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TCL CORPORATION



2018 Corporate Social Responsibility Report

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Corporate Social Responsibility Report 2018



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TCL CSR Webchat Account

Supporting Rural Education and Protecting Children's Dreams through Targeted Poverty Alleviation by Improving Education

Wang Qingyun is a veteran and the principal of the school for left-behind children in Sheqi County, Henan Province.

When he was demobilized and first moved to this place, he found that the county school were facing closures. In order to save children's chances to receive education, he made a decision that changed his life: to undertake the school. Facing more than 1 million debts of the school, Wang Qingyun braced himself and borrowed money from relatives and friends. Although most people were not enthusiastic about Wang undertaking the school, even with an air of cynicism, he still insisted on running the school. Eventually, he mortgaged his house to raise enough money to keep the school.

17 years later, the school once had less than 30 students has grown into one of the top three schools in the county. Looking back on what he has done, Wang Qingyun said: "What I want to save is actually the children's dream."

In 2018, a total of 100 village teachers, including Wang Qingyun, were named leading teachers in the Fifth "TCL Project Hope Candlelight Award". TCL Foundation also organized "Candlelight Class" to help leading teachers communicate with and learn from each other, as well as learn about advanced educational experience, expand educational vision, and improve the comprehensive literacy of grass-roots leaders in rural compulsory primary schools.



Wang Qingyun, Principal of the School for Left-Behind Children

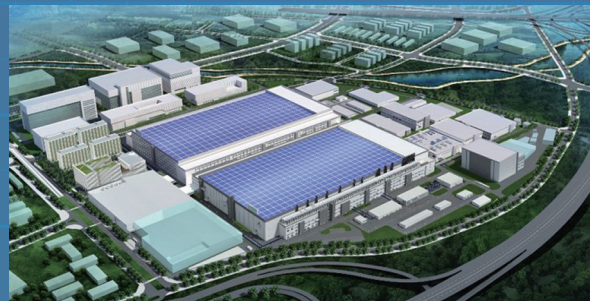


Education is an important way to fight poverty, and teachers are the key to education. By supporting rural teachers, TCL fights poverty with education and provides fair educational resources for vulnerable groups.

Environmental-Friendly Factories, Manufacturing the Future

On February 13, the 11th Generation TFT-LCD and AMOLED New Display Device Production Line Construction Project (known in short as G11 Project) of Shenzhen China Star Optoelectronics Technology Co., Ltd (CSOT) passed the appraisal of the CSUS Green Building Research Center, and was awarded the highest three-star certification of China Green Industrial Building. The G11 Project became the first panel construction project in the world to obtain both the LEED platinum certification and the highest three-star certification in China Green Building.

In the future, CSOT will continue to optimize the green design, construction, and operation level, as well as adhere to green production to gradually realize the beautiful vision of green development.



Rendering of G11 Project of CSOT



The construction of green factories and sustainable production can not only promote the efficient use of resources and energy, but also enable more people to enjoy a better working and living environment, reduce future economic, environmental and social costs, and thus enhance economic competitiveness and promote harmonious social development.

Technological Innovation, Leading the Industry

TCL has always been focusing on three strategic technology fields, namely new semiconductor display technology and materials, artificial intelligence, and intelligent manufacturing, while the breakthrough in printing display technology leads the way for the new generation of display technology.

TCL adheres to promote independent scientific research and constantly strengthens the innovation ability. TCL Industrial Institute Display Material R&D Center has published a paper on *Nature Communications* affiliated to the *Nature* journal, saying that it has successfully solved the problem of lifespan of red quantum dots in the printing display material, through a quantum dot structural design, to improve hole injection, and realize high stability of quantum dot light emitting diode (QLED). Although QLED material has been developed for nearly 20 years, there is no team around the world that can improve its material stability to the industrial level. The breakthrough to extend the lifespan of red materials will mark a step of the printing display material further towards the industrialization.

Since 2015, TCL has made great achievements in the research and development of quantum dot electroluminescent materials, including the improvement of external quantum efficiency of blue light to the level of mass production and breakthrough of the display printing process.



Research and Development of Printing Display Material



Innovation is an important force to promote human development. TCL makes great efforts to invest in high-tech products that are dominant in the manufacturing industry, improve the use efficiency of resources and energy, as well as promote the development of industrialization with technological breakthroughs.

About the Sustainable Development Goals (SDGs) of United Nations

SUSTAINABLE DEVELOPMENT GOALS



In September 2015, the 193 member states of the United Nations adopted the Sustainable Development Goals at the World Summit on Sustainable Development. The Goals contain 17 major targets, aiming to complete the tasks left over from the millennium development goals, guide the global development work in 2015-2030, and solve the problems faced by all mankind, including poverty, hunger, disease, inequality, climate change, and ecological destruction.

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About This Report



Reporting Period

This report covers the period from January 1, 2018 to December 31, 2018. Some data presented may be beyond this scope for completeness of the report.



Reporting Scope

The scope of the report covers the TCL Corporation and its subsidiaries.



Publishing Cycle

The report is an annual report, which is issued annually along with the annual report of TCL Corporation. TCL Corporation has released report for the 11th consecutive year. The last report was released in April 2018.



Data Explanation

Data and cases presented in this report originated from official documents, statistical reports and accountability statements of TCL Corporation.



References & Standards

- *Sustainability Reporting Guidelines* issued by the Global Reporting Initiative (GRI)
- Sustainable Development Goals (SDGs) of United Nations
- "The Ten Principles" of the United Nations Global Compact
- *Guidance on Social Responsibility (ISO26000)* issued by the International Organization for Standardization (ISO)
- *Guide for Compilation of China Corporate Social Responsibility Report (CASS-CSR 4.0)*
- *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies*
- *Guidelines for Environmental, Social and Governance Report* issued by HKEX
- Opinions of the China Securities Regulatory Commission on Giving Play to the Role of the Capital Market in Serving the National Poverty Alleviation Strategy



Reliability Assurance of Report

This report does not include any false records or misleading statements.



Language and Availability

The report is available in both Chinese and English. You can download the electronic version of the report and get more information about corporate social responsibility on the company official website www.tcl.com.



Updates to previous CSR reports

None



Leader's Oration

Message from the Chairman

Dear readers,

Over the past 38 years, with its original intention, TCL has persevered in industry by overcoming difficulties and struggling forward with tenacity. It has gradually built up its capability of advanced manufacturing, technological innovation and global operation. Last year, the company worked in unity to promote reform and transformation, insist on sustainable development, improve management benefits, obtain steady growth of overall revenue and profits, as well as enhance the quality and brand of its products. Now it is successful in overseas markets, and has taken a solid step toward the strategic goal of "becoming the world's leading enterprise of intelligent manufacturing and Internet services."

With intensified downward pressure on the global and Chinese economies, and the slowdown, or even decline, in the market growth in 2018, as well as the complex and difficult business environment, TCL Corporation, in accordance with the established strategic direction of reform and transformation, further focused on its core business, clarified the development strategy of each major industry, optimized the organizational structure and process, improved the operating efficiency, and enhanced the capability of technological innovation. At present, business structure of the company has been gradually formed into four businesses, namely semiconductor display and materials, intelligent terminals, industrial finance and investment, and other emerging business. With semiconductor display and intelligent terminals being the core businesses, TCL has become the first domestic enterprise to establish the integration

advantage of "LCD panel – backlight module – TV/mobile machine" vertical industry chain. CSOT, affiliated to TCL, has also grown into a world's leading panel enterprise in less than ten years.

In order to accumulate technical advantages, TCL attaches great importance to basic research and development. The company has set up many R&D centers around the world to promote artificial intelligence and research on the generic technology for big data foundation, and invested and operated the industry's only National Innovation Center of Printing and Flexible Displays to build sustainable competitiveness with forward-looking technology as the core. TCL has 36,389 patent applications in China and 8,363 in the US. Of these, in the important field of quantum dots, 757 patent applications were published, ranking second in the world.

Featuring with challenges and opportunities, in this generally stable economy while interlaced with changes and concerns, those who take advantage of the opportunities will prosper, those who embrace reform and transformation will grow stronger, and those who rise to the challenges will win in the end. At the 19th CPC National Congress, General Secretary Xi Jinping put forward China's development goals for the next 30 years in two stages and the two centenary goals, saying that China is entering a new era of great rejuvenation. TCL will continue to reform and innovate so as to make the company grow in size and comprehensive strength, enter the first camp to lead the world, realize the lofty goal of building a world-class international enterprise, make its own contribution to the country's strengthening and national rejuvenation, and pay tribute to the great era!

Your constant attention and recognition of TCL are highly appreciated!

Chairman and CEO of TCL Corporation



Speech of Director of CSR Innovation Center

Dear readers,

Adhering to the concept of “taking responsibility for the society and being a good corporate citizen”, we have established CSR Innovation Center to integrate corporate social responsibility into the corporate management system of the company and fulfill social responsibility in a systematic and practical way. In 2018, we launched the *Basic Norms of TCL Corporation Internal Control NO. 14 – Social Responsibility*, involving seven core issues, namely organizational governance, promotion of employment and protection of employee rights and interests, health and safety, environmental protection, fair operation, customer relationship, and community participation and development, as well as further clarifying the category of corporate social responsibility and standardizing the management mechanism.

In TCL family, employees are not only valuable assets, but also important family members. TCL is committed to creating an equal, warm, and win-win working environment so that employees can work and live safely and healthily. In the meantime, we provide opportunities for employees to learn and exercise, so that employees can jointly build the momentum of enterprise development while realizing their own values. In 2018, TCL won the “China Excellent International Talent Development Employer” Award and made the Forbes Best Employer in the world list in 2018.

TCL believes that win-win cooperation can bring greater and more sustainable values. In terms of supply chain management, we adhere to the principle of responsible procurement, and have established a strict and mature procurement system and supplier management system to review social responsibility issues such as labor rights, health and safety, environment, and business ethics of suppliers. At the same time, we will build a financing service platform, strengthening the study and exchange of the industrial chain in order to develop together with the industrial chain partners.

TCL is committed to environmental protection, efficient use of resources, and development of green production and circular economy. In 2018, we continued to promote energy conservation and emissions reduction. As a result, TCL Corporation and its five main domestic production Sites were listed for green manufacturing by the Ministry of Industry and Information Technology. The newly-built G11 Project by CSOT has obtained

LEED platinum certification and the highest three-star certification in China Green Building. The main domestic production Sites are established in accordance with international standard ISO14064 or management system of greenhouse gases related to local carbon exchange standard.

Consumers are at the heart of TCL's strategy. Driven by innovation, TCL provides intelligent, diversified and intimate products and services to meet the growing needs of different consumers. We adhere to the bottom line of product quality and safety, and establish a sound product quality and safety management system. In 2018, TCL's product detection coverage reached 100%. Besides, we adhere to the concept of “customer first” and upgrade our services through big data, Internet, artificial intelligence, and other technologies to provide all-round and multi-platform ultimate user experience.

In the field of social public welfare, we established Shenzhen TCL Foundation, focusing on public welfare projects in the fields of targeted education improvement and poverty alleviation, environmental protection, and community construction. TCL Project Hope Candlelight Award has supported 1,800 outstanding rural teachers from 23 provinces and 634 poverty-stricken counties. Huameng Foundation has helped 1,033 students with excellent academic performance from poor families to complete their college education.

A unique understanding of ‘home’ is an important part of TCL's corporate culture. We pay attention to being people-oriented. TCL will try its best to create a better home for both personal families and common communities with different dimensions from product design, production to enterprise operation and management.

Your concern and support for TCL are highly appreciated. I am looking forward to achieving better results with all of you!

Wei Xue
Vice President of TCL Corporation
Director of CSR Innovation Center





About TCL

Company Overview

Established in 1981, TCL was one of first 13 joint venture enterprises in China. Previously known as TTK Home Appliances (Huizhou) Co., Ltd., the company was originally engaged in manufacturing audio tapes. Subsequently, business operations were expanded to phones, television sets, mobile phones, refrigerators, washing machines, air conditioners, small household appliances, LCD panels, and etc.

As a pioneer of the globalization drive among Chinese enterprises, TCL took the lead in focusing on the Vietnamese market as early as 2000. Today, TCL has already undergone the four stages of early exploration, cross-border mergers and acquisitions, steady growth, and globalization. As of 2018, TCL has 28 R&D centers, sales offices in more than 80 countries and regions, and operations in more than 160 countries and regions. In recent years, TCL has been focusing on fostering technical competence as one of its core competitive strengths. In order to develop an edge in efficiency and product technology, the company has actively been concentrating on new semiconductor display technologies, as well as new processes and materials.

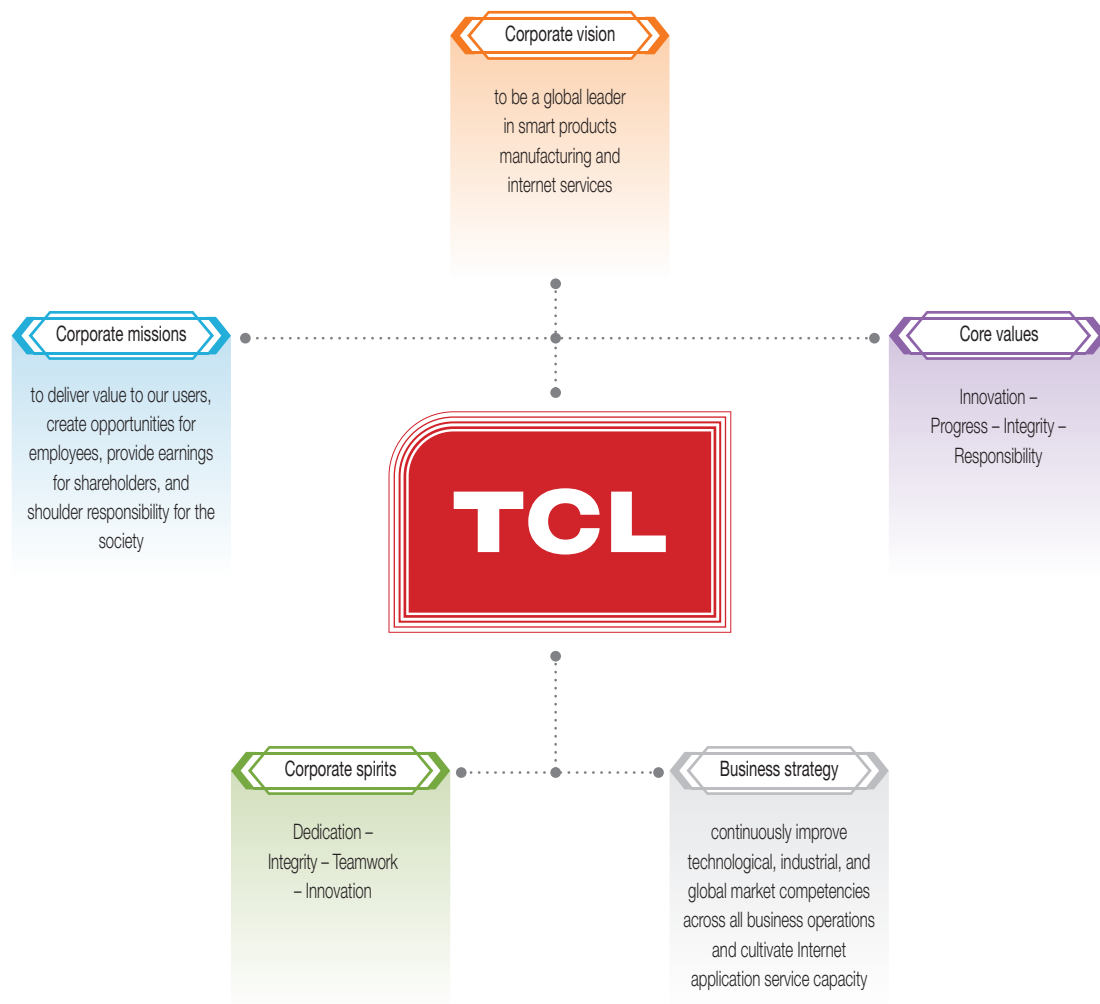
CSOT's new 11th generation TFT-LCD and AMOLED display device production line (known in short as the "t6 project") was put into production since November 2018, and the new 11th generation ultra-high-definition display device production line project (also known as the "t7 Project") is officially under construction. It is the most competitive project in terms of production of these new, large display panels. In the future, CSOT also aims to consolidate its core competitiveness in the global display panel industry by venturing into new applications of display technology. These include touch modules, electronic whiteboards, splicing video walls, automotive, e-sports and other high-end dedicated displays.

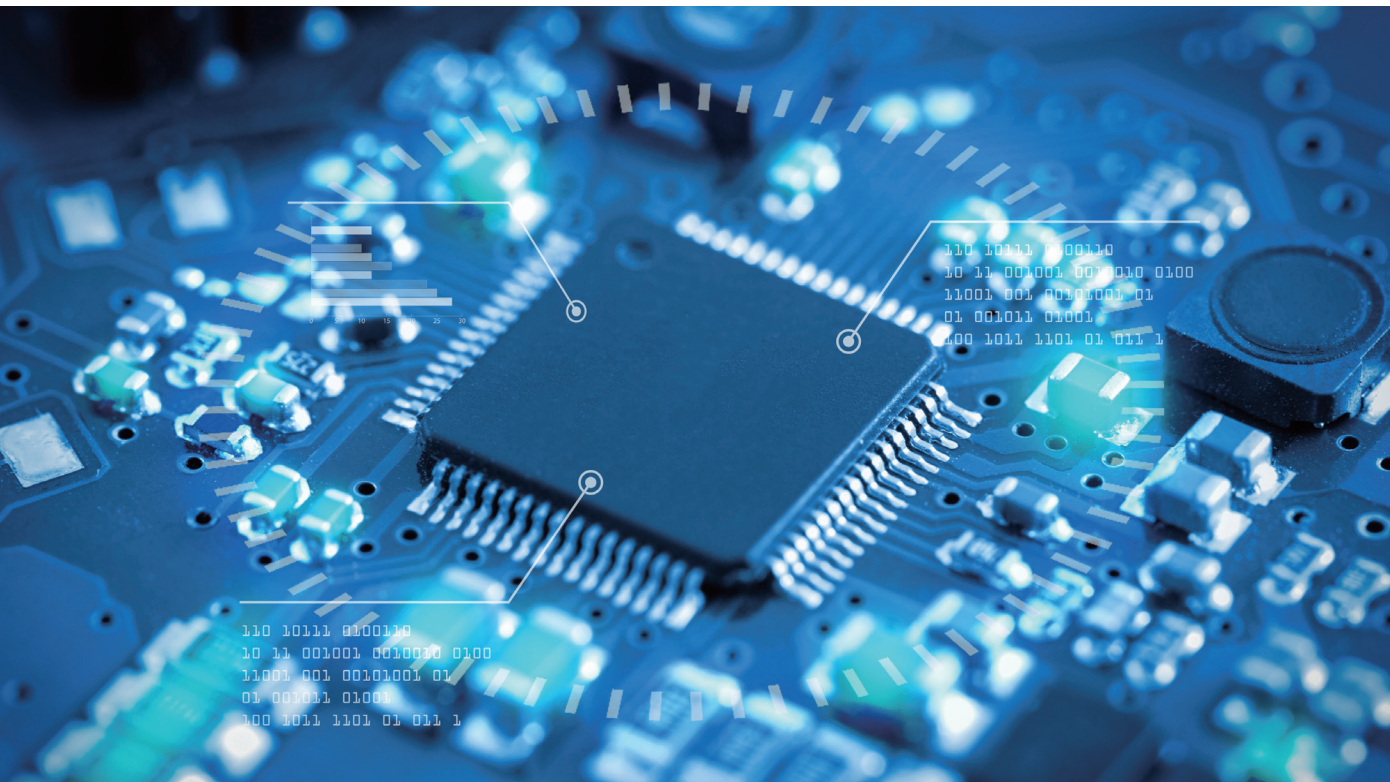


As of 2018, TCL has **28** R&D centers,
sales offices in more than **80** countries and regions,
and operations in more than **160** countries and regions"

Corporate Culture and Strategy

The Company's Philosophy





Corporate strategy

TCL Corporation improves its comprehensive competitiveness and enterprise value by transforming its business strategy, optimizing its asset structure and business process, and improving its operational efficiency and benefits. It has been positioned as a technology industry company with highlighted main industries, explicit development strategy, clear business structure, and high operational efficiency. TCL further focuses on resources to improve CSOT's industry scale and market competitiveness, strengthen and deepen the industry chain of semiconductor display and material, as well as seek for integration and development opportunities for related business in the field of core, high-end, and basic information electronic devices.

Focusing on Main Industries to Consolidate and Enhance the Market Share and Industry Competitiveness of semiconductor display and material Business

The corporation will concentrate resources on semiconductor display and material business, centralizing capital, human and technology resources for the development of semiconductor display industry. On the one hand, the corporation will take the improvement of technical ability as the most important strategic internal drive, upgrading from highest efficiency to best technology; through the development of the new generation display technology and material, the corporation's core competitiveness of high-end products will be established. On the other hand, the corporation will continue to give play to the scale advantage of regional agglomeration of production lines, as well as consolidate and improve the operational efficiency and various economic indicators. The expansion of CSOT's scale advantage and the improvement of product structure will further enhance the corporation's position in the industry and promote the growth of operational efficiency and profitability.

Developing Products and Consumers in Multi-Application Scenarios and Promoting Horizontal Development Strategy

After the reorganization, the corporation has become an operating platform with semiconductor display and material business as the core, and has independently developed new products and applications for the open market and broader consumer needs to further improve its market share. CSOT will continue to optimize the product and consumer structure of the existing display business, actively arrange product development in new application fields such as commercial display, laptop and vehicle display, and focus on high-value-added market segments and accelerate business transformation.

