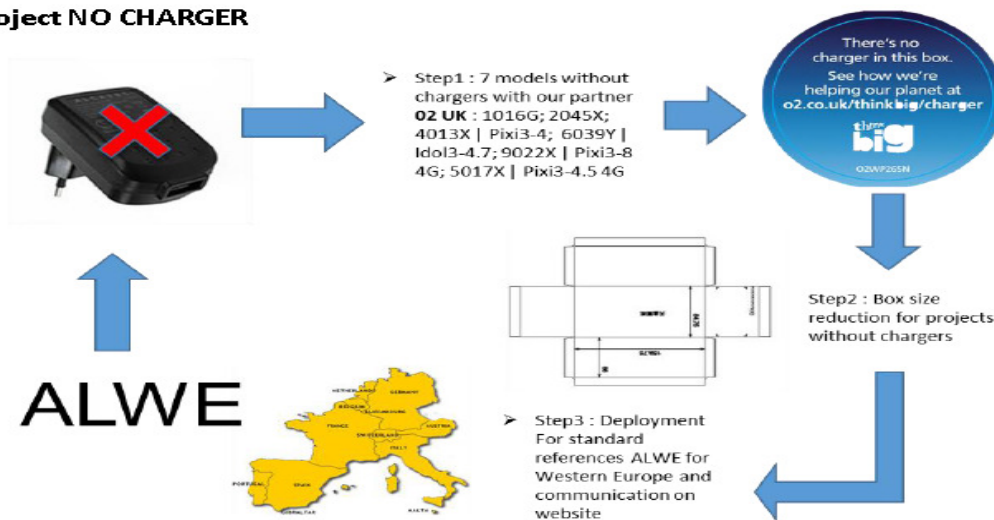
Forest Protection

To respond to green design, TCT reduces packaging as much as possible; TCT uses eco-friendly paper certificated by FSC, using soy ink for printing. During this report year, TCT again recognized the eco-designed packaging by TCT's upstream customer ORANGE GROUP.
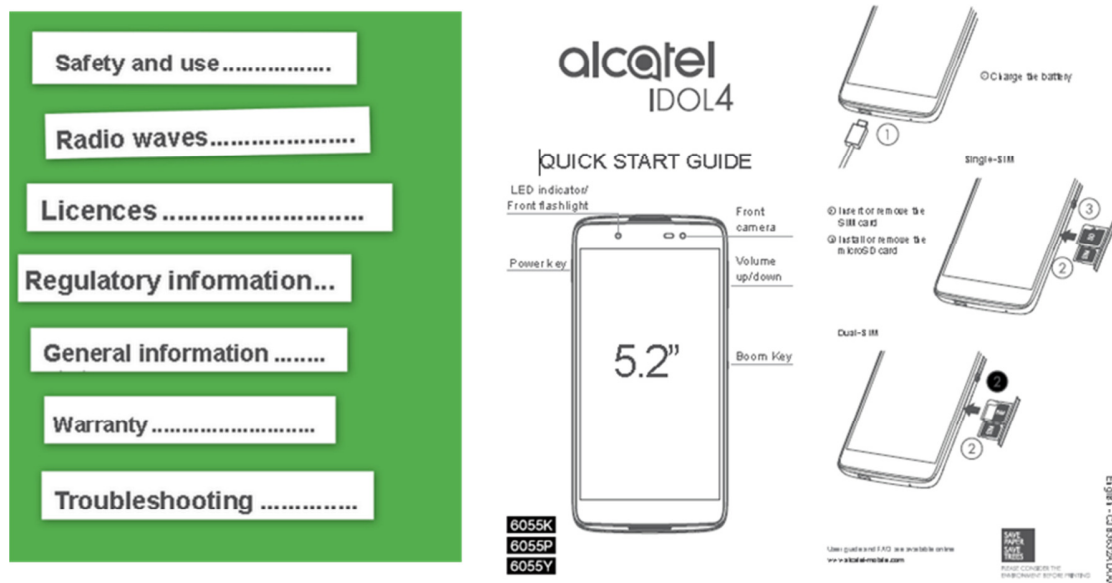

NO CHARGER WITH THE PHONE

TCT has launched the "No charger on the phone" project to address the fact that the charger has a longer life cycle than the product. Currently, this project has been implemented with upstream customer O2 in UK.