Giving Full Play to the Advantages of Industrial Financial Business and Providing Continuous and Stable Growth of Performance Contribution

TCL's financial and venture capital investment provide adequate resources for its member enterprises and core partners of the industrial chain ecology. Industry chain finance provides various financial services for affiliated enterprises through domestic and foreign financial licenses, such as financial companies, petty loans, online loans, factoring, financial leasing and asset management to improve the efficiency of capital use, reduce financial costs, and make use of surplus capital to make profits under the premise of controllable risks. The investment and venture capital businesses are arranged around the cutting-edge technology fields related to the main industry. While constructing the ecological chain of semiconductor display and material industry, it also takes into account the venture capital projects with steady returns. It has successfully invested in a number of star technology enterprises. Industrial finance and investment and venture capital businesses are beneficial to the layout and management of the industrial chain focusing on the main industry strategy of the corporation, and can also help corporation balance the impacts of market cycle fluctuations in the semiconductor display and material industry.

Increasing Investment in Research and Development in Basic Technologies to Create New Competitive Advantages

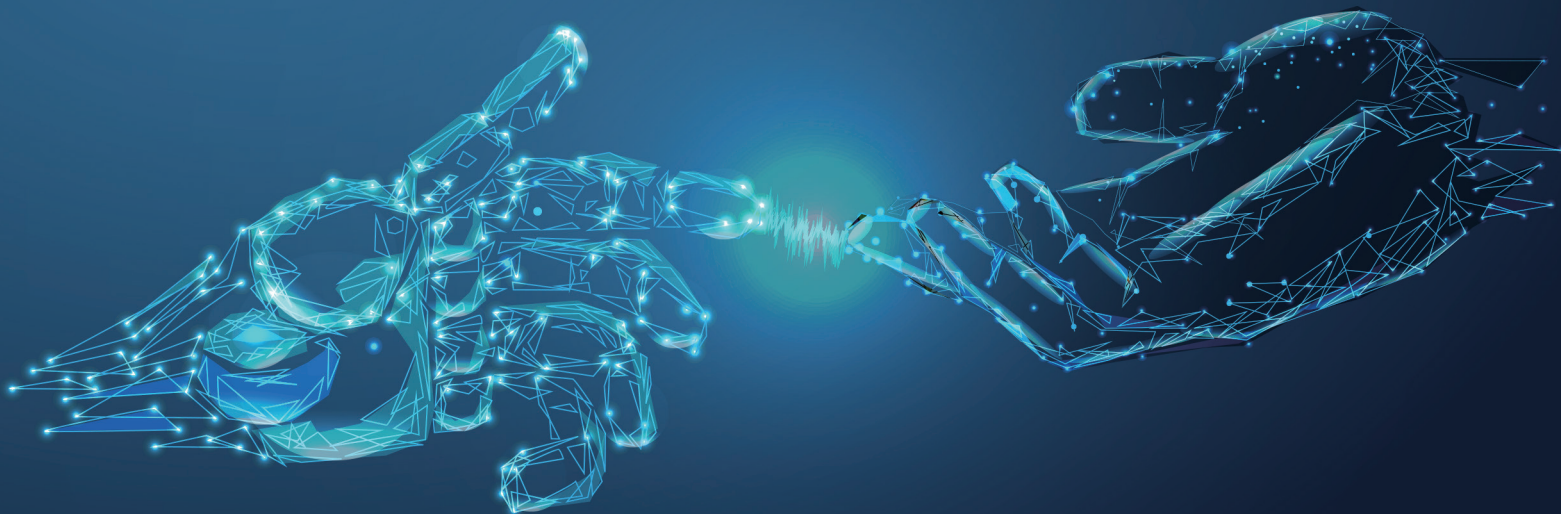
Strengthen the research and development layout of artificial intelligence and big data. By setting up R&D centers in many places around the world and introducing international talents, we can rapidly improve the ability to build algorithms, data, and application scenarios, and improve the efficiency of manufacturing and the application experience of products. At the same time, in the field of intelligent manufacturing and industrial Internet, the corporation has constantly innovated and developed their own intellectual property rights of intelligent manufacturing and industrial Internet products and solutions, created industry-leading Internet platform, built intelligent, digital, and modular management system, and established a comprehensive scenario of intelligent manufacturing system solutions.

CCTV News Broadcast: TCL Expands Its International Business to Multiple Fields

On August 26, CCTV News Broadcast presented a special report on the 5th anniversary of the "One Belt One Road" Initiative. TCL, as a representative enterprise actively practicing the "One Belt One Road" construction, made an appearance in the program. On the one hand, the program highlighted the increasing awareness of globalization of Chinese enterprises represented by TCL in the context of "going global." On the other hand, it also showed TCL's construction achievements since the Initiative was put forward five years ago, which was quite exemplary for Chinese enterprises.



CCTV News Broadcast Presented Special Report on TCL Internationalization



Financial Performance of 2018

TCL Corporation achieved operating revenue of 113.36 billion yuan in 2018, up 1.60% year-on-year. Net profits reached 4.07 billion yuan, up 14.7% year-on-year. The net profits attributable to shareholders of listed companies reached 3.47 billion yuan, an annual increase by 30.2%.

2018 achieved operating revenue

113.36 billion yuan

up

1.60%

Net profits

40.7 billion yuan

up

14.7%

The net profits attributable to
shareholders of listed companies

34.7 billion yuan

up

30.2%

Awards and Honors of 2018

January



TCL TV product "P series Roku TV" was listed in one of the top products with 8.6 points in 2018 Best TV Awards launched by CNET.

TCL Corporation won the International Data Group's "2017-2018 Top 10 Consumer Electronics Brands," "2017-2018 Top 15 Global TV Brands," "2017-2018 Top 20 Global Smart Phone Brands," and "2017-2018 Top 50 Global Consumer Electronics Leading Brands."

February



TCL Corporation won the 8th place among the top 100 private enterprises in Guangdong Province in 2017 with its outstanding business performance in 2017.

TCL ranked 18th on the "BrandZ Top 50 China Export Brands" List.

March



TCL air conditioner was awarded the title of "National Intellectual Property Demonstration Enterprise" by the State Intellectual Property Administration, PRC.

TCL air conditioner was recognized as "Guangdong Innovative Enterprise" by Guangdong High-tech Enterprise Association.

TCL Electronics SCBC was awarded the "Class A Enterprise" certification by the China Quality Certification Center (CQC) in 2017.

April



TCL Corporation was awarded "The Listed Company Most Respected by Investors in 2017."

CSOT won the China New Display Industry Chain Development Contribution Award, Collaborative Development Award and Outstanding Contribution Award at the "First China New Display Industry Chain Development Contribution Award (2017)."

TCL Smart Home was awarded the Outstanding Smart Product Award at the "Smart Gear Industry Integration Summit Forum" organized by China Smart Home Research Institute.

May



TCL Corporation became the first corporate research model after the establishment of the communication research center of big Chinese brands of Journalism and Communication Department, Communication University of China, which was jointly established by Communication University of China and CCTV "Big Chinese Brands" program.

TCL Corporation won the "2017-2018 Refrigerator Industry Smart Health Brand," "Integrated Inverted Frequency Quick-Cooling and Fresh-Keeping Technological Innovation Star of the Year 2017-2018" and "AAT Intelligent Freshness Technology Innovation Star of the Year 2017-2018" at the 2018 China Refrigerator Industry Summit Forum jointly sponsored by China Household Electrical Appliances Association and National Information Center Information Technology and Industry Development Department.

June



TCL Corporation was awarded "ACCA China Excellent International Talent Development Employer" by ACCA (Association of Chartered Certified Accountants).

TCL won the innovation award at CES Asia 2018 for its new TCL C6 TV theater and crystal four-door refrigerator.

July



TCL Corporation ranked 71st on *Fortune* China 500 list, ranking 10th among technology companies and leading color TV companies.

TCL Corporation was rated Grade A in the 2017 Annual Information Disclosure Assessment of main board, SME board and GEM listed company by the Shenzhen Stock Exchange.

August



TCL ranked the fifth in "China's Top 100 Electronic Information Enterprises 2018" issued by China Information Technology Industry Federation.

TCL Corporation was included in the MSCI China All Share Index.

Shenzhen CSOT was awarded the title of "National Intellectual Property Demonstration Enterprise" by the State Intellectual Property Administration, PRC.

September



TCL air conditioner won the "2018 Intelligent Temperature Control" at the 2018 China HVAC Industry Development Summit of "Intelligent Temperature Control and New Ecology."

TCL Corporation was selected as the "Top 50 Chinese Leading Brands" by Facebook (the world's largest social media) and KPMG (an internationally renowned consulting firm).

October



TCL Corporation ranked 8th in the research report on China's top 100 brand values with a value of 87.988 billion, ranking 1st in domestic TV manufacturing industry for 13 consecutive years.

TCL Corporation was listed "The World's Best Employer" by Forbes magazine.

TCL Corporation was one of the first national pilot enterprises of innovation and application of supply chain, approved by the Ministry of Commerce-led departments.

"TCL Project Hope Candlelight Award" won the highest award "CSR CHINA Model Award" in the third session of "CSR CHINA Awards."

November



TCL Corporation selected TCL Electronics Holdings Co., Ltd. "Lightning" QC team to participate in the 2018 International Quality Management Group conference, and won the first place in the sub-meeting, winning gold medal awarded by the conference.

TCL Corporation won the honorary title of "2018 China Excellent Enterprise Citizen" at "The 18th China Excellent Corporate Citizens Annual Meeting," and the "TCL Project Hope Candlelight Award" won the title of "2018 China Corporate Citizens Excellent Public Welfare Project."

CSOT "G11 Project" received the platinum certification of LEED (Leadership in Energy and Environmental Design) issued by USGBC (United States Green Building Council).

December



TCL Corporation's high-end brand XESS's first product "Floating Window Full View TV" broke the monopoly of Japanese and South Korea's color TV brands for 9 years and became the only color TV brand in China to win the gold medal of "Red Top Award."

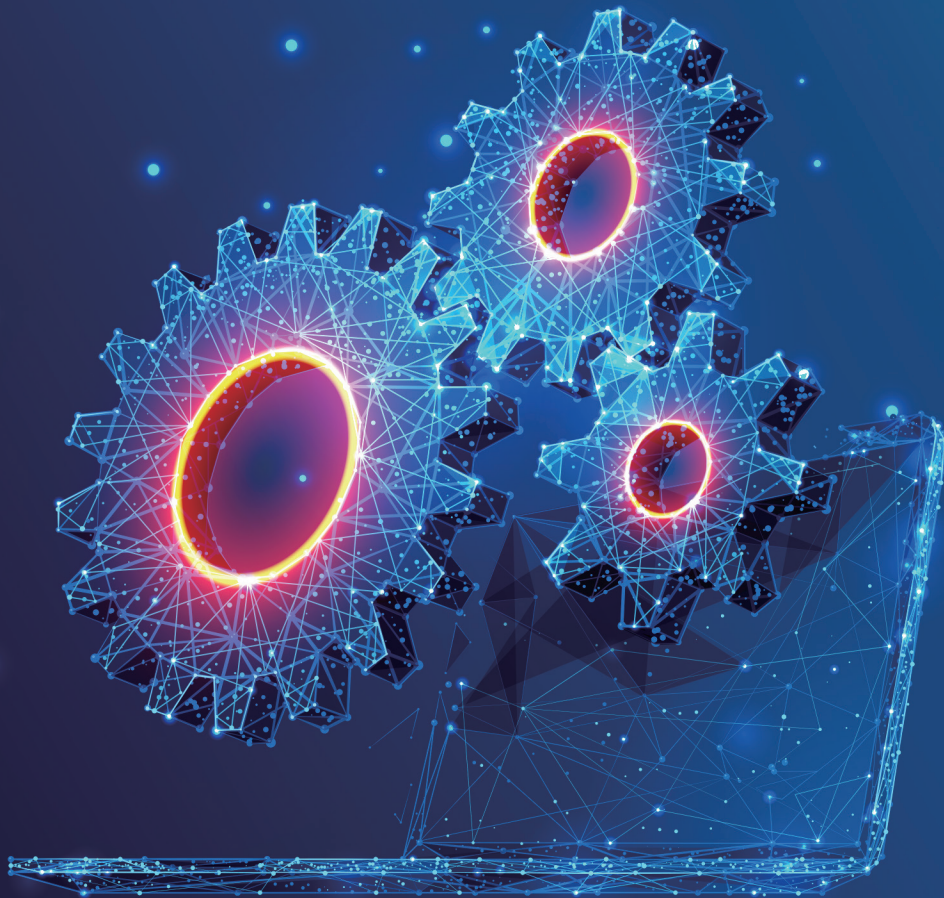
TCL Electronics became the only TV brand in the publicity promo of the "Inheritance and Creation" of the "China Made" Brand Work Plan of the Ministry of Commerce.

TCL Commercial was awarded "2018 China Business Display System Industry Top Ten Famous Brand Enterprise Award" and "2018 Annual Interactive Whiteboard Most Creative Product Award" in China Education Equipment Exhibition and ISVE Smart Display Exhibition.



Responsibility Management

- Corporate Social Responsibility Strategy and Policy Development
- Training and Publicity of Social Responsibility
- Analysis of Material Issues
- Promotion of Important CSR Issues
- CSR Risk Supervision
- Communication and Collaboration among Stakeholders



Responsibility Management

TCL has always been adhering to the philosophy of "taking responsibility for society and being a good corporate citizen". For more than 30 years, TCL has been continuously promoting the development of enterprises with stakeholders as the core, designing innovative products to meet the needs of users and continuously creating benefits for shareholders, developing together with employees and supporting the development of education, culture and other social welfare undertakings.

In order to explore better ways for TCL to fulfill its corporate social responsibility and create a value shared by the enterprise and the society, TCL set up the Corporate Social Responsibility Innovation Center of the Corporation in 2016, which has been led by the vice president of the corporation.

The main responsibilities of the CSR Innovation Center are:

- Developing CSR strategies and policies
- Providing support in capability-building for CSR management
- Providing substantive analysis of issues (focusing on CSR risks and opportunities by identifying key CSR issues)
- Promoting important CSR issues (projects)
- Monitoring CSR risks
- Promoting communication and collaboration among stakeholders

Corporate Social Responsibility Strategy and Policy Development

In 2018, TCL issued the *Basic Norms of TCL Corporation Internal Control NO. 14 – Social Responsibility*, covering seven core issues of corporate social responsibility, i.e., organizational governance, promotion of employment and protection of employees' rights and interests, health and safety, environmental protection, fair operation, consumer relationship, community participation and development, which further clarified the category of corporate social responsibility and standardized the management mechanism.

Training and Publicity of Social Responsibility

To improve the corporate social responsibility business management level, TCL attaches great importance to the social responsibility knowledge popularization and publicity, and carries out corporate social responsibility knowledge training for the social responsibility leaders of various industries to improve their awareness and responsibility. At the same time, the company publicizes corporate social responsibility through various publicity tools such as TCL dynamic journal and TCL WeChat public account among the company's employees and the public.

Best Practice Training of Social Responsibility in Electronic Industry

In October 2018, TCL Corporation CSR Innovation Center held the best practice training for social responsibility in electronic industry, and invited the teachers of the well-known CSR auditing agency SGS to give lectures on social responsibility with specific content and excellent cases. CSR management personnel from TCL Electronics, CSOT, Communications, Tonly, and other related business, including human resources, health and safety, and other relevant responsible persons participated in the training. Not only did they carefully study the relevant content, but also analyses were made based on the cases of the industry, laying a good foundation for better fulfilling social responsibilities in the future.



TCL Corporation CSR Standards and Electronics Industry CSR Best Practice Seminar

Analysis of Material Issues

In order to further enhance the pertinence and scientificity of TCL's corporate social responsibility management, TCL adopted an internationally accepted method to select internationally authoritative, universal sustainable development, social responsibility assessment standards and guidelines for benchmarking, including DJSI, MSCI, GRI, etc. The standards, as a broad basis for the screening of TCL's material issues, were then selected on the basis of industry conditions and the company's own characteristics. Upon full discussion among internal and external parties of the organization, 28 material issues that have important impact on corporate development and stakeholders were selected, including such six levels as governance, products and services, environment, industry chain management, employees, and community, which would be highlighted in attention and disclosure.



Treatment

Corporate Governance Risk management Business Ethics Brand Image



Products and Services

Technical Innovation Product Quality and Safety Customer Service
Protection of Customer Privacy Responsible Marketing Products and Services for More People



Environment

Reduction of Raw Material Consumption Improvement of Energy Efficiency
Water Resource Management Three Wastes Reduction
Address Climate Changes Recycling Biodiversity Conservation



Industry Chain Management

Conflict Mineral Management Supplier Social Responsibility
Mutual Development with Partners in Industry Chain



Employee

Employee Rights Protection Occupational Health and Safety
Employee Growth and Development Employer Attraction Employee Care



Community

Economic Development of Community Charity Event



Promotion of Important CSR Issues

TCL has established project management for important CSR issues identified by substantive analysis and other risk/opportunity assessment methods. In 2018, we launched the climate change management project, established a greenhouse gas management system in accordance with ISO14064, and passed the verification of a third-party certification company at seven major production Sites. At the same time, we also joined the famous campaign of “Striving to Lead the Way of Environmental Protection”, together with other companies to promote greenhouse gas emission reduction.

TCL is striving to lead the way of environmental protection!

In March 2018, the global charity project “Striving to Lead the Way of Environmental Protection” initiated by the Paulson Foundation and China Center for International Economic Exchange was launched in Beijing. TCL joined the Initiative. A total of 22 Chinese and American entrepreneurs, including Li Dongsheng, TCL’s chairman, together with Ma Yun, president of Alibaba Group, Wang Shi, honorary chairman of the board of directors of Vanke Group, jointly recorded a video and expressed to lead the way of environmental protection. They are committed to reducing the adverse impacts of company’s operations on environment, carrying out practical actions to reduce carbon emissions and wastes, and working together to achieve “carbon-free emissions” and “zero waste” economy.



Li Dongsheng, Chairman of TCL Corporation, spoke for the “Striving to Lead the Way of Environmental Protection” Initiative

CSR Risk Supervision

As a group company that involves multiple industries, TCL Corporation monitors the CSR risks of the Group and its subsidiaries through on-site audits and online monitoring tools. In 2018, we conducted on-site inspections of CSR risks of eight subsidiaries, and found 50 CSR risky items and promoted rectification. We also conducted online monitoring of the environmental violation risks of subordinate branches and supply chains through the Azure map database of IPE (Institute of Public and Environmental Affairs), a well-known environmental protection public welfare institution in China.



Communication and Collaboration among Stakeholders

TCL knows very well that only by cooperating with stakeholders can we make progress on the way to sustainable development. In daily operation, TCL keeps improving all the communication systems to actively listen to stakeholders and understand their demands, while responding with practical actions so as to make progress together.

Stakeholders	Issues of Interests	Solutions	Key Undertakings in 2018
Shareholders and investors	<ul style="list-style-type: none"> Transparent information disclosure Ability to continue creating values Well-proven risk management 	<ul style="list-style-type: none"> Standardization of company management and close communication with multi-channel investors Continuous deepening of strategic advancement and creation of advantageous industries 	<ul style="list-style-type: none"> Organizing investor open days to explain business strategies to investors Asset restructuring, focus on core industries to improve profitability
Government and regulators	<ul style="list-style-type: none"> Law-abiding compliance operation Responding to national policies Playing a leading role in promoting harmonious development of society 	<ul style="list-style-type: none"> Abiding by the national laws and regulations Giving full play to the enterprise's resource superiority Performing social responsibility actively 	<ul style="list-style-type: none"> Issuing internal management measures such as the <i>Regulations on the Correction of Auditing and Monitoring Problems in TCL Corporation</i> Launching "Integrity TCL" WeChat public account and WeChat online reporting channel Continuing internationalization process Expanding 7 key issues on social responsibility
Consumers and clients	<ul style="list-style-type: none"> Innovative and practical products meeting the requirements of the customers Continuously improving service quality and protecting customer privacy 	<ul style="list-style-type: none"> Enriching product categories, improving product quality, and serving a wider community Carrying out customer satisfaction survey and demand survey Protecting the privacy of customers 	<ul style="list-style-type: none"> Introducing series of smart and innovative products to meet diversified demands of consumers Customer satisfaction survey and after-sales service, providing full lifecycle services Collecting user feedback, analyzing and proposing solutions Compliance with regulatory requirements and strict protection of customer privacy
Supplier and distributor partners	<ul style="list-style-type: none"> Standardizing the procurement process and a good competitive mechanism Achieving mutual benefits of industry chain partners Driving development of the industry 	<ul style="list-style-type: none"> Developing supplier selection policy to achieve fair procurement Suppliers evaluation, audit, training, and communication Providing support for partners 	<ul style="list-style-type: none"> Promoting suppliers' responsibility for environmental protection, safety and employment Organizing training and exchanges Promoting financing platforms and help partners develop

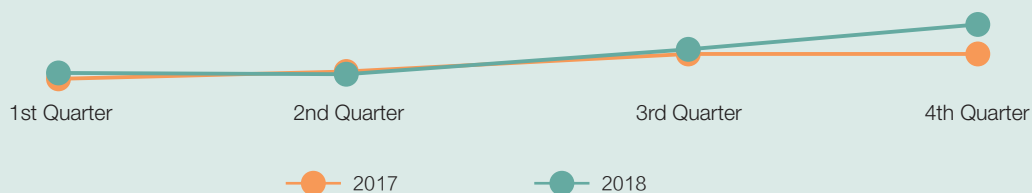
Stakeholders	Issues of Interests	Solutions	Key Undertakings in 2018
Employee	<ul style="list-style-type: none"> Safeguarding legitimate rights and interests Occupational health and safety Optimizing compensation benefits Respecting multiculturalism and lifestyle Developing with employees Enhancing employer competitiveness 	<ul style="list-style-type: none"> Compliance with laws and regulations to protect employees' basic rights and interests Improving occupational health and safety measures Providing competitive compensation benefits Care for Employees' Life Employee capacity building and establishment of career development system 	<ul style="list-style-type: none"> Formulating recruitment policy according to relevant laws Multiple channels for employees' complaints and feedback Organizing safety training and cultural construction Organizing culture, sports, and recreational activities to balance life and work Continuously running TCL University to conduct systematic training for domestic and foreign employees
Community	<ul style="list-style-type: none"> Caring for the development of the next generation Improving community environment Helping disadvantaged groups 	<ul style="list-style-type: none"> Supporting youth development Caring for ecological environment Assisting in community building Conducting volunteer activities 	<ul style="list-style-type: none"> Continuing to run Shenzhen TCL Foundation and developing student-assisting and teacher-assisting programs Supporting environmental public welfare projects Helping residents improve public welfare Organizing employee service communities
Environment	<ul style="list-style-type: none"> Using resources efficiently Energy saving and emission reduction Effective use of waste 	<ul style="list-style-type: none"> Developing green production Introducing green products Establishing an environmentally-friendly company 	<ul style="list-style-type: none"> Building green factories Developing and producing green products Recycling of used electrical appliances

TCL WeChat Public Account of Responsibility

TCL has launched the TCL WeChat Public Account for business partners, consumers, corporate employees, social media, and other stakeholders to promote social responsibility knowledge and sustainable lifestyles. In 2018, the TCL WeChat Public Account published 151 articles with more than 840,000 views, providing professional analysis of social responsibility hot topics for readers and creating a friendly and professional brand image which is affirmed by readers. In addition, the TCL WeChat Public Account set up education, volunteer activities, social welfare and other targeted contents for main reader groups, interacting with them in various topics and forms, and increasing reader participation.



Quarterly Views of 2017 and 2018





Corporate Governance

- Protecting Investors' Rights and Interests
- Legal Compliance
- Information Security Management
- Intellectual Property Protection





Corporate Governance

As one of the first 9 pilot enterprises for internal control listed by Guangdong Bureau of China Securities Regulatory Commission, TCL has strictly followed the relevant requirements set in the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies in China*, and other laws and regulations. TCL has also adhered to related requirements of regulatory agencies, establishing general meetings of shareholders, the board of directors and its specialized committees, the board of supervisors, as well as the management team, formulating relevant rules of procedure and management system, constantly improving the internal control system and process, and promoting a continuous optimization of the corporate governance structure. In 2018, TCL organized directors, supervisors, and senior managers to systematically study the laws and regulations for the corporate governance of listed companies, in order to improve the awareness of risk prevention and self-restraint abilities. The company held a total of 8 meetings of board of directors, 6 meetings of board of supervisors, and 6 shareholders' meetings.

General Meetings of Shareholders

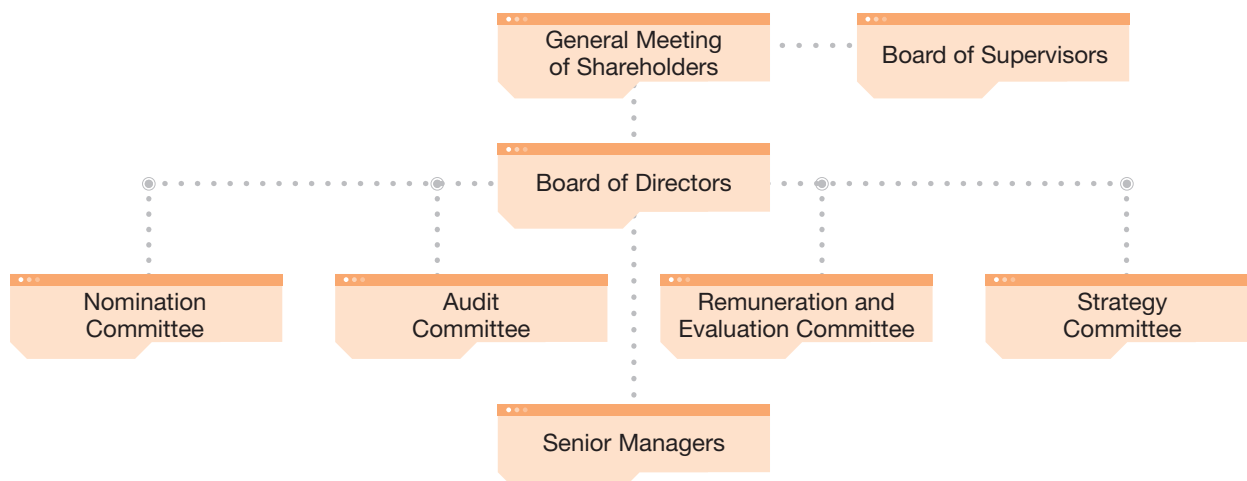
The company's general meeting of shareholders has well-defined responsibilities and clear rules of procedure which have been effectively implemented. The procedures for calling, convening and submitting proposals to the general meeting are in conformity with the relevant provisions stipulated in the *Company Law* and the *Articles of Association*.

Board of Directors

The directors in the company's board of directors are elected in strict accordance with the electing procedures stipulated in the *Company Law* and the *Articles of Association*. The directors attend the board of directors' meeting in a serious and responsible manner, fully exercising and fulfilling their rights, obligations, and responsibilities. Independent directors play an important role in the company's major decision-making, and thus contribute to the more regulated and scientific decision-making in the company. The company has set up special committees for the board of directors, including the Nomination Committee, the Remuneration and Evaluation Committee, the Audit Committee, and the Strategy Committee.

Supervisors and the Board of Supervisors

With clearly defined responsibilities, all the members of the Board of Supervisors diligently fulfill their obligations and duties. The procedures for calling and convening the board of supervisors' meeting are in conformity with the *Company Law*, the *Articles of Association* and other relevant laws and regulations. The supervisors meet the qualification requirements for their tenure. They actively participate in the board of supervisors' meetings and conscientiously perform their duties to protect the legitimate rights and interests of the company and all shareholders.



Protecting Investors' Rights and Interests

TCL has strictly complied with and implemented laws and regulations related to information disclosure, timely fulfilled the obligations of information disclosure; formulated *Measures for the Administration of Information Disclosure* to guarantee the authenticity, accuracy, integrity, timeliness, and impartiality of information disclosure, and continued to improve the quality and transparency of information disclosure. In 2018, TCL obtained the A-level evaluation of information disclosure of Shenzhen Stock Exchange for three consecutive years.

The company highly values investor relations work, adhering to the concept of "openness, fairness and justice" and exploring active information disclosure mechanisms to effectively protect the legitimate rights and interests of investors. For small and medium-sized shareholders, the company has specialists to answer IR hotline in time, reply to IR mailbox, upload investor research records, etc., in order to ensure smooth communication with small and medium investors. For institutional investors, the company regularly holds investor briefings and non-trading roadshows to ensure that institutional investors keep abreast of company progress. In 2018, TCL was awarded "The Listed Company Most Respected by Investors in 2017" in the "Selection of Listed Companies Respected by Investors in 2017" sponsored by the Association of Chinese Listed Companies.

In 2018, TCL obtained the **A-level** evaluation of information disclosure of Shenzhen Stock Exchange for three consecutive years.

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2018



The number of information disclosures was **246**; Roadshow: **14** active roadshows in Beijing, Shanghai, Shenzhen, and Hong Kong; Strategy meetings: Participated in **36** domestic and foreign brokerage exchange symposiums throughout the year; Research receptions: **27** visits were received throughout the year, with a total of **105** visitors; Communication activities: Held annual and semi-annual results announcements, telephone briefings, investor open day interactions, etc., with more than **100** participants; cooperated with Hong Kong-listed companies to jointly organize factory research, covering nearly **100** domestic and foreign buyer organizations.

Total number of shareholders (member)	13,549,648,507
Average number of shares held by each member (share)	29,215
The number of individual shareholders out of the top 200 shareholders (member)	105
Average number of shares held by each individual member of the first 200 (share)	11,272,312
Among them, the number of institutional shareholders (member)	76
Average number of shares held by each institutional member (share)	29,530,659

Interpreting Corporate Business Strategy to Investors on Investor Open Day

On June 5, 2018, TCL Corporation, TCL Electronics, and Tonly Electronics jointly launched the 2018 Investor Open Day. On the day of the event, Hu Lihua, CFO of CSOT, Li Lina, Deputy Director of the Board of Directors of TCL Corporation, and Shen Chunmei, Director of TCL's Investor Relations, answered questions to more than 100 institutional investors, and highlighted TCL's strategic transformation plan.



Interpreting business strategy to investors

Legal Compliance

TCL has added integrity to its core values. It has always advocated compliance management and highly valued anti-fraud work. It requires the company and its subsidiaries to strictly comply with laws and regulations and focus on preventing and punishing corruption. The Board of Directors of the company has an audit committee. The company has set up a special audit and supervision department to build a clean and honest system to prevent corruption and to build a clean enterprise.

System of Anti-Corruption

TCL focuses on building a clean and honest system to prevent corruption. Based on the framework established and the guidelines formulated in 2017, the TCL Corporation has successively formulated the *Regulations on the Correction of Auditing and Monitoring Problems in TCL Corporation*, *Guidelines for Reporting Criminal Cases*, *Reporting Guidelines* and other internal policies. At the same time, in accordance with the *TCL Corporation Integrity System Construction Practical Guide*, it guides and assists subordinate enterprises to formulate and effectively implement the enterprise integrity system and improve the company's anti-fraud system.

Advocating Integrity

In order to strengthen the construction of a clean system and prevent operational risks, the company requires all partners and employees to follow the high standards of business ethics, and must sign the *Integrity Agreement* before and after the cooperation; Targeted anti-corruption education work were carried out for employees in different positions in the company; Close relationship with the judicial offices and discipline inspection authorities was established, and relying on the Chinese enterprise anti-fraud alliance and the Sunshine Integrity Alliance, the two major anti-fraud organizations have conducted business exchanges and collaboration to effectively investigate and deal with fraud.

Integrity Training for TCL Financial Holding Group

In May 2018, TCL Corporation invited the Economic Crime Investigation Brigade of Huizhou Public Security Bureau to conduct employee integrity training for TCL Financial Holding Group, with a total of 140 participants from Shanghai, Huizhou, and Guangzhou.



Integrity Training for TCL Financial Holding Group



Hard Strike on Corruption

TCL advocates and encourages all employees to assist in anti-corruption work. The company's Audit and Supervision Department has a specially-assigned person to receive reports and clues. Reporters can voluntarily choose real-name or anonymous reports. For fraud practices, TCL Corporation has always adhered to the "zero tolerance" attitude. Upon discovery, according to the *TCL Corporation Responsibility Investigation and Management Measures*, the Audit and Supervision Department will organize a special investigation team to conduct investigation and handling. In 2018, the whole company investigated 20 cases involving violations of laws and regulations, punished 42 persons who conducted fraud practices, and transferred 4 persons to judicial offices.

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TCL audit and supervision
Department Whistleblower Hotline
Mailbox: jubao@tcl.com
Phone: 0086 7522288846



Scan above QR
code to follow

Corruption Report Channel

Information Security Management

TCL follows the EU *General Data Protection Regulations* and sets up corresponding privacy protection organizations and technical framework systems in related industries. At the same time, the company has issued the *TCL Corporation Information Security Management System Document – Information Asset Management Regulations* to identify and protect the company's information assets, establish classification and grading standards, and thus take appropriate protection measures for information assets of different important levels.

TCL Communication enhances information management

In 2018, TCL Communication comprehensively upgraded its information security management level according to the requirements of ISO27001, established a consumer-oriented information security and privacy protection laboratory to comprehensively improve product security and privacy protection levels. It plans to obtain ISO27001 certification in 2019.

In 2018, the company completed the first draft of the company's information security policy, strategy and norms; established an information security team to strengthen cross-industry organization management; set up a security vulnerabilities monitoring system shared at the group level, and fixed 202 medium- and high-risk vulnerabilities in the company and industry. All employees of the company headquarters and TCL Communication were given trainings of information safety consciousness, which effectively improved employees' information safety consciousness.

Intellectual Property Protection

TCL has established a dozen patent-related regulations including *TCL Corporation Patent Filing Process Management Rules*, *TCL Corporation Patent Management Measures*, and *Patent Dispute Resolution Measures*. The company actively participates in relevant exchanges, such as the China digital television terrestrial transmission national standard intellectual property alliance, etc., improves the company's intellectual property management, strengthens the identification of intellectual property achievements, and safeguards its legitimate rights and interests. At the same time, the company's Intellectual Property Center also actively participated in the research work before the revision of China's patent laws. From the perspective of enterprises, based on the years of work practice and TCL's actual situation, it reported back about the need for patent law to the State Intellectual Property Administration, PRC.

In 2018, TCL established Wisteria Intellectual Property Operation (Shenzhen) Co., Ltd. to focus on the intellectual property field and help the company and other Chinese companies to respond to international intellectual property risks. On December 7, under the operation of Wisteria, Bank of Beijing Shenzhen Branch and CSOT reached an intellectual property strategic cooperation. As assessed by the evaluation agency commissioned by the bank, CSOT's overall patent assets were valued at CNY19 million. At the same time, with the support of the Shenzhen Municipal Government, the Wisteria Patent Operating Fund was officially launched.

During the World Internet Conference, Francis Gurry, Director General of the World Intellectual Property Organization, expressed appreciation for TCL's intellectual property work and Wisteria's innovative attempts.



Li Dongsheng, Yang Jin, and Gurry, the Director General of the World Intellectual Property Organization

TCL received many honors in intellectual property protection in 2018

CSOT won the title of “**National Intellectual Property Demonstration Enterprise**”

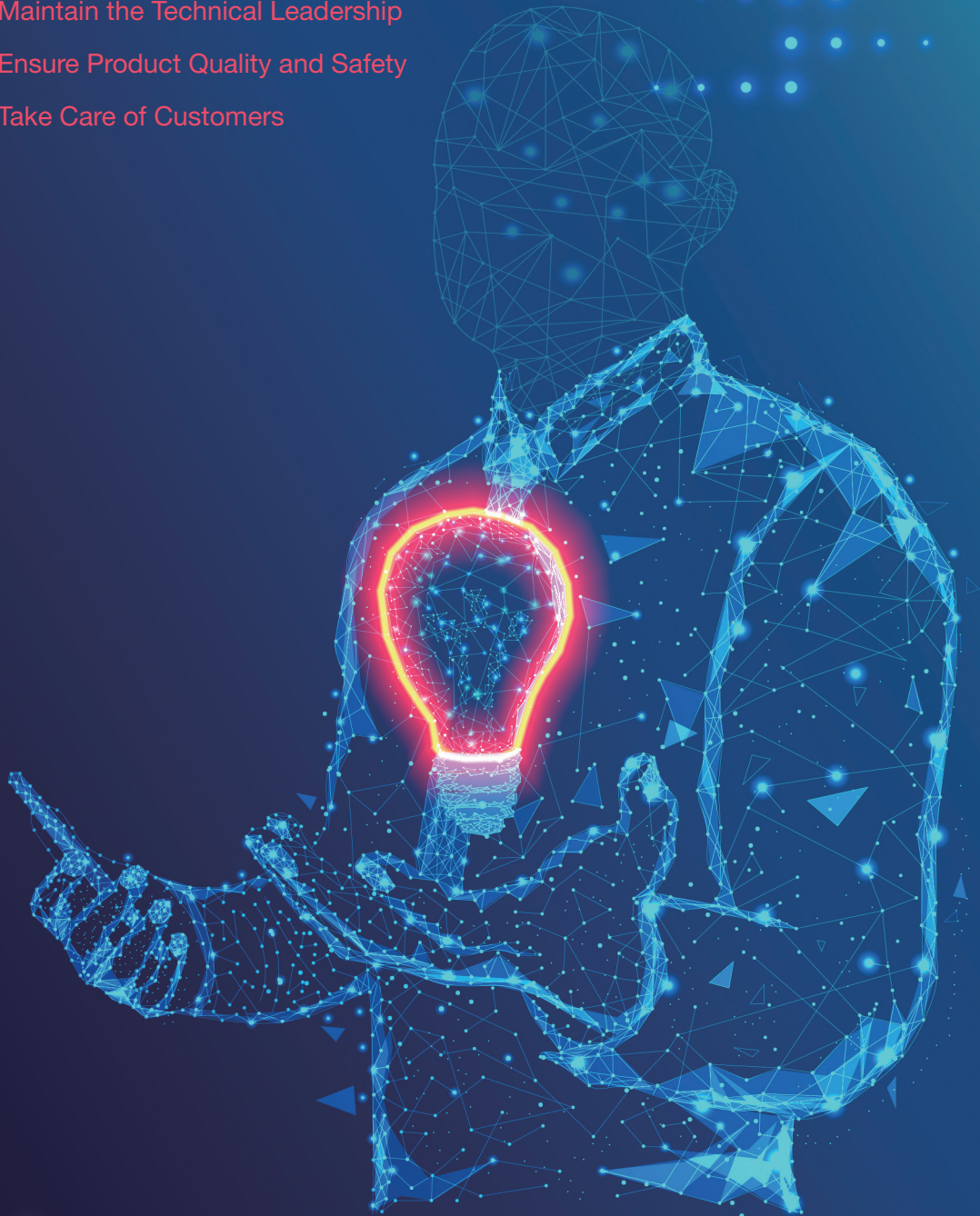
CSOT Wuhan won the title of “**National Intellectual Property Advanced Enterprise**”





Promoting Technological Innovation

- Continuous Introduction of Advanced Products
- Maintain the Technical Leadership
- Ensure Product Quality and Safety
- Take Care of Customers



Promoting Technological Innovation

Innovation is the gene of TCL. TCL is driven by innovation and continues to maintain its leading position in technology. It continues to introduce innovative products meanwhile ensures product quality and safety, and to meet the full range of needs of consumers with full-product and full-process services.

Continuous Introduction of Advanced Products

TCL maintains innovation-oriented, starting from the front end of the industry chain to constantly introduce multi-dimensional products, and create a full range of life scene services for consumers, and drive a beautiful family life with innovation.

Display Panel

55" UNB

55" UNB is the first product for mass production of CSOT in the field of commercial display. It adopts the original HVA Mode, and the uniformity ratio of illuminance is over 90%, reaching the leading level of industry. In addition, it is also equipped with "precise color modulation" technology to achieve uniformity of stitching color.



85" 8K IGZO GOA LCD Screen

85" 8K IGZO GOA LCD Screen adopts advanced oxide semiconductor (IGZO) and copper process technology. It is the first ultra-large 8K LCD which successfully applies back channel etching (BCE) IGZO process technology to GOA circuit.



86" 4K Touch Screen

The first 86" 4K Touch Screen in China, with large-size capacitive touch, is very responsive. Considering the actual teaching application scenario, the product can support up to 40 people to write at the same time. In addition, the product is equipped with anti-glare technology that enables clear view of the picture from any angle in the classroom.



Touch Bar Screen ●.....●

11.3" Touch Bar Screen and 23.2" Bar Screen as the first shelf/shoe rack bar screen in China, providing novel promotional forms, vivid information interaction and colorful multimedia animation. Customized display content and form using cloud services, with AI camera and other detection devices, etc., become the entrance to the commercial terminal "big data" collection and a smart platform to interact with users.



Smart Home

XESS Floating Window Full View TV ●.....●

XESS Floating Window Full View TV (Living Window) is not just an electrical appliance, but a piece of art or decoration. Floating Window Full View TV uses QLED quantum dot display technology and full screen to restore the color of art paintings, using AI technology to automatically adjust the brightness and contrast of the picture to achieve more realistic effects.



U-Moisturizing Series Air Conditioner ●.....●

TCL U-Moisturizing Series Air Conditioner has the unique TCL air-conditioner patented intelligent technology, which is characterized by "good look, comfort, moisture, energy efficiency, and cleanness". It perfectly combines appearance and strength to provide users with a pleasant experience and take TCL air-conditioning one step further towards intelligence.



TCL Refrigerator's Integrated Frequency Conversion Technology ●.....●

TCL refrigerator's integrated frequency conversion technology brings the innovative technology of quick-cooling and fresh-keeping. With the integrated frequency air-cooling technology and the patent design of intelligent wind, it achieves fast cooling, small temperature difference, super energy saving, low noise, and can quickly keep the most original flavors of food.



TCL Full Touch Pollution-Free Roller Washing Machine ●.....●

TCL Full Touch Pollution-Free Roller Washing Machine continues to adhere to the "pollution-free +" strategy, and be committed to providing users with 100% pollution-free services, and strive to create health products of better quality.



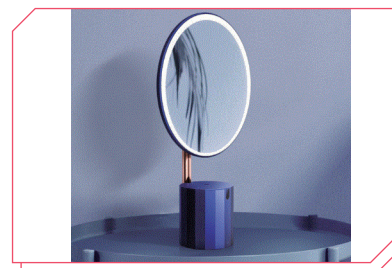
Alcatel 3V Smart Phone

"Accelerating your social life." By adopting full screen design, super high screen ratio, and 2K resolution, TCL Communication Alcatel 3V smart phone is very popular due to its high-definition display, smooth playback, and unique facial recognition.



Intelligent Ecological Products

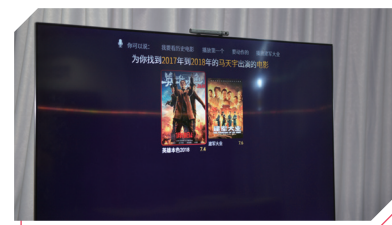
TCL launched intelligent ecological products, including door locks, earphones, toothbrushes, translation machines, makeup mirrors, beauty instruments, microphones, AI loudspeakers, etc. Through the integrated smart home based on home appliances, combining with applications such as the Internet of Things perception and interactive collaboration, an ecological whole-house smart home solution is built for smart home users through the Internet of Things platform and AI big data decision system.



Meet Diversified Needs

"AI-IN" AI Service System

The "AI-IN" AI service system embedded in TCL color TV sets can not only help the owner to control all kinds of equipment and handle daily affairs, but also have supercomputing and thinking abilities. The color TV has become the steward of users, which understands the users' needs at every moment, mobilizes all household appliances and Internet resources, and provides customized services.



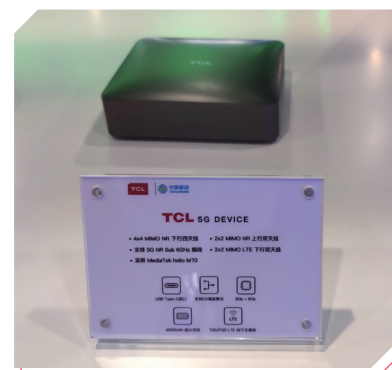
Candy Selfie Camera Mobile APP

TCL's Candy Selfie Camera Mobile APP is tailored for Latin American users, allowing them to touch up their faces to their preferences. Meanwhile, according to the South American users' body standards, preferences for skin color, aesthetic needs, and pop culture trends, a series of localized functions have been developed, making it the top photography APP on the "App Download Charts" in several South American countries.