The TCT user manual in some sales area has already been reduced to a one page leaflet providing basic information and the TCT website address. Customers can also find the full user manuals online (website address www.alcatel-mobile.com).

Despite these improvements, TCT is not satisfied and is now working on the SAVE TREE project. A new design in production will help to reduce quickstart guides to around 10 sheets of paper. TCT is implementing this plan to preserve more green forest on our earth. Let's think about trees before printing!

Conflict Mineral

In July, 2010, the U.S. Congress and President Barack Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Art into law. Section 1502 of the act requires U.S. and certain foreign companies to report and make public any known use of "conflict minerals" in products.

The Securities And Exchange Commission (SEC) define conflict minerals as 3TG (tantalum, tin, tungsten and gold) metals, wherever extracted.

DRC conflict-free is defined as minerals that were extracted and did not directly or indirectly benefit armed groups in the covered countries (the Democratic Republic of the Congo or adjoining countries).

Since 2013, TCT has engaged with the "conflict minerals" act and now requires suppliers to do so. TCT will not purchase or support the use of any specified materials not designated as DRC conflict-free. TCT's official conflict mineral statement is available on the company's website. As well as addressing the issue with first level suppliers, TCT will also survey downstream suppliers to gain a better understanding of the issue. During this report year, TCT collected 118 qualified conflict mineral reports which will be used to ensure that the company's work on the issue is correct.

Hazardous Substance Management

Since 2010, TCT has had officially released management standards for environment-related substances which are continuously updated to reference new laws and regulations. In 2012, TCT added conflict mineral requirements and voluntary restricted substances to the regulations. TCT also updated hazardous substance requirements and supplier's environment declarations. In 2013, TCT updated test report requirements, battery requirements and halogen free requirements. In 2014, TCT added an update to the RoHS exemptions list and other industry, laws and regulations. TCT's eco-rating model calculates information related to rare metals and hazardous substances by component level. Currently, TCT is surveying this information in supply chains through the purchase of eco-friendly components that can be used to improve the safety of products.

2013 TCT Children Environment Protection Painting Competition

Green House Gas

TCT has noticed that different transportation may lead to varying emissions of greenhouse gases. As a socially responsible company, TCT pays high attention to lowering greenhouse gases during external component transportation and internal product shipment. TCT recommends the use of transportation methods that reduce greenhouse gas emissions, including sea, rail or road. Currently, most domestic component shipment is by road and rail. Since 2015, TCT has implemented ISO14064 guidelines on greenhouse gas emissions and removal as part of the company's social responsibility checklist. TCT invites the supply chain to join the company's energy and greenhouse reductions activity.
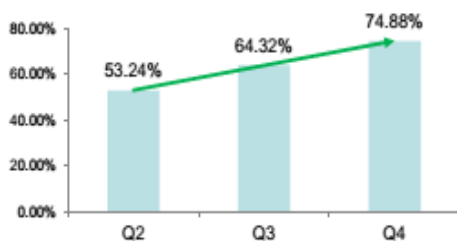
Supply Chain CSR Management

TCT developed a series of CSR strategies based on the electronic industry code of conduct (EICC). Firstly, TCT requires all suppliers to sign the following:

- The corporate social responsibility agreement.
- RoHS environmental statement
- ODS declaration of conformity
- No conflict minerals declaration

These agreements and declarations are among the most important evidence for supplier CSR field performance.

- TCT requires suppliers to comply with applicable laws, regulations and international standards and merge the CSR into business decisions and operations. TCT also requires suppliers to distribute the requirements and concepts to downstream suppliers, in order to create good CSR practice and ecological awareness in the whole supply chain.
- For new suppliers, TCT assesses compliance with the laws and regulations as well as the vendor's CSR level.