5G Data Terminal Equipment

TCL 5G data terminal equipment provides high-speed Internet experience, cloud office, cloud games, and other convenient experience for the majority of consumers. The terminal uses MediaTek Helio M70, the first-generation 5G chip that can support both Standalone (SA) and Non-standalone (NSA), to provide users with global access services.



Maintain the Technical Leadership

TCL firmly believes that product technology innovation is the most important driving force. In 2018, TCL held the Fifth Technology Innovation Conference and Seminar on New Display Technology, Artificial Intelligence and Big Data Technology. In the Conference, TCL identified three major directions for innovation: artificial intelligence, Internet and big data, new display technologies and materials, and intelligent manufacturing and industrial Internet. TCL also claimed that it would adhere to technology research and development as well as integration of product application, engineering, productization and commercialization, to create benefits through the development of technology.

In 2018, the Corporation and its main industries had filed 1,607 PCT international patent applications in total, reaching a cumulative total of 9,990 applications, covering Europe, the USA, South Korea, and other countries and regions. By the end of the report period, TCL Corporation has cumulatively applied for 36,389 Chinese patents and 8,363 United States patents, in which, CSOT has cumulatively applied for 14,372 Chinese patents and 7,684 United States Patents. The capability of core technology patents takes the lead among Chinese enterprises. The number of published patents of the Corporation in the field of quantum dot Electroluminescence is 757, ranking the second in the world. In addition, TCL actively engaged in the formulation of industrial standards, participated in China Artificial Intelligence Industry Alliance and China Ultra High Definition Video Industry Alliance, presided over and participated in the formulation of 11 international standards, 80 national standards, and 140 industry standards.

Year	R & D Investment (Hundred Million Yuan)	Year	Number of research personnel (person)
2016	42.7	2016	12,058
2017	47.2	2017	10,946
2018	56.7	2018	12,481

Note: due to the change in statistical caliber, the number of R&D personnel in 2016 and 2017 has been adjusted.

Honors and Awards Won by TCL in Technology and Product R&D in 2018

1	China Patent Excellence Award for LCD device and its driving method
2	China Patent Excellence Award for image display method and display system
3	China Patent Excellence Award for curved quantum dot Television (55 X 22)
4	IFA 2018 Gold Award for integrated frequency conversion technology
5	IFA 2018 Innovation Award for dirt-free washing machine
6	Industry Design IDEA Award for TCL FR series air-conditioner
7	14th China Household Appliance Innovation Award for TCL FR series air-conditioner and the application of TCL cool-feeling and soft-wind key technology on room air-conditioners
8	Scientific and Technological Award of Guangdong Province for the development of naked eye multi-view 3D display technology and 3D visual health research
9	Scientific and Technological Award of Guangdong Province for the application of fully purifying and intelligent technology in cabinet air-conditioner
10	TCL ranked 7th in the Top 500 Manufacturers in Guangdong Province
11	TCL air-conditioner has been recognized as "Guangdong Innovative Enterprise"
12	TCL C6 TV was awarded "CES 2017-2018 Global Smart TV Audio-Visual Experience Award"
13	TCL C6 New Theater TV and Crystal Four-Door Refrigerator won the innovation award at CES Asia 2018
14	TCL, as the only colour TV brand, was selected as "China Made" by the Ministry of Commerce

Cultivation of Innovative Talents

Talents are the foundation of technological innovation, and TCL always attaches importance to the reserve and training of innovative talents. TCL issued a series of mechanisms, such as *R&D Staff Motivation Management System*, *Talents Motivation System*, and *Patent Incentive System*. To create an environment for innovative talents, TCL introduced the Administrative Measures for Scientific and Technical Innovation Awards, and set up such incentive policies as Most Innovative Award, Fastest Growing Award, Patent Award, Technical Innovation Award, and Talent Recommendation Award.

At present, TCL Industrial Research Institute has **1** talent under the “Thousand Talents Program,” **7** talents under the national “Recruitment Program for Foreign Experts,” and **2** innovation teams under the “Pearl River Talent Recruitment Program.”



To keep the leading position in technological innovation in the world, TCL constantly expands its innovative talent team. At the beginning of 2018, TCL Corporation Wuhan R&D Center was established, focusing on the research, development, and application of AI technology and new display technology. Later, TCL Research Europe was officially unveiled in Poland, becoming the sixth R&D center besides the R&D centers in Shenzhen, Xi'an, Hong Kong, the United States, and Wuhan. In addition, Wuhan CSOT also cooperated with Wuhan Institute of Technology to set up “CSOT Intelligent Manufacturing Talent Training Base” and “CSOT Intelligent Manufacturing Class” to cultivate innovative talents for intelligent manufacturing.

TCL Research Europe

On 3rd September, TCL Research Europe was officially unveiled in Poland, focusing on the research and development of AI based on deep learning, including computer vision, natural language processing and big data analysis. TCL Research Europe also signed a strategic cooperation agreement with the Department of Information and Engineering of Warsaw University, carried out industry-university-research cooperation with Warsaw University of Technology, Warsaw University and other universities, introduced top scientific research talents, strengthened the transformation of technical achievements, and applied the research achievements in related industries.



The opening ceremony of TCL Europe RD Center

Research and Application of Innovative Technologies

As an industrial company, TCL not only focuses on exploring industry leading technologies, but also insists on closely combining innovation research with product application, engineering, productization, and commercialization to create benefits through technological development. In 2018, TCL made great breakthroughs in R&D of display materials and innovative products.

Juhua Launched the First Printing OLED Display

In 2017, the Ministry of Industry and Information approved Guangdong Juhua to establish the National Innovation Center of Printing and Flexible Display. In March 2018, Guangdong Juhua developed a 31" full HD printing OLED display. Innovative printing display technology features many advantages, such as high size expansibility, high material utilization rate, and less environmental pollution, which has helped China take a big step forward in the development of printing display technology.



First Printing OLED Display

TCL Getech Ltd. was Established

In May 2018, Getech Ltd. was established, which is committed to deeply integrating cutting-edge technologies such as AI, big data, and cloud computing with manufacturing experience to provide intelligent manufacturing scenarized solutions. At present, Getech is co-building the industrial Internet of Things platform with China Star. Through intelligent transformation, it expects to realize the comprehensive perception, dynamic transmission, and real-time analysis of industrial data to provide support for the establishment of industrial intelligent applications, scientific decision-making, and intelligent control of enterprises.



Establishment Activities of Getech Ltd.

Environmental Innovation

TCL firmly believes that innovation can provide the most powerful support for the sustainable development of the world, and continuously improves the energy efficiency of products through technological innovation, reduces the adverse impact of products on the environment in the process of production and use, and provides innovative technology support for maintaining the common home of mankind.

CSOT 55" outdoor high brightness display panel

CSOT launched the first independently developed 55" outdoor high brightness display panel in China, which is equipped with the "Smart Dimming" module, which can intelligently adjust within the range of 700-2,500 nits according to the change of ambient light intensity. At night, it can effectively avoid becoming the "light pollution" of urban outdoor environment.



CSOT 55" outdoor high brightness display panel

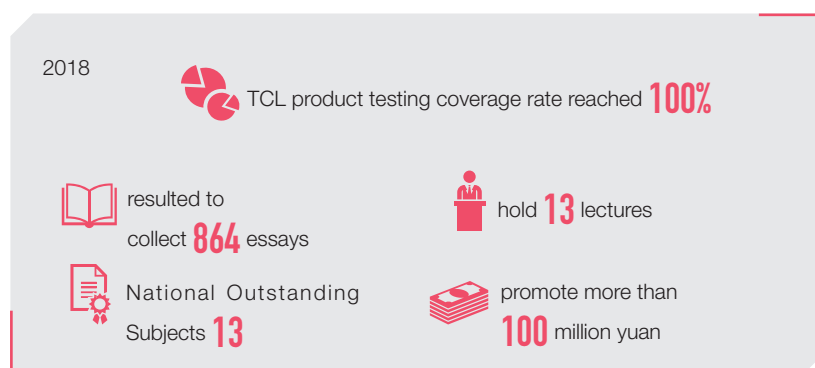
Ensure Product Quality and Safety

Users are at the heart of TCL's "Dual +" strategy. TCL takes user-orientation as its foundation, adheres to product quality and safety as its bottom line, and improves user experience by meeting the needs of the majority of users with whole-process services.

Equal Importance to Management and Service

Quality is the lifeline of enterprise development. TCL always adheres to quality management and has begun to strive for perfection. In accordance with the requirements of ISO9000, TCL established a complete quality management system, set up a quality management committee, took the lead in introducing "quality plan" in the industry, and put forward the quality 3063 strategic planning. In addition, TCL formulated the group's *Internal Quality Control Standards* for the first time, and built an intelligent quality management platform through the two arms of quality cost and user experience and the introduction of NPS (net recommended value of users) mode. Moreover, TCL has formulated such internal management measures as *Management Norms for Handling Major Quality Accidents*, *Internal Quality Control System and Administrative Measures for Quality Awards and Penalties*.

In 2018, TCL product testing coverage rate reached 100%, and promoted the subsidiaries to hold Quality Month activity, resulted to collect 864 essays and hold 13 lectures, form the *Quality Story of TCL*, there are 13 National Outstanding Subjects which promote more than 100 million yuan benefit, and won the Gold Award in International Convention on Quality Control Circles (ICQCC) for the first time, the quality control truly helps company operation and management improvement.



TCL won the first gold medal at the International Convention on Quality Control Circles (ICQCC)

Based on the 3063 Strategy, TCL has continuously improved its quality management system, introduced quality management tools that are suitable for business forms, carried out special quality training, participated in the preparation of industry standards, and passed international quality certification systems such as IECQ QC080000:2012, UL60065, EN60065, NQA, etc.

Based on customer service, TCL Electronics formulated six criteria of quality, introduced innovative quality management methods like NPS, implemented TQMS risk prevention system of product value chain, and established an active quality management mode against full chain product lifecycle risks, to continuously improve the quality and technical level of engineering as well as the quality of products and services.

Be Strict with Product Safety

Product safety is always an important guarantee for TCL's development. TCL Corporation and its other industries strictly follow relevant laws and regulations to ensure that their products meet safety requirements and have passed certifications, such as CE, FCC, PTCRB, CB, ETL, and GS. Based on the characteristics of different industries, TCL subordinate enterprises have formulated corresponding product safety accident handling mechanisms to ensure the absolute safety of products.

TCL Electronics Passes Multi-Regional Safety Standards of the World

TCL Electronics strictly follows the safety standards of China, the European Union, the United States, India, Japan, and other parts of the world, and strictly abides by laws and regulations to ensure that its products meet safety requirements. As of today, the products have passed the certification of 3C, CE, FCC, Sam's Club/Walmart (PPT, PT), ISTA6-Amason, ISTA3A, Mexican NOM, Indian BIS, Japan's S-mark, PSE, etc.

Deep Plough through Intelligent Manufacturing

The world is in the fourth industrial revolution with AI technology as the core. TCL has always stood at the forefront of the trend, formulated long-term informatization strategies, actively laid out intelligent technology research and development and intelligent product manufacturing, constantly improved the industrial capacity of intelligent manufacturing, and promoted the transformation and upgrading of the industrial entities.

Smart Factory of China Star Optoelectronics Technology Co., Ltd (CSOT)

CSOT constantly optimizes the production line to create a deeper smart factory. In Huizhou, we have built the world's largest modular integrated factory, and firstly introduced CIM (computer integrated intelligent manufacturing information system) in China to realize the automation and datamation of the whole process of manufacturing, management, and decision-making. In addition, the ADC system (automatic defect identification and classification system) jointly launched by TCL's intelligent manufacturing service company Getech and TCL Research Institute (Hong Kong) can increase the detection speed of semi-finished products and defective products by 10 times, shorten the production cycle of the factory by 40%, and create direct economic benefits of over CNY20 million per year.



Appearance of CSOT Smart Factory



Intelligent Mechanical Arm in the Factory

Take Care of Customers

TCL has always adhered to the concept of “Customer First” and kept upgrading its services through big data, Internet, artificial intelligence and other technologies to provide all-round and multi-platform superb user experience.

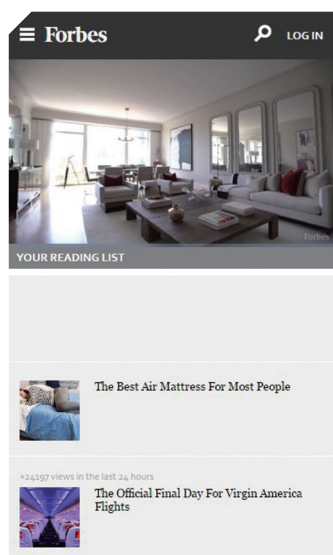
Full Lifecycle Services

TCL actively innovates the O2O service model, adheres to customer-oriented principle, and provides all-round, multi-platform, whole-product, and full lifecycle customer service.

In 2018, TCL undertook 95 Business-end business brands, 206 Customer-end traffic platforms and brands, and saw a 70% growth in the business of multi-category maintenance and home installation. In terms of sales channels, TCL combined the time nodes such as “Double 11” and “618,” and covered multi-platforms including Tmall, JD, and Suning, to provide consumers with comprehensive online and offline purchase channels and service choices. In the after-sales link, TCL added new services such as booking maintenance and on-time door-to-door service, and the 72-hour repair rate in the region increased by 10% year-on-year. In addition, TCL continued to provide consumers with visiting service for home appliances of all categories, and successively connected to service business with Detail home appliances, Top Service home appliances inspection, Mi air conditioning, Ventilation System, and other services to continuously improve the user experience.

Forbes Magazine Highly Praised TCL's Color TV and Services

In January 2018, *Forbes Magazine* published an article highly praising TCL's products and services. According to the article, it was the first time of Scott Kramer, a writer from California, United States, to use TCL products. He recently used a TCL 65-inch 65C807ROKU TV and thought that the TV was reasonably priced and highly cost-effective, the picture quality was outstanding, the sound effect was impressive, and the appearance design was sleek. When he was learning how to use it, the writer called TCL's technical support team for help. To his surprise, the customer service team answered the phone quickly and politely solved his problem in 30 seconds.



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The Little Black Book of Billionaire Secrets

How This TV Transformed Our Family Room



Scott Kramer, CONTRIBUTOR

I cover golf, luxury technology, and the intersection of the two.

[FULL BIO](#)

Opinions expressed by Forbes Contributors are their own.

I've been fascinated by smart TV's since they started emerging, but have never owned one. I always thought it would be pretty cool to be able to have dedicated channels to the likes of Netflix, Hulu and YouTube. About a month ago, I got the opportunity to test **TCL's 65-inch 65C807 Roku TV**. To be honest, I had never even heard of the manufacturer until last year. I saw some of its sets at a big-box store and was fairly impressed with the picture. Then while channel surfing, I landed on one TCL model being sold on one of those home shopping channels. The salespeople claimed it was one of America's fast-growing brands. Intrigued, I checked it out and discovered the company is coming on strong in a big way. Just this week at the Consumer Electronics Show in Las Vegas, it

Forbes Magazine highly praised TCL's products and services

Fully Meet Customer Needs

TCL has been expanding its service scope and providing more convenient solutions for customers. It has set up 28 service centers nationwide with 66,000 professional service engineers and 14,000 service outlets. The number of services centers increased by 16.7% from 2017. TCL continuously improves after-sales service coverage. The coverage rate for color TVs has reached 99%, and the rates for white goods and small appliances have reached 96% and 97% respectively.

In addition, TCL keeps improving the database of loyal fans and the ecosystem of fans, and constantly improves the user experience to satisfy the personalized needs of fans. Having 3.05 million members and 1.65 million followers on Weibo and WeChat, TCL is listening to consumer's feedback on various media platforms and channels to build an interactive community for consumers.

Community of Loyal Fans

Tiefen Community, founded in 2014, is an interactive platform for TCL's global fans, where "Tiefen College," "Activity Hall," "Tiefen Group," and "Points Redemption" have been set up. TCL staff not only answer questions for fans, but also provide them with a variety of information about benefits. From the personal experience, the Tiefen people introduce TCL products to friends around them, constantly improve fans' interactive communication platform, and enrich users' consumption experience.

818 Service Festival

On August 18, TCL held the annual consumer rewards activity, namely, "818 Service Festival." TCL integrated online and offline resources, and strengthened communication with fans by means of new media channels, cooperation between different industries, invitation of winners, collection of elegant photos on WeChat and other activities, which received positive response and praise from consumers.



Orient from Users' Demand

TCL has always adhered to user-orientated idea to make improvements based on the feedback provided by users. Based on the O2O platform, TCL constantly improved services through the experience and feedback of internal staff on the e-commerce sales page, customer service, and other service platforms. Moreover, TCL also collected and analyzed the medium and negative comments of e-commerce stores, and timely contacted customers for addressing them. In addition, TCL also made NPS analysis and developed improvement plans by collecting the results of e-commerce NPS survey.

Customer Satisfaction



"Home Experience Room"

2018 was the second year for the "Home Experience Room" program of Hometest, the electronics operations center of TCL. In the program, products were delivered to the user's home to simulate the user's use environment and operation habits. Consumers were provided with high-quality services and experience through in-depth user research and feedback.



TCL award the users for their contribution in home experience project.

Responsible Marketing

In accordance with the *Advertisement Law*, TCL strictly regulates the corporate marketing activities, formulating relevant documents, such as *Measures for Management of Weibo and WeChat Information in TCL Corporation* and *Environmental Protection Signs and Requirements for TV Products*, to mark the relevant formulas of products, thereby reminding consumers to pay attention to the chemical substances contained in the products, regulating the use of signs, and strengthening the prevention of information disclosure.

Protection of Consumers' Privacy

TCL attaches great importance to protecting customers' privacy. It established privacy protection organizations and technical framework systems in relevant industries in compliance with the requirements of GDPR, and strengthened the inspection of system bugs from product design and sales to prevent future problems. TCL also created system hierarchical query permissions, and appointed special person to manage the access to system permissions. TCL kept on improving the database firewall technology to intercept database attacks and batch downloading of customer information, thus comprehensively prohibiting the export of customer information, and restraining the occurrence of data stealing illegally.

TCL Communications Enhances the Protection of Customer Information

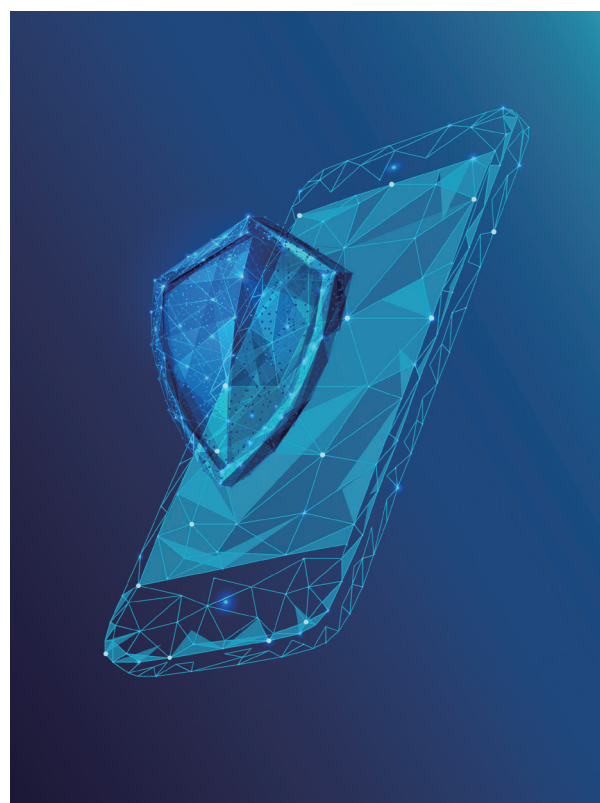
In terms of information security, TCL Communications has been improving its information security management level in accordance with ISO27001 requirements since 2018, and plans to pass 27001 Certification in 2019. In terms of technology, TCL Communications has established a customer-oriented information security and privacy protection laboratory to comprehensively improve the security and privacy protection level of communication products.

BlackBerry Phone Provides Information Security

BlackBerry phone is configured with DTEK™ software, showing the overall security level of display equipment, and offering security and privacy control function for the user. Furthermore, the user can view the number of visitors of each application through the software, and manage the access permissions such as location, camera and microphone. In addition, BlackBerry Locker also allows users to set up private folders for documents and photos, preventing personal data from being uploaded to the cloud and ensuring information security.



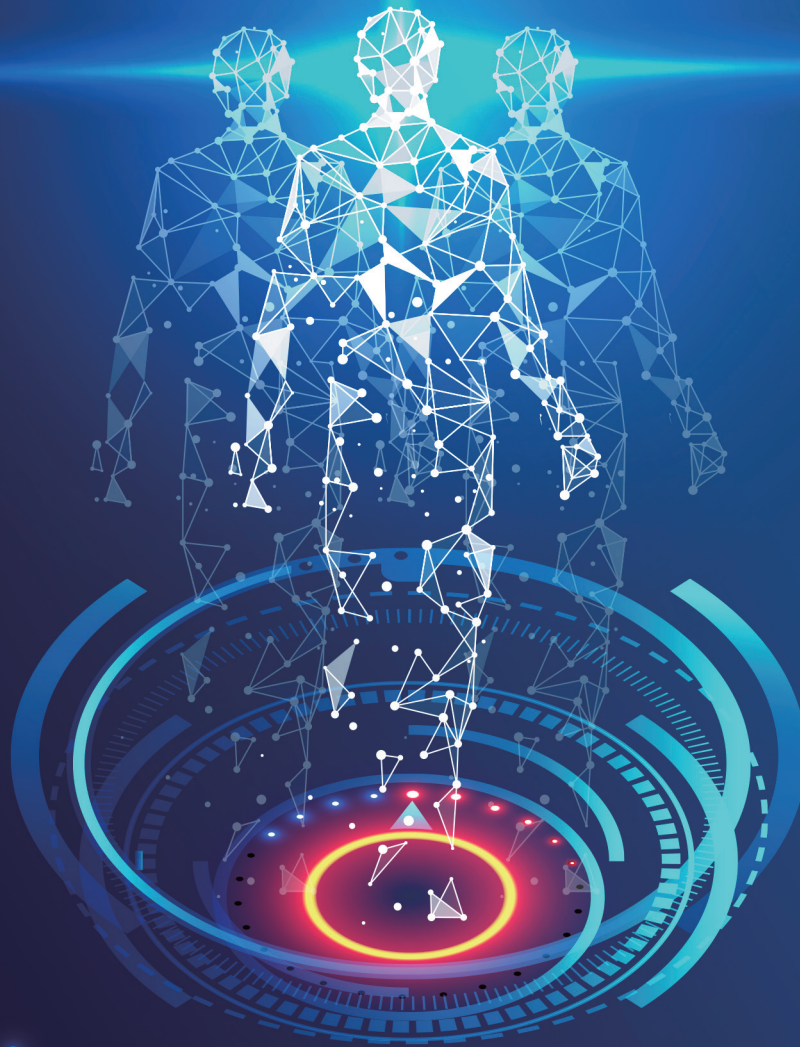
DTEK software in BlackBerry Phone





Facilitation of Employee Development

- Safeguard Rights and Interests of Employees
- Guarantee of Health and Safety
- Employee Growth and Development
- Increasing Employee Well-Being



Facilitation of Employee Development

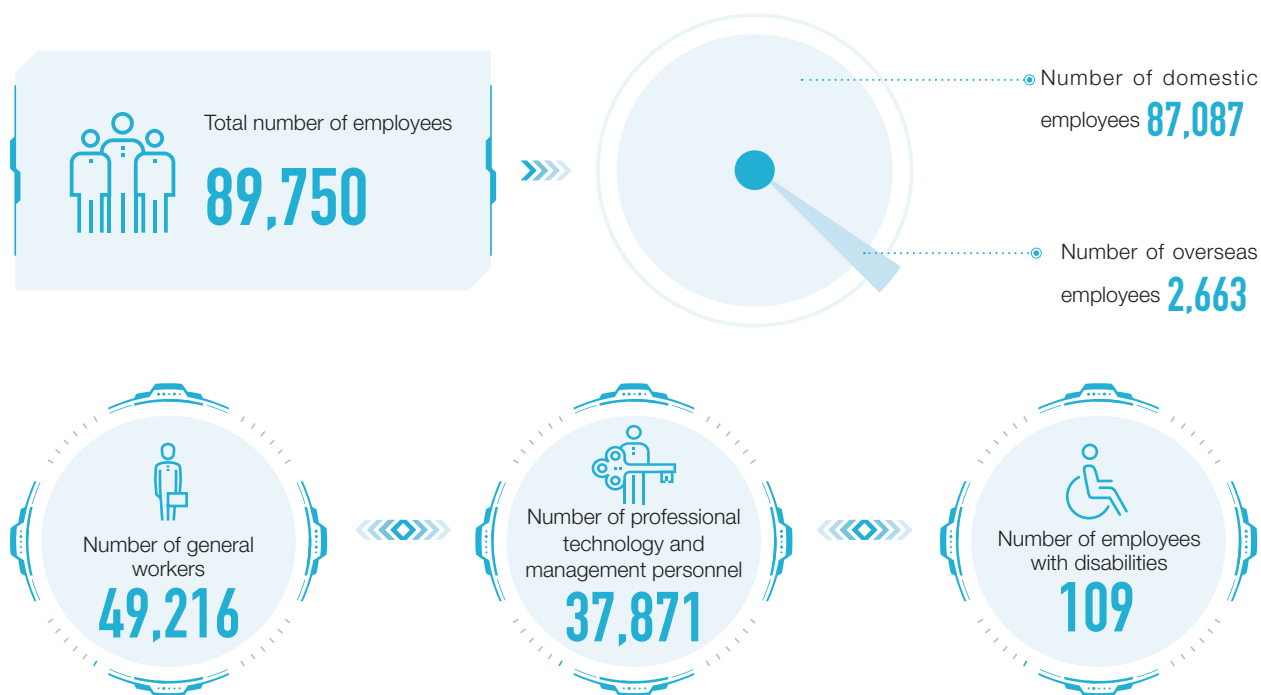
Employees are a valuable resource for TCL, TCL safeguards employees' rights and interests, protects employees' occupational health and safety by various measures, builds diversified career development paths, and provides a warm and comfortable working environment to promote the realization of personal goals and corporate values.

Safeguard Rights and Interests of Employees

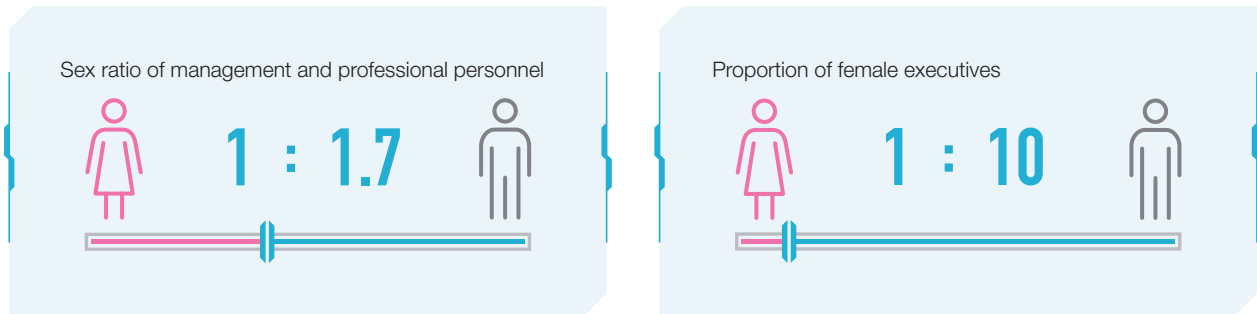
TCL pursues an equal and non-discriminatory employment policy and is committed to building a diversified and inclusive work environment; it actively communicates with employees, and provides employees with a comprehensive compensation and welfare system to retain talents. The main production Sites under TCL Corporation all conduct accountability management according to SA8000 Standard requirements, and are among the earliest enterprises in China that have passed certification. In 2018, TCL's subordinates, such as TCL Electronics and Tonly Electronics, introduced relevant requirements of the internationally known CSR standard RBA into the management system to improve the management level of employees' rights and interests.

Equality and Inclusiveness

TCL established and improved labor management rules and regulations in strict compliance with the *Labor Contract Law*, the *International Labor Organization Conventions*, and other relevant domestic and foreign laws and regulations, prohibited discriminatory labor, and paid attention to promoting female and local employment, so as to play its due role in creating local employment opportunities. TCL strictly inhibited forced labor and the employment of any person below the legal working age, and the personal freedom of employees can not be restricted; it also resisted sexual harassment in the workplace to safeguard the rights and interests of employees.

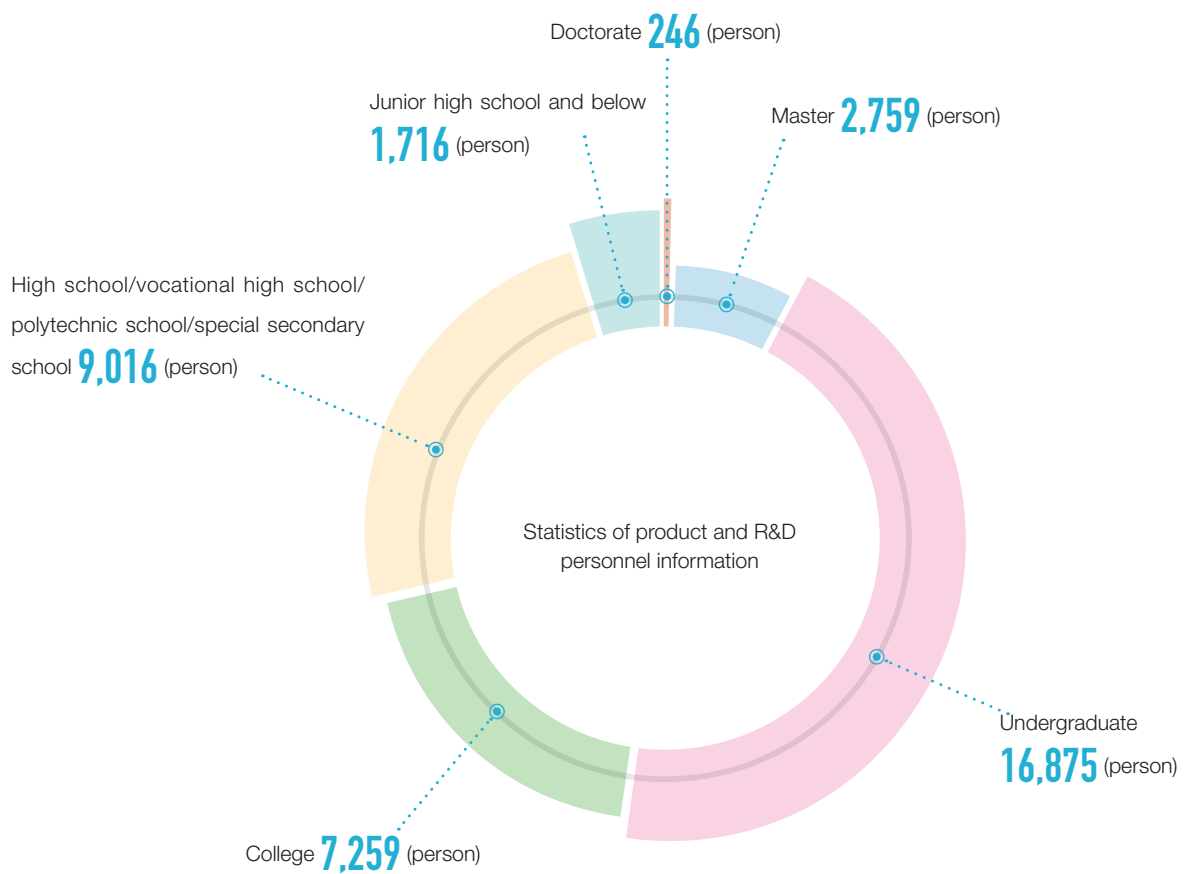


Statistics of number of employees



Statistics of management and professional staff

Total number of domestic product and research and development and professional technology and management personnel of related project **12,481** (person)



Staff Communication

To better listen to the voice of employees and ensure smooth exchange, TCL Corporation has established diversified communication channels and mechanisms. The trade union is responsible for protecting the vital interests of employees, participating in the corporate management on behalf of employees, and organizing various public opinion surveys to give timely feedback to employees' demands. The proportion of employees participating in the trade union exceeds 85%. At the same time, TCL also provides employees with various forms of communication channels, such as monthly communication meetings, mailboxes, telephones, WeChat platforms, dormitory visits, employee BBS forums and employee surveys, etc., in order to find out inadequacies in time, solve related problems and make progress together. In 2018, TCL Corporation and its subsidiaries conducted a survey on employees' engagement by using Q12 questionnaire of well-known employees in the industry according to their own conditions, and the results showed that the employees' engagement of the headquarters was 69%, reaching the level of excellent employers in the industry.

TCL Communications held a Staff Communication Conference

The "2018 Key Staff Communication Conference of TCL Communications" was held in July 2018 in Shenzhen, and employees from Huizhou, Ningbo, Chengdu, Shanghai, Hong Kong, and other branches attended the conference through video. All department heads, key employees, and technical experts attended the conference to learn about the current situation of the company's operation and industry, and communicate with the company's top management about future plans.



Key Staff Communication Conference of TCL Communications

Employer Attraction

TCL fully respects employees' earned income according to law. TCL provides reasonable and competitive remuneration packages, and the wage levels of employees are generally higher than the local averages.

TCL's salary consists of two parts, i.e., fixed salary and variable salary



Fixed salary:
12 months of salary, year-end double pay and year-end bonus



Variable salary:
Performance evaluation standards are formulated to evaluate the individual performance of employees



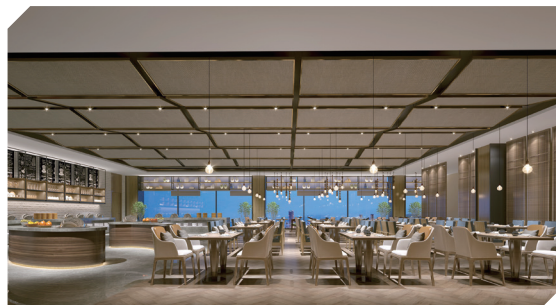
Incentives:
Profit sharing, internal share dividend, restricted stock incentive, etc.

TCL Corporation enters into labor contract or employment contract with all employees according to law. In addition to five social insurances and housing provident fund in accordance with national regulations, TCL also underwrites commercial insurances including accidental injury insurance, life insurance and disease insurance, for all employees. At the same time, TCL also provides employees with benefits in work and life, including communication subsidies, dining subsidies and transportation subsidies.

In addition, TCL provides its employees with inclusive financial benefits. Employees may apply for credit loans through Huizhou Zhongkai TCL Zhirong Technology Microcredit co., LTD. TCL employees enjoy fast loan lending, high loan limit and low interest, and are equipped with professional financial consultants. In 2018, 450 million of loans were issued to employees. In addition, TCL kept on implementing the "star residence plan" and "nesting plan" to provide interest-free housing loans for employees and solving their worries.

Huizhou CSOT “Kaixuan Talent Plan”

Huizhou CSOT Intelligent Manufacturing Base is the world's largest integrated factory of modules and complete machines, where key management personnel and skilled technical personnel are important guarantee to promote the plan. To attract talents of Shenzhen CSOT to settle in Huizhou, Huizhou CSOT invested 50 million, including moving subsidy, Shenzhen-Huizhou commuter bus, “star residence plan,” and relocation incentive fund. Policies on children's education, public health services, and talent were interpreted to staff. As of August 2018, there were 633 employees transferred from Shenzhen to Huizhou CSOT, including 265 key technical personnel. On the other hand, Huizhou CSOT also constantly recruited high-end talents locally, attracting 132 high-end display talents.



Staff Cafeteria of Huizhou CSOT

Care for Overseas Staff

As a large-scale enterprise in China that went globally early, TCL pays special attention to diversification and regional talent training for overseas undertakings, helping them to be competent for TCL's global R&D, manufacturing, marketing, and other positions. TCL respects overseas culture, cares about the life of its employees, and holds celebrations on overseas festivals such as Christmas.

TCL Received Many Honors in Terms of Care for Employees in 2018

- TCL Corporation was awarded “China Excellent International Talent Training Employer” by ACCA (Association of Chartered Certified Accountants)
- TCL Corporation was listed “The 2018 World's Best Employer” by Forbes magazine
- CSOT was awarded the 2018 “China's Best Employer of the Year” by Zhaopin
- TCL Corporation won the title of “Advanced unit for employment of disabled persons” in 2018 issued by Huizhou Federation for the Disabled
- TCL won the award of “Excellent Staff Home” in 2018



Guarantee of Health and Safety

With the “people-oriented” concept, TCL constantly improves the management of employees’ health and production safety, formulates occupational health management mechanisms and measures, ensures safe production environment, and carries out a series of training to ensure employees’ health and safety.

Occupational Health Management

In accordance with the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*, TCL established various occupational health management systems, and adopted a series of protective measures to provide employees with a good working environment and an occupational health guarantee. In view of occupational-disease-inductive positions, TCL issued management documents to protect employees’ health from source control, essential safety, process control, and emergency response. In addition to equipping and instructing employees to wear appropriate labor protective devices, TCL also provided training on radiation safety, and testing of personal dose and work environment for employees exposed to radiation.

Safe Production

In accordance with the *Production Safety Law of the People’s Republic of China* and the *Fire Control Law of the People’s Republic of China*, the Corporation improved its safety production responsibility system from the aspects of management, equipment and facilities, and employee safety awareness.

Management of Safety Production

TCL Corporation issued management regulations such as *Regulations on the Administration of Safe Production*, *Contingency Plan for Production Safety Accidents*, and implemented the *Regulations on the Administration of Production Safety Performance Evaluation* to all industries and departments. In terms of management, the Corporation established the Safety Production Management Committee and the Safety Production Management Committee Office to oversee its safety production management guarantee system.

Annual Work Conference on Safe Production of TCL Corporation

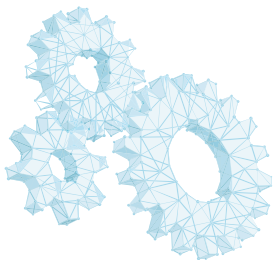
On January 22, 2018, TCL Corporation held an annual work conference on safe production. The work of safe production in 2017 was summarized, and the advanced individuals for safe production were commended in the conference. Meanwhile, the planning and deployment of the work of safe production in 2018 were carried out, emphasizing that safe production is an all-important work. All supervisors were required to cooperate with the 3063 Strategic Plan of TCL Corporation to consolidate responsibilities, pay close attention to implementation, control risks, and achieve the work goal of no major safety accidents within three years.



2018 Annual Work Conference on Safe Production

Safety Production Inspection

TCL Corporation established a normalized hidden trouble checking management system for all industries with safety management personnel at each level to carry out safety inspections for each area and follow up the rectification of potential safety hazards on every day, at each week, during each month and quarter, and on all holidays. Through safety inspections, safety risk points were eliminated to prevent potential risks and reduce the safety risks employees may face.



CSOT t1 Factory Carried out Annual Maintenance Safety Inspection

After six months of planning, deduction, and deployment, CSOT t1 factory officially launched the annual repair project on March 6, 2018. The t1 factory, which has been put in operation for 8 years, was faced with the problems of aggravated aging of environmental safety power system equipment, increased risks of stable operation, and increasing number of exceptions year by year, etc. In the annual repair project, targeted inspection and maintenance on equipment, lines and pipes were conducted, so as to eliminate and prevent major production hidden dangers. Through 48 hours of uninterrupted efforts, 1,775 people were arranged by the environmental protection office for high-intensity and uninterrupted work to complete 85 major hidden dangers and ensure zero production accident.



Staff working on the CSOT t1 repair site

Safe Production Culture Construction

Based on the publicity and education of production safety, TCL strives to consolidate the management of production safety, enhance the awareness of production safety of employees, and organize and promote various forms of cultural publicity activities in various industries.

A total of RMB **55,774,700** invested in production safety in 2018

A total of **355,328** safety production training in 2018

TCL conducts targeted training for employees in different positions



New staff:

Safety education and training (company, workshop, team)



On-the-job staff:

Targeted training for post transfer, return to work, new equipment, etc.



Safety trainer:

Special training for trainers



Senior management:

Safety leadership training



Enterprise volunteer fire brigade:

Emergency fire fighting training

Safety Leadership Training for Senior Managers by CSOT

In September 2008, CSOT launched safety leadership training and safety performance training on personnel and organization for 32 senior management personnel in various centers and factories. Such training aims to establish safe production awareness among senior managers, strengthen safe production management, and implement safe production performance assessment standards, thus promoting the establishment of a sustainable and high-performance safety culture atmosphere.



Safety leadership training for senior managers by CSOT



Assessment on volunteer firemen by TCL Electronics

Training of Corporate Volunteer Firemen

In early April 2018, the operation center security commission office of TCL Electronics launched the training and assessment of 1,800 volunteers, and the first batch of 1,168 volunteer firemen participated in the assessment, with a qualified rate of 100%. The training of volunteer firemen has improved the company's production safety emergency rescue system, realizing the requirement that all firemen in the park are on duty 24 hours a day and firefighters come to accident scene within 3 minutes.

Employee Growth and Development

To this end, TCL provides every employee with training and learning opportunities so that they can all gain skills and professional development. The improvement in employees' ability enhances their enthusiasm and sense of belonging, which are the driving forces for the sustainable development of an enterprise.

Gathering talents

With a series of practical recruitment measures, TCL enriches recruitment channels and innovates recruitment methods to gather talents for company development, and strives to build an open and fair competitive platform for the future employees.

School-Enterprise Cooperation

TCL regards talents as the life source of an enterprise. TCL Corporation has been carrying out large-scale campus recruitment activities for 21 consecutive years, and introduced about 30,000 outstanding college students. In 2018, TCL offered nearly 2,500 job opportunities on campus job fairs in more than 30 cities, and set up TCL creative clubs in 9 universities nationwide to provide funds and program support for creative activities. In 2018, the "TCL Openday" event was held to invite college teachers and students to visit and communicate with TCL, so as to enhance school-enterprise interaction, establish the employer brand, and create an open, inclusive, and recognized cooperation culture.

TCL Openday

TCL Openday is an annual school-enterprise exchange event held by the Human Resources Department of TCL Corporation. In the event, teachers and students from key colleges and universities nationwide are invited to come to TCL site to experience TCL corporate culture and visit TCL Corporation and other industrial companies, which is conducive to enhancing school-enterprise interaction and building a talent introduction platform for outstanding graduates.



2018 TCL Openday

Internal Referral

TCL, as a diversified industrial group company, has always encouraged all the staff to recommend excellent talents to company's various industries. In 2018, it further expanded the scope of internal referral, improved reward standards, and set up attractive bonus rules for different types of jobs in different industrial companies, thus recommending more excellent talents for corporate development.

Overseas Recruitment

With continuous expansion of business abroad, TCL recruits and reserves talents from the world's top universities to train its future core employees and managers. By exploring overseas recruitment channels, establishing diplomatic relations with top laboratories and carrying out technical exchange activities, TCL promotes its brand image globally, thus realizing the internationalization of its talent layout, technical cooperation and employer brand.



Campus Talk on the Hawkeye Program

“Hawkeye” Program of TCL Corporation

In May 2018, TCL Corporation planned to launch the “Hawkeye” program, and its Human Resources Department set up overseas recruitment project team in cooperation with TCL Electronics and TCL Communication to directly hire talents in overseas universities such as the University of Washington, New York University, Massachusetts Institute of Technology, with a variety of jobs involving big data, software applications, overseas MBA, finance, overseas sales, product operation, etc. Overseas talents will accelerate their growth through centralized training, senior management teaching, job rotation training, front-line practical operation, and temporary posts of project.