2015 SUPPLY CHAIN CSR MANAGEMENT

2015 KEY TOPICS IMPROVEMENT

Requirement

Based on the EICC standard, TCT defines the requirement to supply chain. It contains

- CSR management system
- Labor rights
- Business ethics
- Health and safety
- Environment
- Supply chain security
- No conflict minerals

In 2015, TCT mainly focused on the following aspects in the supply chain CSR audit:

- The prohibition of child labor
- The protection of young workers.
- Ensure working hours are in compliance with relevant laws and regulations
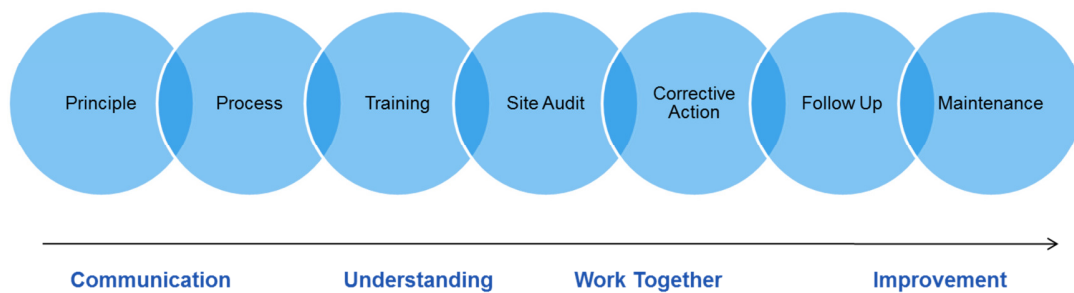- Do not use conflict minerals

Audit

TCT CSR audit procedure for CSR supply chain management:

- CSR requirement is one of the basic conditions to supplier selection. Supplier self-assessment, on-site audit or pre-evaluation of the supplier is used.
- Formal supplier on-site audit, through management interview, staff interview, documents review and on-site inspection.
- Review the supplier CSR on-site audit results. CSR has one vote veto, if a supplier has not fulfilled the TCT CSR requirements, it will not become TCT qualified supplier. At the same time, in order to help improve the whole supply chain CSR level. TCT guides the supplier to carry out an analysis of the causes, identifying opportunities for improvement, and to take the corrective and preventive actions regarding the findings

during the audit. Meanwhile, TCT continues to focus and follow up on the findings and also requires the supplier to make further improvements.

- To the AVL suppliers, TCT regularly reviews and requests suppliers based on TCT CSR requirements. The ongoing improvement and the regular check on CSR compliance evidence is required from audited suppliers. Furthermore, TCT suggests suppliers that suppliers distribute and extend the CSR check to subordinate suppliers.

| Principle | Process | Training | Site Audit | Corrective Action | Follow Up | Maintenance |

Communication   **Understanding**   **Work Together**   **Improvement**

2016 Outlook

In 2016, TCT will take the challenge to comply with the requirement of HKEX's ESG guide. TCT should therefore generate its first official ESG report by the end of 2016. We are facing challenges from international operations which increase the difficulty of CSR management system improvement and integration. With the global integrated management system established, we will create specific annual goals, enhance the communication with interested parties, and integrate product development lifecycle processes.

ENVIRONMENT

- Expand Eco-rating to all products
- Expand conflict mineral area and material
- Continuous focus on hazardous substance
- Recyclable material study
- GHG
- Water-footprint

LABOR AND EMPLOYMENT

- Employee engagement
- Worker satisfaction
- Career development

SUPPLY CHAIN MANAGEMENT

- Child labor
- Working hours
- Supply chain conflict minerals
- Protection
- Fire safety

PRODUCT RESPONSIBILITY

ANTI-CORRUPTION

COMMUNITY ENGAGEMENT

REFERENCE LIST

- G4 Sustainability reporting guidelines
- TCT Ethical code
- ECO-rating
- Supplier CSR audit procedure
- 2015 EMEA customer satisfaction survey report
- 2015 EMEA CSR report

Feedback Form

Dear Reader:

Thank you for taking the time to read the TCT 2015 sustainability report. We look forward to your feedback. Please email any suggestions to: tct.csr@tcl.com. Thank you.

Please use " √ " for your corresponding answer:

1. Overall, what do you think of the report?
   ☐Good   ☐Average   ☐Poor

2. What do you think of the frame of the report?
   ☐Good   ☐Average   ☐Poor

3. Do you think TCT's significant economic, environmental and social impacts are disclosed in the report?
   ☐Yes   ☐No   ☐Unknow

4. What do you think of the accuracy of the report?
   ☐Yes   ☐No   ☐Unknow

Suggestions:

_____
_____
_____
_____
_____