Talent Training

To constantly optimize and improve the suitability of talents, TCL established the hawk talent training system and set up TCL University to help employees grow. This system can continuously retain reserve force of all level for corporate development, enhance the enthusiasm and sense of belonging of employees, and create a high-quality talent team in line with TCL's strategic requirements.

TCL University

With the talent cultivation purpose of “actively responding to company reform and adapting to the strategy,” TCL University combines the corporate development strategy with the human resources strategy, and combines the business management wisdom with the business practice, to transform the key concepts of TCL into students' behaviors and abilities, and build a learning and communication platform for all of its ambitious and capable people.

In 2018, TCL University, based on summary and reflection of its needs and deficiencies in talent cultivation, expanded its professional course system (HR, R&D, manufacturing) in the business direction, and developed tools and methods to solve business deficiencies and help employees improve their performance by penetrating into the front-line business and interviewing experienced employees and professionals. In addition, with the aid of Taobao University, a new retail college was established to focus on studying new retail trends and exploring strategies for organizational transformation and talent upgrading.

TCL New Retail College of Taobao University was Established

In January 2018, a new retail college was established jointly by TCL and Taobao University, a training platform owned by Alibaba. This is a new online retail learning and training platform for TCL employees established by TCL University in collaboration with external enterprises for the first time. Under the corporate key strategic layout, an innovative potential team adapted to the new business environment was formed to inject lasting energy into the development of TCL's new retail. Besides, through the in-depth communication with Taobao University, TCL promoted the cooperation about emerging businesses, developed and implemented new retail projects.



Opening Ceremony of TCL New Retail College of Taobao University

Lean Practice Base was Built by TCL University

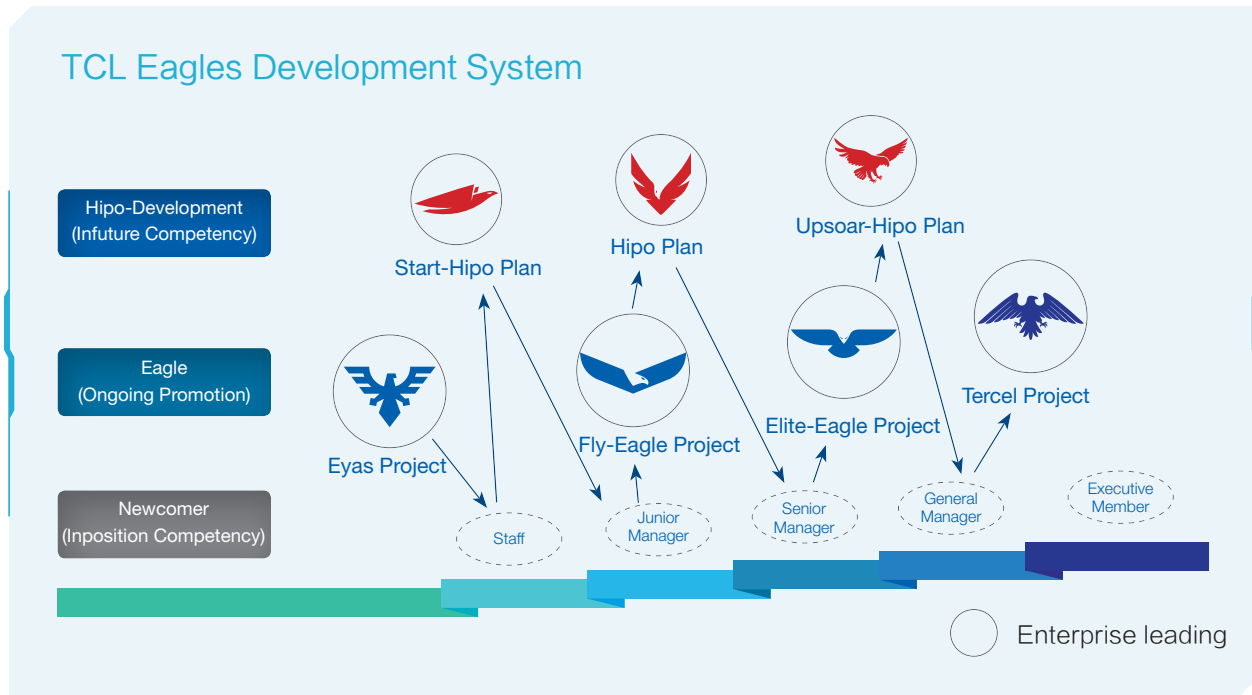
In April 2018, the “Lean Practice Base” established by TCL University was officially inaugurated. With the TCL-branded practice base, the “spread lean culture, gather lean experts, precipitate lean practice, and enhance industrial collaboration” was promoted within TCL. At the Base, employees were transferred from general workers to star team members, and then entered the lean operation site for learning of practical operation, so as to improve their personal ability. As for lean production, training materials and first-class courses were developed independently to combine theory with practice. So far, a total of 325 people have graduated, and 600 people for the factory production link have been saved, thanks to lean automation and lean logistics.



Presentation of production improvement results created by trainees

Leadership Talent Training System

To improve staff leadership, TCL designed two training systems, namely, hawk system and awing system. Focusing on “training – cultivation – development – employment,” the two systems can strengthen the communication and interaction between managers and employees through gradual and cross counseling, and help high potential talents form a solid knowledge system and teamwork ability, thus satisfying the enterprise’s future development demands.



To improve the effectiveness of talent appointment and cultivation, the leadership talent training system has been constantly optimized. For the original middle and high level to all levels (from eyas to flying), the entire supply chain of talents was involved; the training cycle of 1-1.5 years was shortened, and a shorter and faster rotational training was adopted, and the original training mode was changed into online easy learning; in addition, emphasis was placed on the high potential and high performance personnel to increase the number of trainees and greatly improve the coverage. In terms of course design, the business trends were closely followed, involving Internet, artificial intelligence, big data, new retail, etc. Meanwhile, students were inspired to think and practice by visiting benchmark enterprises, guests sharing and other forms.



Training for Thousands of Backbone Staff to Empower Employees and Integrate Teams

To boost morale and empower employees, TCL launched a training program for thousands of backbone staff in 2018, involving 1,197 trainees from branch general managers, branch managers, business personnel, channel, market, finance, HR and other platforms of some Chinese business divisions. Besides, 91 lecturers were employed for teaching. By use of team development + teaching, the 1.5 days of training covered seven themes, namely, winter offensive strategy, traditional market, urban market breakthrough, emerging business, O2O, new marketing and after sales service, which enhanced the sense of organizational existence and sense of belonging of employees, and enabled them to find their competency gap and improve themselves. At the same time, the internal business knowledge was teased out to promote the summary, refining and inheritance of internal knowledge.



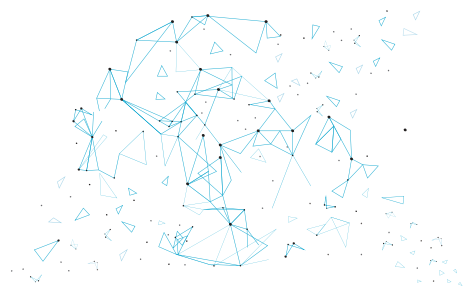
The Elite “Performance Improvement” Program of TCL Gained Both Fame and Wealth

In April 2018, a closing ceremony was held for the trainees in the Elite 10th Training. The “Elite Program” was designed for excellent middle managers in TCL Corporation and all sectors with nearly a year of mixed practice and learning, which brought about economic benefits to company through group subjects and individual subjects.

The research scope of the 10 group subjects in the 10th training covered many industrial fields of the Corporation, focusing on supply chain (32%), manufacturing (16%), product (16%) and marketing (12%). With the four goals of cost reduction, revenue increase, efficiency increase and transformation, the business value chains were teased out again, 28 measurable revenue projects were delivered, and 384 tools and methods were developed. A revenue of CNY200 million was earned, and many excellent projects won “performance improvement” award at home and abroad.



Trainees in the Elite 10th Training



Transport of Overseas Talents

Under the strategic background of “starting internationalization again,” TCL Corporation launched the “Sea hawk program” in 2014 to train the trainees from all aspects such as language and business, theory, and practice, and send them to overseas branches of various industries. Sending talents overseas can enable the front-line and rear staff to collaborate more smoothly and exchange information more transparently, thus increasing TCL’s overseas performance, and constantly improving the talent layout of international business. For employees, they can improve their comprehensive abilities in language communication, management, etc.

At the same time, TCL Electronics carried out triplet back-up talent training for key positions in overseas business center (OBC for short), aiming to effectively supply the back-up talents within one year and give targeted training for the back-up talents within 1-5 years. For this end, OBC triplet training was conducted for different back-up talents in different directions and to different degrees, including training camp, preparation camp, and high potential camp. Through the talent training of key positions, 2 people was exported to overseas sales, 2 people to overseas finance and 2 people to overseas supply chain in 2018. After training, a total of 20 people were competent to take on key positions, of whom 11 people has taken on key positions.

TCL Won Honors in Talent Cultivation in 2018



TCL University ranked **fifth** among Chinese enterprise universities released by Xinhua Daily Media Group

Training conducted by TCL University in 2018

- Total hours of employees participating in training in 2018: **493.21** hours
- Total investment in training in 2018: RMB **9,129,194.5**
- Total number of trainees in 2018: **395** people
- Number of training programs conducted by TCL University: **10**
- Number of courses independently developed by TCL University: **90**

Career Development

To rapidly form the talent team required by TCL’s development, TCL provides diversified career development paths for employees to promote the growth of talents and the continuous improvement of corporate organizational capacity.

- **Unified development channel standards:** The Corporation established five major development sequences, i.e., management, specialty, technology, sales and operation, and unified standards and requirements at all levels in 2018. The qualification system was refined to provide employees with clearer career development channels.
- **Post rotation mechanism:** The Corporation continued to optimize the cadre talent structure, took the initiative to train cadres through post rotation, and encouraged employees to participate in horizontal cross-training, which can not only rotate posts with the same function but also rotate posts with different functions and promotion across enterprises.
- **Internal competition:** In the event of a vacancy in internal positions, internal competition was conducted to enable the capable and potential employees to continuously break through themselves and achieve better growth.

The Qualification System was Comprehensively Refined by CSOT

To stimulate the rapid growth of internal employees, CSOT has established and promoted the qualification system. In 2018, the qualification system was further applied and closely integrated with businesses. For instance, the quality department promoted the study and examination of the Six Sigma system, and added this requirement into the qualification evaluation standards of manufacturing, R&D, quality, and other related channels to improve the quality level of all staff.

Increasing Employee Well-Being

Aiming at creating a harmonious living and working environment for employees, TCL conducts rich recreational and sports activities and provides logistics support, employee welfare, and care actions for special groups of employees to improve their sense of happiness and belonging.

Cultural and Sports Activities

TCL advocates a healthy lifestyle that strikes a proper balance between work and rest. TCL regularly organizes entertainment and leisure activities, and its subsidiaries have established nearly 100 sports associations of various kinds to enrich the life of employees. For example, CSOT launched over 800 activities in total in 2018, with 25,000 employees participating in these activities. Meanwhile, the company also organizes outdoor outreach activities, carries out team building, and participates in urban and international cultural activities to promote team cohesive force.

Bank-enterprise Fellowship Hiking Activity of TCL Finance

On January 13, 2018, nearly 100 partners in TCL industrial financial ecosystem took a 30-kilometer hiking activity at the annual bank-enterprise social party. Held in Xiaojingwan, Huizhou, a hiking journey of 30 km was completed. On the way, the barriers required to pass by group were set to enhance the teamwork spirit. The activity not only enriched the life of employees, but also promoted the communication between the people of TCL Finance and the finance partners within ecosystem.



Start of Hiking Activity



Speech Contest of "Excellence Guiding – to Move Toward a New Era of Quality"

In combination with TCL's quality month, the keynote speech contest of "Excellence guiding – to move toward a new era of quality" was held on November 2, 2018. From September to November, a total of 864 articles of quality speeches were received from employees in various positions of the company, and more than 10 speech preliminaries were held in 12 companies. Through the form of keynote speech, a platform was provided to employees to communicate and share their work, further enhancing the concept that everyone is responsible for quality.



Scene of speech contest of "Excellence guiding – to move toward a new era of quality"



Caring for life

Caring for Physical and Mental Health

TCL attaches great importance to the physical and mental health of employees, and its various industrial companies carry out various activities to care for the physical and mental health of employees, and provide psychological assistance and mental health education for employees and their family members in need.

EAP employee assistance program of CSOT

In 2018, the EAP employee assistance program of CSOT was constantly upgraded in cooperation with the business department. Besides, a healthy and harmonious atmosphere was created through WeChat public operation, internal on-site consultation, internal EAP ambassador training, and three-level defense system building. Throughout the year, a total of 228 EAP consultations was conducted and 68 internal consultants were consulted to help employees achieve a balance between physical and mental health.



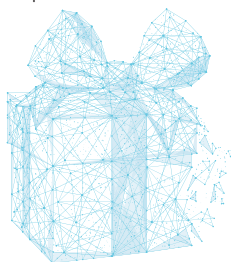
EAP internal training

Celebrate the Dragon Boat Festival and Inherit the Culture

In June 2018, TCL Electronics SCBC held a special Dragon Boat Festival activity named "Celebrate the Dragon Boat Festival for culture inheritance" in Huizhou Base. Special traditional customs activities, such as washing with moxa leaf water, wearing sachet, eating zongzi, and drinking realgar wine, were carried out to let the staff experience the traditional culture of the Dragon Boat Festival. At the same time, through the distribution of sachets, the relevant questions about corporate culture were answered to link the traditional customs of the Dragon Boat Festival and the current corporate culture construction together.



Wearing sachet, a special activity of the Dragon Boat Festival conducted by TCL Electronics



Making Employees' Traveling More Conveniently

The company escorts the commuting of its employees. The company provides free bus service for the employees to guarantee the safety on commuting of employees; for the employees who work with night shifts, the company especially adds night buses. Before and after the Dragon Boat Festival, the bus station staff were invited to sell tickets in the company. Besides, TCL also specially arranges loving care buses to send employees to the train station and bus station which facilitates the employees to return home for the Spring Festival.

Caring for Female Employees

TCL cares about female employees and practically safeguards the lawful rights and interests, and special interests of female employees. "Beloved mommy's hut" has been popularized in TCL industries.



Beloved mommy's hut in the department of semiconductor, CSOT

Helping Employees in Need

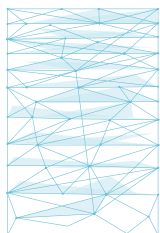
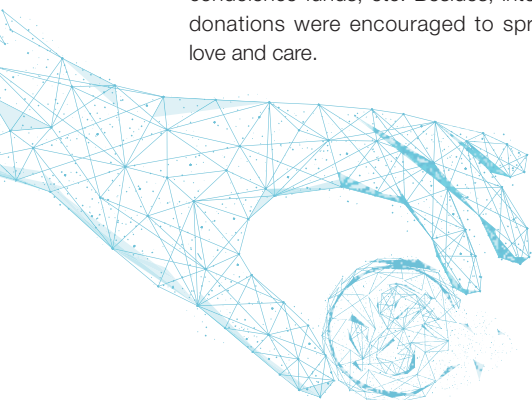
The company organizes caring visits for employees each year to help them solve the difficulties and demands of their lives. In 2018, the trade union of the Corporation made more applications on external assistance funds, with five applications to provincial and municipal authorities for poverty-stricken employees, gaining external funds of CNY228,000 and helping 113 employees in distress. At the same time, the Corporation and each branch set up mutual aid funds, organized condolence for the staff in difficulties, issued condolence funds, etc. Besides, internal donations were encouraged to spread love and care.

"Mutual Aid Fund" of CSOT

With the principle of mutual help, CSOT sets up the "mutual aid fund," to give support and care to difficult staff as much as possible. A charity donation campaign was launched in April 2018, with a donation of CNY386,900 by a total of 8,209 employees. With the approval in August, seven employees who were in difficulty were assisted. Since its establishment in 2015, the "mutual aid fund" has assisted 28 employees, with a total of CNY992,800 issued, showing the spread of employees' love and care.



Review Meeting of Mutual Aid Fund of CSOT





Responsibility Management and Cooperation of Supply Chain

- Responsible Purchasing
- Coordinated Development



Responsibility Management and Cooperation of Supply Chain

Suppliers are considered as an important link and basic guarantee of production and innovation chains of TCL Corporation. Through continuous improvement of supply chain management, TCL Corporation collaborates with suppliers for innovation to make products and services meet the requirements of social sustainable development and builds a harmonious industrial ecosystem.

Responsible Purchasing

Scientific and strict supply chain management can effectively help an enterprise reduce business risks, improve product quality, and achieve social responsibility goals, thus gaining a win-win situation for enterprise and its supply chain partners. TCL has set up sound procurement systems and strict standards, released TCL supplier codes of conduct, and formulated corresponding sustainable development management mechanisms.

Supplier Management



According to responsibility procurement management policy for the suppliers, TCL has established a strict supplier management system. TCL requires all suppliers to provide corporate social responsibility certifications, such as SA8000 and ISO9000 quality control certifications, ISO14000 environmental management certification, and QC08000 technical standards of hazardous substance management system. In 2018, TCL issued the *TCL Supplier Codes of Conduct*, defining stricter requirements for suppliers' human rights, labor, occupational health and safety, environmental protection, and social responsibility management systems. Its subordinate industries such as TCL Communications established special supplier CSR review team to conduct CSR reviews, tutorship and improvements for major suppliers regularly.



In 2018, with the purpose of "serving the industry for cost reduction and efficiency increase" and the core business model of supply chain integration and self-operated centralized procurement, all industries of the Corporation were provided with professional, efficient, transparent, and cost-competitive procurement services to optimize the structure of materials and suppliers. On the other hand, responsible procurement optimization solutions were made available to customers in all industries. At the same time, the independently developed supply chain management platform was adopted for informatization management throughout the entire process to improve the efficiency of supply chain management.



TCL improves the overall quality level of suppliers through quality tutorship, technical exchange meeting, etc. to achieve win-win cooperation of both parties. By regularly evaluating the technology, quality and service of suppliers, the company guides the suppliers to analyze reasons and take corrective and preventive measures for the problems found during suppliers' evaluation, to ensure the health, stability, and efficiency of the supply chain.

TCL Electronics Held a Global Supplier Conference

The 2018 Global Supplier Conference was held by TCL Electronics in Huizhou on April 26, 2018. Nearly 300 suppliers and purchasing managers from all over the world attended the conference. At the conference, the contribution of suppliers to the business development of TCL Electronics was affirmed, the business strategy was elaborated in depth, and the recent excellent business results were reported. The company hoped to cooperate with suppliers and partners to promote sales upgrading with innovative technologies and products, reduce costs and increase efficiency with organizational process optimization, so as to improve the level of global supply chain management and promote international layout. At the same time, the quality work report and key project planning for 2018 were released, and more than 60 excellent suppliers were commended.



Commendation of Outstanding Suppliers by TCL Electronics



Management of Conflict Minerals

TCL attaches great importance to the issue of conflict minerals. "Conflict minerals" refers to the mineral precursors of the metals tantalum, tin, tungsten, and gold (3TG) as identified in the United States' Securities and Exchange Commission (SEC) rule on conflict mineral disclosure. Revenue from mining these minerals has been widely linked to funding for groups engaged in extreme violence and human rights atrocities. It's TCL's policy not source from known conflict resource, and we expect our suppliers abide the same standard. We adopted the conflict mineral survey template which developed by RMI (Responsible Mineral Initiative) to conduct periodically survey to the conflict mineral used in our supply chain, and TCL will continue to work toward a conflict-free supply chain through rigorous management, supply chain engagement, and industry collaboration.

Coordinated Development

TCL pays much attention to collaborative innovation and development with its partners. It has built a financing service platform for the industry chain and a learning and exchange platform to strengthen the exchange of partners in the industrial ecosystem from all levels.

Promotion of the Development of Industry Chain

The “Simple Transfers” platform of TCL Finance came into being to solve the problems of middle and small-sized enterprises in TCL’s industrial ecosystem, such as difficulty in accessing to banks, difficulty in applying for loans, and high cost of obtaining business tickets and commercial credit. Since its establishment, the “Simple Transfers” platform has always adhered to the tenet of “building a bridge of financing and facilitating the development of small, medium, and micro enterprises”.

In 2018, the accounts receivable creditor’s right vouchers with multiple functions were created on the capital demand side. Through online confirmation, split, transfer, financing and other businesses, the financing efficiency was improved, the financing modes were enriched and corporate financing level was deepened. On the capital supply side, the sources of funds for enterprises were constantly expanded, the external institutions such as China Everbright Bank and Agricultural Bank of China were gradually introduced, and the level of financing costs for enterprises was reduced to optimize the price formation mechanism and service competition mechanism of the platform. As of 2018, there were 12,076 registered enterprises on the “Simple Transfers” platform, a year-on-year increase of 78%. Among them, small, medium and micro enterprises accounted for nearly 90 percent. The annual cumulative transaction size reached up to CNY59.1 billion, a year-on-year increase of 32%.



12,076 registered enterprises on the “Simple Transfers” platform

a year-on-year increase of **78%**

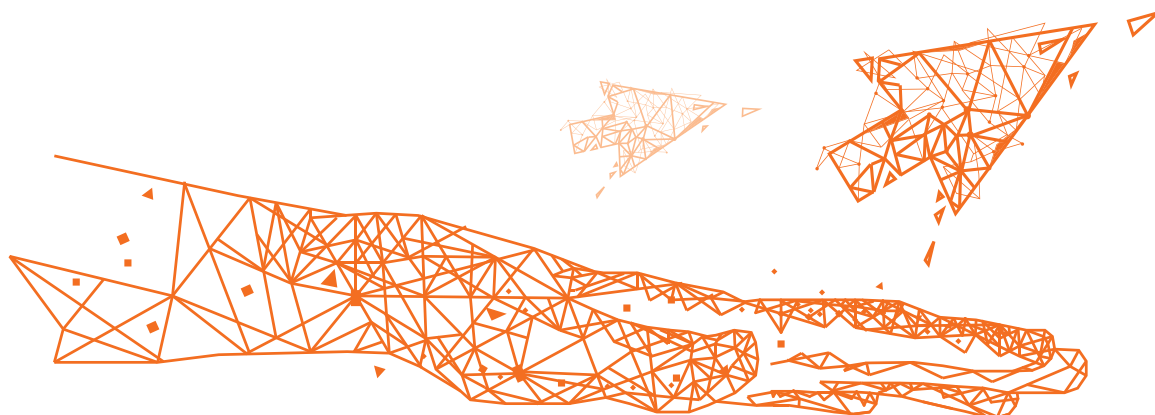
The annual cumulative transaction size reached up to **CNY59.1** billion

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The “Simple Transfers” Platform Launched the First Supply Chain ABS Financial Product

In November 2018, the “Guojun-TCL Factoring – Simple Transfers Supply Chain Finance Phase I Special Asset Support Plan” was listed on the Shenzhen Stock Exchange, which is the ABS project of TCL’s “Simple Transfers” receipt supply chain (i.e., asset securitization project). This is the first time for gathering the account receivables from TCL suppliers to rate the credit of these assets and send them in the market through securitization. The successful practice of this project helps TCL and its industrial suppliers to develop new financing channels with TCL’s credit support, improve financing efficiency, and reduce financing costs. For TCL Corporation, it can maintain the stability of the supply chain and recollect the receivables of TCL Corporation.



Supporting Upstream Suppliers of the Industry Chain

Huizhou Pu'an Electronics Co., Ltd. is specialized in supplying injection molding and wire products for home appliance companies. In 2015, Pu'an Electronics wished to expand its production capacity, but got into trouble due to lack of supporting funds. In a routine visit by TCL electronics, the purchasing staff recommended a "golden order" product of the Simple Transfers platform to the company. The "golden order" accelerated the withdrawal of funds, and made corporate operating turnover smoother, thus enabling more funds to be invested in the renewal of machinery equipment and technological innovation. The company has achieved the monthly revenue from CNY8 million in 2016 to over CNY30 million now, creating more than 3,000 jobs and making considerable contributions to local economic development.

Strengthening Study and Exchange on the Industry Chain

To meet the learning and development demands of partners in the industry chain, TCL Corporation has established TCL Community Association by integrating the resources of TCL University and many partners. With the vision of "creation, sharing, integration and win-win," TCL Corporation set up a learning and exchanging platform for partners in the industry chain to promote the common development of team, create the highest efficiency, and expand the value of the enterprise to a maximum extent.

In 2017, TCL Community Association prepared many kinds of lessons for industry chain partners, including general introductory lessons which was suitable to all the people, financial lessons for financial and asset practitioners, and business management lessons for business owners and management level; through online learning, offline training, industry expert teaching and high-end learning tour and other methods, the Association hoped to share the excellent tools and methods in various fields to the upstream and downstream partners in the industry chains and to achieve a win-win cooperation with the partners in the industry chains.



TCL was rated as one of the first batch of national pilot enterprises for supply chain innovation and application

TCL Corporation was rated as one of the first batch of national pilot enterprises for supply chain innovation and application after the review of “2018 National Pilot Supply Chain Innovation and Application” carried out by the Ministry of Commerce and other eight central departments.

The pilot activity conducted by the central departments aims to promote innovation in the industrial supply chain system, improve the ability of enterprises, industries and regions to achieve coordinated development, foster new growth drivers in the field of modern supply chain, and boost high-quality economic development. After being rated as a pilot enterprise, TCL would push forward the innovation of supply chain technology and mode, realize data-driven management of supply chain, and improve the integrated coordination capacity of upstream and downstream enterprises, which is conducive to the realization of cost reduction and efficiency increase, matching between supply and demand and green development of industry supply chain, and to the construction of a synergistic and efficient industrial supply chain ecosystem. As a result, the transformation and upgrading of new display industries from traditional manufacturing to “Internet + intelligent manufacturing” and “manufacturing + service” would be accelerated to create a world-leading semiconductor display industrial cluster.

The Institute of Supply Chain Wisdom of TCL Electronics SCBC initiated its class

A class opening ceremony was held by the Institute of Supply Chain Wisdom of TCL Electronics SCBC on March 19, 2018 in Huizhou. The Institute of Supply Chain Wisdom aims to cultivate “smart” supply chain talents through special courses based on the current challenges faced by the supply chain and the future intelligent planning. In the first class, 94 students would be enrolled, who are required to complete compulsory courses, elective courses and the courses combining theory and knowledge such as post practical operation.

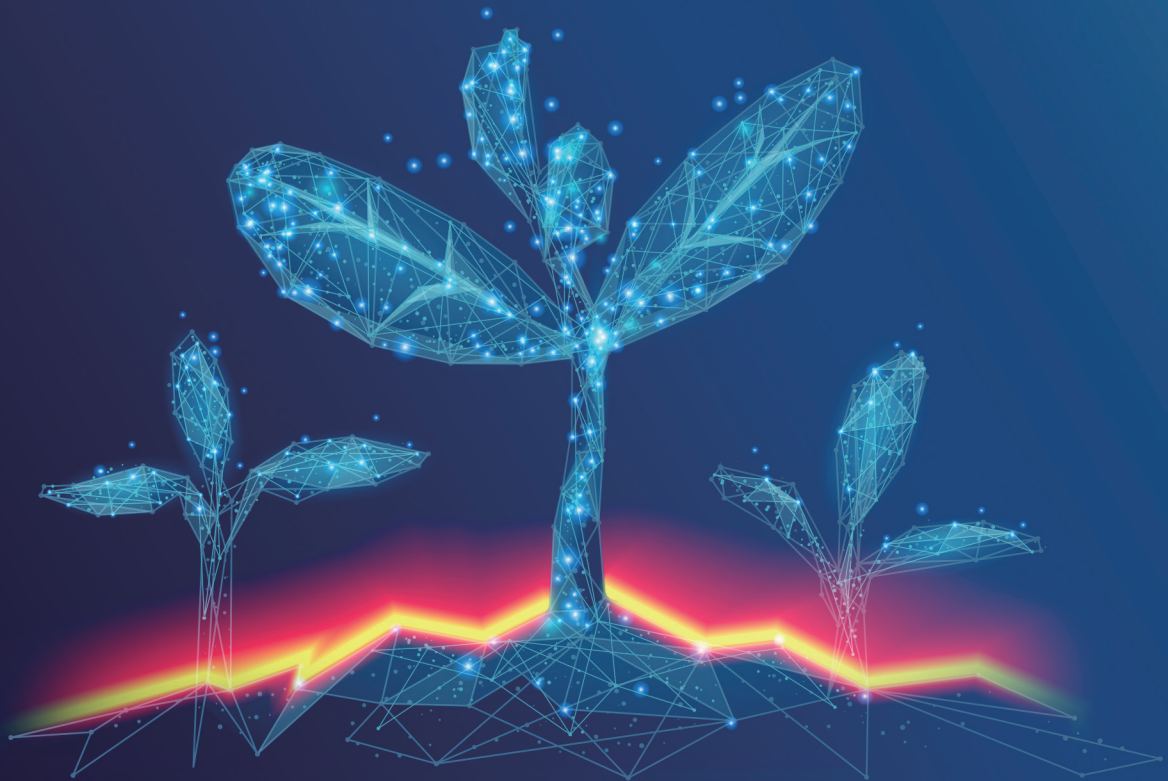


Training Site of the Institute of Supply Chain Wisdom



Harmonious Development with Nature

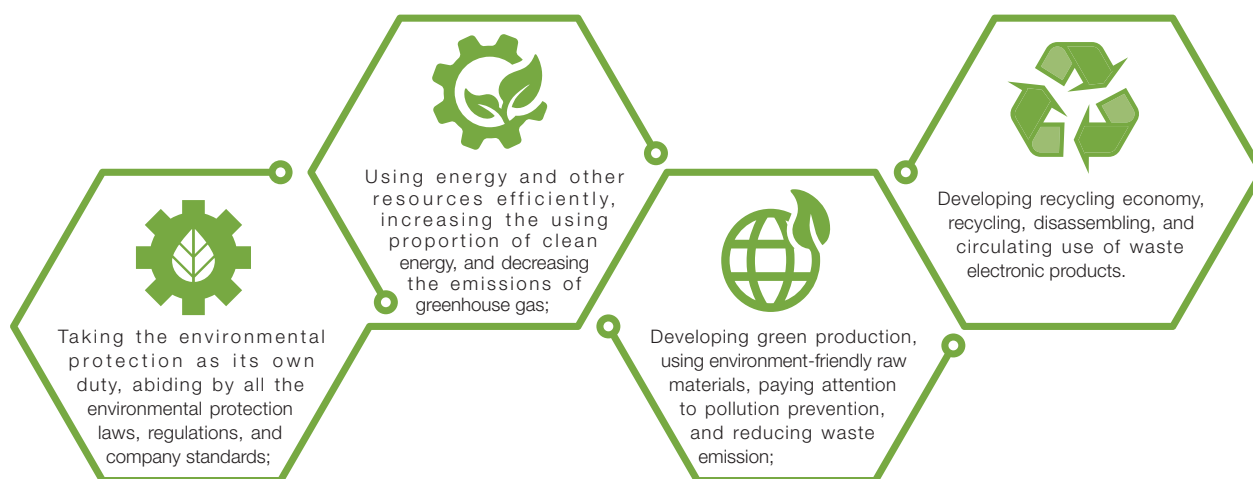
- Improvement in Management Mechanism
- Green Production and Logistics
- Management of Full Lifecycle
- Improvement in Environmental Awareness



Harmonious Development with Nature

TCL makes unremitting efforts to invest in green production and green logistics construction, reduce the negative impacts of corporate operation on the environment, carry out actions for reduction of carbon emissions and waste, provide consumers with more environmentally friendly products, establish a household appliance recycling system, and build a disassembly line for household appliances to strive to realize the sustainable development of itself and the society.

TCL's Environmental Promises:



Improvement in Management Mechanism

TCL abides by all environmental protection laws and regulations, attaches great importance to environmental risks and environmental pollution, and minimizes the use of dangerous materials and energy for green production by constantly improving its production process and adopting green raw materials. TCL has established a complete environmental management mechanism, and its major industries all improve management systems based on ISO14001, and various industries formulate related management measures according to their own situations.

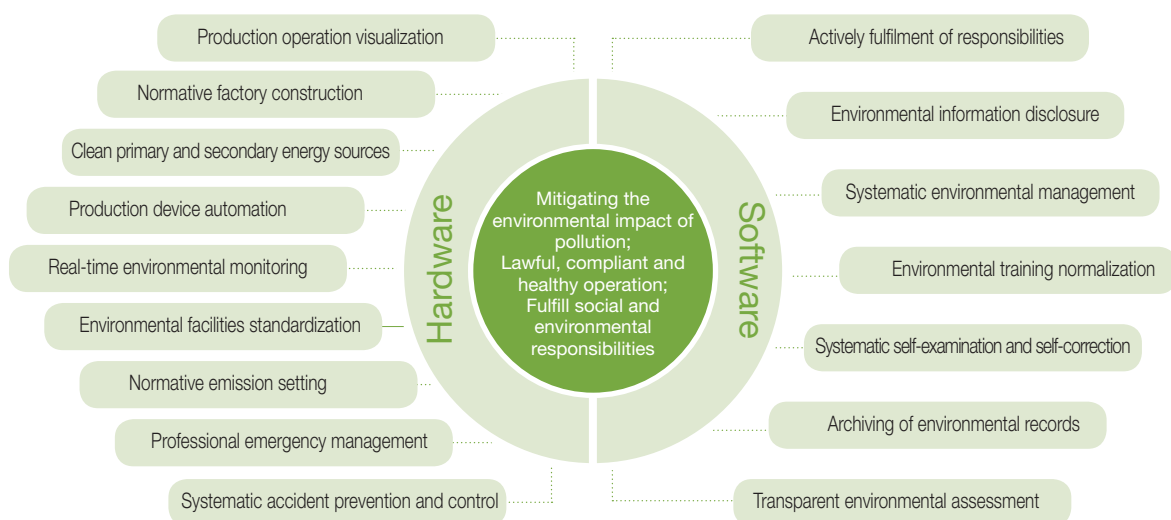
Environmental Management System of TCL Electronics

TCL Electronics has developed a sound environmental management system based on ISO14001 to manage the company's operating environment and product environment attributes in R&D, procurement and manufacturing, supply chain and quality, to monitor and review the environmental performance of suppliers and distributors, and to ensure the effective operation of the environmental management system. Environmental management system has served as a foundation and guarantee for TCL Electronics to develop environmental protection technology continuously, and provide green products and services. By adherence to the combination of internal management and external supervision, TCL Electronics regularly entrusts professional institutions to inspect, monitor and control its workplace environment, industrial/living waste water, exhaust gas, solid waste, fire emergency, special equipment, and hazardous chemicals management. TCL Electronics has been free from major environmental pollution accidents for three consecutive years.

In addition, TCL Electronics has appointed persons in charge of environmental affairs in its regions, functional departments, and production workplaces. Such persons of all departments communicate about environmental development information from time to time to assist TCL Electronics in the implementation of environmental affairs at all levels.

Environmental management scheme of Huizhou TCL Environmental Technology Co., Ltd.

Huizhou TCL Environmental Technology Co., Ltd., established in 2003, has qualification certificates required by law such as hazardous waste business license, and has passed the ISO international quality and environmental management system certification. It can handle 79,300 tons of hazardous waste annually. In terms of hardware and software, the company has set up environmental management scheme to reduce the impact of environmental pollution, ensure lawful, compliant and healthy operation, and earnestly fulfill social and environmental responsibilities.



Green Production and Logistics

Resources and environmental problems are the common challenges faced by human beings. The utilization efficiency of resources and energies is an important factor in measuring the competitiveness of the nation's manufacturing industry. The Chinese industries has not yet got rid of the development mode with high input, high consumption, and high emission. Therefore, it is urgently needed to speed up the construction of a green manufacturing system with high technological content, low resource consumption, and low environmental pollution. As a responsible model company, TCL is committed to building an international leading manufacturing-oriented company, vigorously developing green factory constructions, realizing green productions, and deeply practicing the concept of green environmental protection.

Energy Saving and Emission Reduction

Green Factories

TCL Corporation comprehensively promotes green manufacturing, intensifies technological innovation, and strives to build an efficient, clean, low-carbon, and circular green manufacturing system. On the basis of guaranteeing compliance with various laws and regulations, TCL guarantees to reach the related standards of the industry, actively looks for improvement space, gives play to subjective initiatives, finds shortages and plug loophole, and improves its own green production level constantly. By the end of 2018, TCL Corporation and its five subsidiaries had been included in the list of national green manufacturing enterprises issued by the Ministry of Industry and Information Technology. In addition, TCL also participated in the green manufacturing alliance of household appliances to promote green development with the industry.

Multiple Reputations and Awards Won by TCL in 2017 in Construction of Green Factory

- The G11 Project of CSOT was awarded LEED Platinum Certification and China Green Building Samsung Highest Rating Certification.
- Shenzhen China Star Optoelectronics Technology Co., Ltd. (CSOT) was included in the list of the second batch of green manufacturing demonstrations issued by the Ministry of Industry and Information Technology.
- TCL Air Conditioner (Zhongshan) Co., Ltd. was included in the list of the second batch of green manufacturing demonstrations issued by the Ministry of Industry and Information Technology.
- China Display Optoelectronics Technology Holdings Limited was included in the list of the third batch of green manufacturing demonstrations issued by the Ministry of Industry and Information Technology.
- TCL Household Appliances (Hefei) Co., Ltd. was included in the list of the third batch of green manufacturing demonstrations issued by the Ministry of Industry and Information Technology.



The green ecological demonstration plant of CSOT was accredited

In 2018, the central fifth environmental protection inspector group visited Shenzhen CSOT to engage in the “looking back” work of environmental protection supervision. Zhang Baoshun, head of the inspector group, appreciated CSOT’s efforts to promote green development, strengthen the comprehensive recycling and utilization of resources, and build a green ecological demonstration factory with “zero pollution, zero emission and zero odor,” and asked TCL to keep on enhancing the concept of environmental protection, innovating technology, and striving to gain the win-win result of economy development and environment protection.



Li Dongsheng Accompanied the Fifth Inspector Group to Visit CSOT Constructed Wetland Park

Energy Saving Transformation

With the acceleration of industrialization and urbanization and the continuous upgrading of the consumption structure, China’s energy demand has grown rigidly. Resources and environmental issues are still one of the bottlenecks restricting China’s economic and social development. Energy conservation and emission reduction are facing critical conditions. Electronic product manufacturing is an important part of the country’s energy-saving and emission reduction. To maintain sustainable development, the industry must raise awareness of energy conservation and emission reduction, and correspond to make appropriate efforts. TCL actively responds to national policies and continues to introduce advanced technologies for energy conservation and emission reduction. It contributes to the sustainable development of China’s industry by promoting the policies and technologies in various production Sites, constantly improving energy use efficiency, and reducing greenhouse gas emissions. At the same time, energy management system is developed in each production base to improve the standardization of energy management. Currently, the energy management system of China Display Optoelectronics Technology (Huizhou) Company Limited, Shenzhen China Star Optoelectronics Technology Co., Ltd (CSOT), Wuhan China Star Optoelectronics Technology Co., Ltd. and TCL Ace Electrical Appliances (Huizhou) Co., Ltd. has passed the third-party ISO50001 certification.

Energy Saving Management of TCL Electronics

By adherence to the concept of energy saving and consumption reduction, TCL Electronics uses the management mode of energy saving and emission reduction, with equal emphasis on management energy saving and equipment energy saving in the industrial park. Besides, the systematic energy saving system is introduced, the energy consumption plan, energy saving measures and energy saving goals are developed. In 2018, the focus of investment was placed in the efficiency of lighting systems, injection molding machines, air compressors and central air conditioners to improve energy efficiency.



Solar Power Generation System in TCL LCD Industrial Park

In addition, the cooperation project between Huizhou LCD Industrial Park and China Southern Power Grid was completed in April 2018. The solar power generation system was built on the roof of the plant, and the power generated was used by the plant, accounting for 10% of the power consumed in the park. In 2018, the solar power generation capacity of Huizhou LCD Industrial Park reached 3,577,455.00 KWH, reducing greenhouse gas emissions of 2,255.05 tons of carbon dioxide equivalently.

According to the standard requirements of ISO14064-1 *Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*, TCL Electronics has conducted inspection and verification of greenhouse gas emissions annually since 2018. According to the inspection report of greenhouse gases, TCL Electronics formulates the *Sustainable Development Goals* every year and decomposes them to each factory and workshop. Each factory and workshop analyzes the goals and proposes improvement plans. The system improvement department of TCL Electronics monitors the achievement of emission reduction goals of each factory and workshop every month to reduce the emissions of greenhouse gases through scientific management.

Management of “Three Wastes”

Waste Reduction

TCL adheres to the concept of green production by using environmentally-friendly materials and new technology, increasing the conversion rate of raw materials, reducing and replacing the use of toxic and harmful substances, and reducing the amount of toxic and harmful substances produced. Currently, the TCL television products have all passed the certification of QC080000 *Hazardous Substance Process Management System* without the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE) at all, and other non-environmental plastic materials that do not meet the standard.

Training on Harmful Substance Management

On December 7, the Quality Management Committee of TCL Corporation invited experts from CEPREI to organize trainings on regulations and instructions of harmful substance management. More than 230 personnel of manufacturing, supply chain and quality from various enterprises and suppliers participated in the training.



Site of Training on Harmful Substance Management

TCL's industries have established a strict hazardous waste management system. Based on the basic principle of “prevention first” and “whoever pollutes take the action of governance”, the responsibility system for hazardous waste management is implemented step by step to ensure that all hazardous wastes are handled effectively. The principal responsible persons of TCL's factory areas are responsible for handling hazardous waste treatment, implementing relevant national laws and regulations, formulating the company's overall rules and regulations for hazardous waste disposal, and coordinating the effective implementation of various departments.

TCL has established Huizhou TCL Environmental Science and Technology Company to more efficiently dispose and utilize the hazardous waste generated in production. Huizhou TCL Environmental Science and Technology Company holds the qualification certificate stipulated by law such as hazardous waste management license. The company can deal with 12 categories of waste and 2 categories of collection qualification with 16 authorized patents and qualified disposal of 79,300 tons of annual hazardous waste. In addition to TCL's own industry, the company also provides comprehensive utilization and disposal services for toxic and hazardous wastes for many electronics, petrochemical, electroplating companies, and circuit board manufacturers in Guangdong Province in order to ensure that all kinds of wastes are effectively recycled and utilized, further contributing to the construction of beautiful homes in Guangdong Province. In 2018, Huizhou TCL Environmental Technology Company collected and utilized 49,818 tons of hazardous waste.

Water Resource Management

China has a small per capita share of water resources, ranking around 120 in the world. At the same time, with the increase in population, the construction of water supply facilities, the increasing production, consumption, and pollution of water, China is still facing serious problems in the utilization and protection of water resources. As a responsible large-scale enterprise, TCL attaches great importance to the management of water resources and guides the industries to improve the management of wastewater from the group level. All industries actively implement recycling of water and reduce waste water discharge, thereby protecting and saving water resources.

Highly Efficient Utilization of Water Resources in Shenzhen CSOT

Shenzhen CSOT drainage system adopts separate systems for rain and sewage, which are treated according to the quality of waste water. Domestic sewage is transferred to Guangming Sewage Treatment Plant for treatment after meeting the standard of oil separation and septic pre-treatment. The production wastewater enters different treatment systems according to the characteristics of wastewater and is discharged after being treated by physical and chemical methods and biological methods. In 2018, Shenzhen CSOT saved 14,665,068 tons of water by improving the recovery efficiency of pure water recovery system and waste water recovery system, increasing the amount of recycled water and reducing waste water discharge.

Waste Gas Management

With the acceleration of urbanization and industrialization, the rapid increase of energy consumption and the increasingly serious air pollution in China, the Chinese government has issued a number of policies on air pollution prevention and control to defend the blue sky. Following the principle of being responsible for nature and human health, TCL carries out a series of work to further improve waste gas treatment measures and builds a beautiful China with blue sky, green earth, and clear water by practical actions.

Waste Gas Treatment by Each TCL Industry

Shenzhen CSOT adopted international advanced RTO technology to deal with organic waste gas, through adsorption, desorption, combustion and other measures to meet the emission standard, and further reduced the emission concentration.

TCL Household Appliances (Hefei) Co., Ltd. strictly implements the documents of environmental impact assessment, and takes different measures to deal with the waste gas of each section, such as installing a 15-meter high exhaust pipe, using a fabric dust separator, etc., to ensure that the discharge level meets the standards.

TCL Electronics implements VOCs improvement project. Through source control methods such as high-light substitution, hardware substitution and front-end closed collection, the production of VOCs is reduced, and the terminal treatment system is improved. After the implementation of the improvement scheme, the cut in VOCs emission reaches 79.478 tons/year.

Green Packaging and Logistics

Packaging Design and Recycling

TCL actively develops green packaging, minimizes the use of plastic and wood packaging materials, and uses more environmentally-friendly and easily-recycled materials and techniques to replace the original packaging plan. At the same time, TCL assists suppliers in recycling packaging materials. TCL will reuse packaging cartons and plastic packages with good wear and tear and good appearance after confirming their status.

Green Packaging Practice by CSOT

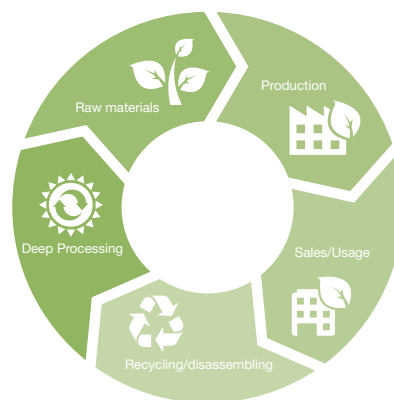
Shenzhen CSOT has set up a special project team on package recycling, aiming at the recycling and reuse of glass spacer paper, stack board and so on, which reduces 6,336.42 tons of waste package materials in the whole year. At the same time, the project of recycling plastic package in the furnace has been introduced, and the qualified suppliers are commissioned to remanufacture the plastic package materials that have been damaged and cannot be reused by putting them into the furnace, who reduce 79.82 tons of the plastic package waste and achieve "0" discard.

Green Logistics

TCL advocates green logistics by packaging a reasonable amount of products without sacrificing quality, thereby saving packaging materials and improving transportation efficiency. In the selection of suppliers, TCL also fully considers the transportation distance, reducing carbon emissions through short-distance transportation to minimize the impact on environment.

Management of Full Lifecycle

With the rapid development of our country's economy and dramatic improvement of people's living standards, household appliances are constantly being replaced, resulting in increasing rate of elimination and disposal. This has resulted in a large amount of solid waste, more complicated variety, and the increasing proportion of hazard waste. Our government has issued relevant policies to encourage the recycling of waste household appliances since 2008. In 2016, the *Implementation to Extended Producer Responsibility System* was published. However, at present, there are still irregular operations and recycling of waste household appliances in China. In this context, TCL vigorously fulfills the extended producer responsibility system, through the establishment of recycling companies and the formation of the industry chain of waste household appliances disassembly, deep processing and recycling, to achieve green management of the full life cycle of products.



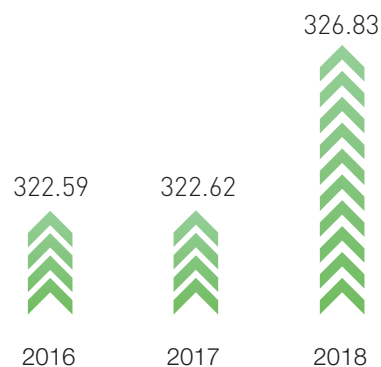
Establishment of Recycling Companies

As an electronic appliance producer, TCL actively assumes the responsibility of recycling waste products by establishing 2 recycling companies of waste household appliances, namely TCL-Aobo (Tianjin) Environmental Protection and Development Co., Ltd. in the north and TCL Deqing Environment Co., Ltd. in Shantou city in the south, which can meet the needs of processing and disassembling waste and household appliances in Northern and Southern China. Through these two companies, TCL has created a unique circular economy model, and become the first domestic company to build a household appliance recycling industry chain, which opens up a new situation that producers recycle products.

TCL-Aobo Environmental Protection and Development Co., Ltd. is currently the largest scaled processing company in the domestic waste household appliance processing industry with the most advanced level of equipment technology and the strictest environmental protection indicators. It adopts advanced technology and equipment in the world and is equipped with modern processing lines. The company has independently developed the grinding device for component removal of circuit board, which not only solves the problem of component removal of circuit board in TV sets, but also enables valuable metals and components on circuit board to be fully collected. As a benchmark enterprise in domestic waste household appliances disassembly industry, TCL-Aobo has been exploring new technology and new business. In 2018, it won four utility model patents, and its upgrading and transformation project of the selecting and processing center of renewable resources was included in the key construction project of Tianjin renewable resources recovery system in 2018.

TCL Deqing Environment is the first batch of designated units in Shantou for waste TV recycling. The company has established a well-developed recycling system covering the Party and government organs, 19 suppliers in eastern Guangdong and TCL Corporation network (such as sales, after-sales and online recycling). As the only designated assembly enterprise in the eastern part of Guangdong Province, which is planned by the Guangdong Provincial Department of Environmental Protection, it is responsible for recycling and disassembling used household appliances in the 6 cities of East Guangdong. In 2018, it successfully cooperated with 82 enterprises and institutions in Guangdong Province on the recycling of waste household appliances. In 2017, the two companies recycled more than 3.2 million pieces of used household appliances and more than 95,000 tons of waste.

Waste household Appliance recycled by TCL owned recycling company from 2016 to 2018



the two companies recycled more than **3.2** million pieces of used household appliances and more than **95,000** tons of waste

Establishment of Recycling System

TCL actively explores new recycling mode in practice and tries to integrate waste household appliance recycling with the rapidly developing Internet technology, so as to improve the recycling efficiency, expand the scope of recycling, improve the recycling system, and establish a global recycling system. In 2018, TCL-Aobo continued to explore the "Internet + Recycling" mode, develop recycling agents for Baidu recycling station, and build recycling transfer stations.

Creating an "Internet + Recycling" mode

Shenzhen All the Way Service Technology Co., Ltd, TCL's subsidiary company, is one of the leading smart home appliances service providers in the country. The company has an IT system, with nationwide service network and intelligent scheduling, providing all kinds of household appliances' maintenance, cleaning and installation, cell phone maintenance and recycling, as well as household appliance delivery, installation, debugging, maintenance, sales of attachment or extended warranty and other types of services. While providing on-site installation and maintenance services for household electronic appliances, All the Way Service also launched a special digital recycling service to reclaim digital products through the Internet. It has won good reputation of "the highest customer approval rate" and "the highest order growth rate" respectively on Dianping, JD to Home, and other platforms.

Improvement in Environmental Awareness

TCL is committed to promoting green development in all aspects of enterprise operation. Popularize environmental knowledge to employees and raise their environmental awareness through environment trainings, effortfully promote green office in the Corporate and various industries by calling on employees to save resources through practical actions, and reduce the impact on the environment as much as possible.

TCL Home Appliances (Hefei) Co., Ltd. promotes green office

In 2018, TCL Home Appliances (Hefei) Co., Ltd. issued the Office Environment Management System, which makes strict requirements on waste sorting and recycling and paper saving, and implements the concept of green office through the company's rules and regulations. The company stipulates that waste paper and express packing boxes should be flattened and all put at the recycling point; waste fluorescent lamps should be placed at the same recycling point; and informal documents should be printed on both sides. At the same time, the company will also incorporate environmental awareness training into the induction training of new employees.





Build a Well-off Society Together

- Concern on Poverty Alleviation through Education
- Carrying out Environmental Protection Public Welfare
- Building a Harmonious Community
- Organizing Volunteer Activities



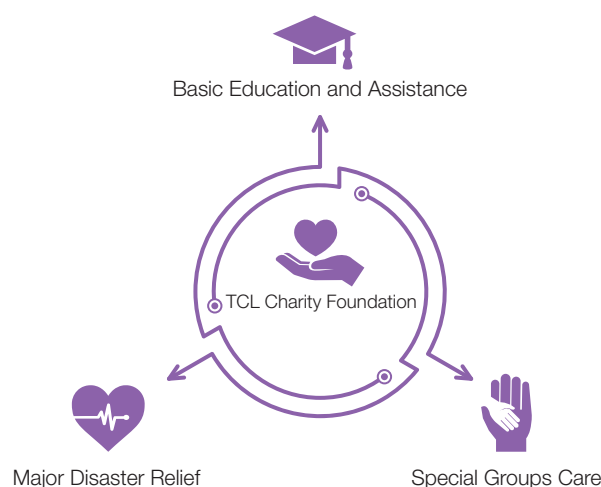
Build a Well-off Society Together

"Undertake the responsibility for society" is one of TCL's missions. Over the years, TCL has focused on poverty alleviation through education, environmental protection, community construction and other fields. It gives back to the society through public welfare projects of the brand and employee volunteer activities.

Concern on Poverty Alleviation through Education

Education is an important means to eradicate poverty. TCL, in the spirit of innovation and service, starts with teachers and students to improve the quality of education in poor areas for people in need, and explores a new way of poverty alleviation through years of practice in China.

In 2012, TCL established TCL Foundation to participate in social welfare affairs in a more systematic way. Based on the values of "pursuing public interests and promoting social progress" and the purpose of "creating education and growth opportunities for the vulnerable groups and seeking community welfare and sustainable development of the environment," the Foundation is committed to three major public welfare fields, including basic education and assistance, major disaster relief, and special groups care, actively carrying out social charity campaigns and fully fulfilling social responsibility.



Indicator	CY2018
Annual income of the TCL Foundation (yuan)	29,222,973.94
Annual donation of TCL Foundation (yuan)	29,102,788.00
Annual expenditure of TCL Foundation (yuan)	19,002,448.65
Annual expenditure of TCL Foundation on public welfare undertakings (yuan)	18,163,565.68

In 2018, the public welfare expenditure of TCL Foundation accounted for **95.59%** of this year's expenditure



The Plan of TCL Project Hope Candlelight Award

Excellent education is inseparable from excellent teachers. The “Plan of TCL Project Hope Candlelight Award” was initiated and implemented by the Shenzhen TCL Foundation and the China Youth Development Foundation, which constantly focuses on and supports rural teachers. Since its establishment in 2013, it has been successfully carried out for five sessions, supporting 1,800 outstanding rural teachers, covering 23 provinces, 634 poverty-stricken counties and more than 1,300 schools in China, with a total investment of more than CNY30 million. There are 42,000 students and 190,000 students benefited from the Plan directly and indirectly respectively.

In 2018, the Plan of TCL Project Hope Candlelight Award received the applications from 1,680 teachers from 22 provinces, 385 counties and 1,680 teachers through China Youth Development Foundation system recommendation and “I Choose Myself” online registration. The committee for the final trial, composed of 12 members of the China Youth Development Foundation, TCL Foundation, education experts, charity professionals and media people, evaluated the nominated rural teachers and eventually awarded 400 of them the honor, among which 179 were awarded the Dedication Award, 121 were awarded the Innovation Award, and 100 were awarded the Leading Award. Each received a cash award valued CNY8,000 and an online and offline training course valued CNY4,000.

supporting **1,800** outstanding rural teachers, covering **23** provinces, **634** poverty-stricken counties and more than **1,300** schools in China



with a total investment of more than **CNY30** million



42,000 students benefited from the Plan directly



190,000 students benefited from the Plan indirectly

The Fifth “TCL Project Hope Candlelight Award” Award Ceremony

On July 5, 2018, The Fifth “TCL Project Hope Candlelight Award” Award Ceremony was officially unveiled. The theme of this Candlelight Award Project is “Teachers’ Care”. It aims to reward and support outstanding rural teachers throughout the country who bring hope to all rural families with warm care. The ambassador of Candlelight Award Project, Kelan, and representatives from all walks of life gathered to congratulate the awarded outstanding rural teachers and listen to their moving stories. At the ceremony, the stage achievements of the Candlelight Microcredit Project were displayed, and the “Report on the Status of Rural Teachers” was explored in depth.



The Fifth “TCL Project Hope Candlelight Award” Glorious Ceremony

Candlelight Classroom

“Candlelight Classroom”, in conjunction with TCL’s Open Education, provides 120-hour online and 7-day offline flipped classroom training for each Candlelight Award-winning teacher. The first candlelight class training was conducted in Shenzhen in late July, and the second, third and fourth courses were conducted in Shanghai from October to November. A total of 320 teachers participated.

“Candlelight Classroom” not only conducts the courses of cultural experience, quality development, psychological counseling for left-behind children and teachers’ psychology to improve teachers’ capacity, but also arranges different levels of training activities according to different awards, so that teachers can improve their teaching practice ability in different activities and lectures.

Candlelight Microcredit

TCL Foundation has launched a “Candlelight Microcredit” project with TCL Financial Group, which introduces “public welfare + finance” innovative measures. The project is divided into three types of loans according to scenario purposes: loan for aids, loan for assistance, and loan for realizing dreams. It provides micro-loans with low interest or zero interest for award-winning teachers, aiming to solve their needs in major diseases, living expenses, and skill training.

In 2018, the Candlelight Microcredit application was accessible to all trainees in the Teacher Training Office of China Youth Development Foundation. By the end of 2018, Candlelight Microcredit had provided 6 teachers with 7 loans, totaling CNY200,000, which were used for teachers’ dream pursuit and medical assistance.

Huameng Foundation

Huameng Foundation is a special fund set up by TCL Corporation Chairman Li Dongsheng and his wife Wei Xue under the China Youth Development Foundation in 2007. It focuses on helping middle school graduates who are both good at learning and character in poor areas to successfully complete their senior high school studies. It further helps students improve their comprehensive quality and achieve all-round development with the innovative “development-oriented” learning aid model. Huameng Foundation has set up “Huameng Class” in Hua Luogeng Middle School in Huizhou, Yunnan Dali No. 1 Middle School, and Yiling Middle School in Hubei Province. It provides tuition and living expenses subsidies of CNY8,000 per student per year for each 50 senior high school students, and awards CNY23,000 per student for the top 10 students for the comprehensive quality evaluation in each “Huameng Class.”

By the end of 2018, the Huameng Foundation had funded 1,033 students from poor families with excellent academic and moral qualities. In the past 12 years, Huameng Foundation, through innovative forms such as Huameng Aspiration Classroom, Huameng Summer Camp, Graduation Farewell Party, and Huameng 5010 Project, has enabled Huameng students to broaden their horizons, increase their knowledge, enrich their experience and build friendships outside the classroom, laying a good foundation for Huameng students to enter the university and the society and dream about their future career.

Content	2018
The number of high school freshmen funded by Huameng Foundation	98
The total number of students in Huameng Class	351
The number of students studying in Huameng who have won the University Dream Scholarship	89
Amount of University Dream Scholarship	554,000
Total amount funded by the foundation in 2018	CNY3,850,309.28

Huameng Summer Camp

In July 2018, the fifth season of Huameng Summer Camp came to Shenzhen to help students build awareness of the society and learn about the contribution of the profession to the society. Through study tours, corporate visits, and urban exploration, the Camp allowed students to develop awareness of choosing colleges and plan for future professional choices and career development.

Tours in Universities

Huameng Summer Camp visited Shenzhen University, Southern University of Science and Technology of China, Harbin Institute of Technology, and the Chinese University of Hong Kong and other universities. Students were also guided to think about the future professional directions and ideal universities during the study tours, life experience and face-to-face communication.

Students also used the IFactory innovative experimental course to personally contact and operate artificial intelligence devices, drones, 3D printers, robots, AR, VR and other new technology devices to stimulate students' interest in technology.



Huameng Summer Camp visited Shenzhen University

Visiting Famous Companies

The students also went to TCL's CSOT, BYD and other well-known enterprises in Shenzhen to experience advanced audio-visual technology, intelligent technology, automotive technology, etc., to closely experience the charm of high-tech research and development.



Huameng students visited CSOT

Graduates Farewell Party

In 2018, Huameng Foundation held graduates farewell parties in Hubei Yiling High School, Dali No. 1 High School, and Huizhou Hualuogeng High School with the theme of "Building Dreams for the Youth, Insisting on the Originality." A total of 149 new graduates entered the hall of their ideal universities. So far, 650 students from Huameng Class have completed high school education. 100% of the graduates from Huameng Class of Dali No. 1 High School have been admitted to key universities, and 96% graduates from Huameng Class of Yiling Middle School have been admitted to key universities.



2018 Graduation Farewell Party of Huameng Class of Dali No. 1 High School

Huameng Aspiration Class

In October 2018, the third national intangible cultural heritage aspiration class came to Yiling Middle School and Dali No. 1 Middle School. More than 100 Huameng teachers and students personally experienced the charm of the national intangible cultural heritage "Sichuan Embroidery" and "Dongba Paper", witnessing and understanding the craftsman spirit.



Scene of Huameng Aspiration Class



“Blue Fire” Retired Teachers Assistance Program

To solve the problem of low income and difficult living for retirees in the poverty areas, Ms. Ke Lan, the image ambassador of the “Candlelight Award Plan,” and the Shenzhen TCL Foundation and the China Youth Development Foundation launched the “Blue Fire” Retired Teachers Assistance Program in April 2018. Through sponsorship services and social advocacy, the program helps retired teachers in poverty areas to provide a living allowance of 4,000 yuan per person, subsidizes the living and development of retired substitute teachers’ families, and provides expert guidance, assistance, and matching funds and other ways to help the families of poor retired substitute teachers get rid of poverty as soon as possible.



Launching Ceremony of “Blue Fire” Retired Teachers Assistance Program

Carrying out Environmental Protection Public Welfare

The earth is a common home for mankind. TCL is always striving towards the goal of living in harmony with nature and actively carrying out various public welfare activities on important issues such as biodiversity conservation. In 2018, the TCL Foundation provided cash donations to the Shenzhen Mangrove Wetland Conservation Foundation to support its biodiversity conservation work. In December 2018, TCL Volunteers Association organized volunteers from TCL and their families to carry out biodiversity conservation theme activities including “Coastal Cleanup Activities” and “Marine Life Classroom” in Dameisha of Shenzhen, and called on everyone to protect the ocean and focus on biodiversity issues.



Coastal Cleanup Scene

Building a Harmonious Community

The development of the enterprise is inseparable from the support of the community. TCL always attaches importance to the construction of its community, and strives to contribute to the harmonious development of the community. In 2018, TCL donated 36,800 yuan to Wansong Village, Daling Town, Huidong County, Huizhou City, donated a mosaic display value of 211,000 yuan for Jialing, Sichuan, to support the targeted poverty alleviation of local community. In addition, it also donated equipment worth 175,800 yuan to the assistance construction project in XinJiang. TCL is also actively conducting community public welfare activities overseas, contributing to the resolution of community issues.

TCL Electronics SCBC donated funds to help Guantian Primary School

In April 2018, TCL Electronics SCBC held a granting ceremony at Guantian Primary School in Chenjiang Town, Zhongkai, Huizhou. Wen Huipeng, member of the Party Working Committee of Chenjiang Street, Zhongkai High-Tech Zone, Huizhou City, Zhang Lijuan, Deputy Director of Chenjiang Street, Huizhou City, and Sun Weiqiang, Secretary of Chenjiang Guantian Village Committee, attended the ceremony. On behalf of TCL Electronics SCBC, Luo Xiaosheng, General Manager of TCL Electronics SCBC China Manufacturing Center, presented 3 sets of 75" teaching machine to Guantian Primary School.



Guantian Primary School Granting Ceremony

An event for sick children to pursue dreams was held in France

In April 2018, the TCL Communication EMEA region (combined in Europe, the Middle East, and Africa) cooperated with the French non-profit organization "Pour La Vie" and the retailer BAK2 to launch an event for sick children. Four children with muscular dystrophy (DMD), who have been helped, came to the office of TCL Communication in France to share their dreams with TCL Communication staff.

All Hands meeting Social & Green



Sick children sharing their dreams

Organizing Volunteer Activities

TCL not only conducts public welfare projects, but also encourages employees to participate in volunteer activities. It also provides platform, management, materials, and other support for employee volunteer activities, forming a good atmosphere for volunteer activities.

In order to support employees to participate in volunteer activities, TCL established a volunteer association in 2015 and built a network platform to facilitate volunteers to contact and participate in activities. In 2018, the TCL Volunteers Association established a new volunteer branch, with a total of 11 clubs, more than 200 new volunteers, reaching 964 registered volunteers. In addition, the platform initiated and launched 20 volunteer activities of various types, with a total of 2,200 hours of public welfare services. 60 core employee volunteers participated in three volunteer development visits for exchanges and communication.

Wuhan CSOT Volunteer Community Volunteer Services

Volunteers from Wuhan CSOT actively visited the surrounding communities and created a harmonious relationship with the surrounding communities through various volunteer activities. In September, CSOT volunteers came to the Fozuling Welfare Institute in Wuhan East Lake New Technology Development Zone to hold a warm theme event of "Caring for the Elderly, and Enjoying the Mid-Autumn Festival," bringing happiness and care to the old people there; In October, volunteers together with the elderly in the community jointly organized the "Healthy Hiking to Celebrate Military Games – Wuhan CSOT Respecting the Elderly for the Chongyang Festival" activities; In December, the volunteers launched the "Let Your Love Illuminate the Future" disabled children orphans funding scheme, bringing warmth to the children in winter.



Wuhan CSOT volunteers visited the elderly at Fozuling Welfare Institute

Tonly Electronics Party Worker Volunteers Hosted the 7th Tree Planting Activity

In March 2018, more than 70 volunteers from the Tonly Electronics Party Office and the labor union came to the east gate of Honghua Lake to plant trees for the 7th consecutive year. Nearly a thousand trees have been planted at the east gate and the south gate of Honghua Lake. With the spirit of perseverance, it contributed to improving the environment around us through practical actions.



Tonly Electronics Tree Planting Activity

Future Outlook

In the coming year, the international situation is facing the rise of local protectionism, constant global trade frictions, and the slow pace of the world economic recovery, which has put pressure on Chinese companies. At the same time, China has entered the second half of reform and opening up, with the semiconductor display industry going downward, further slowing down the growth of the home appliance market, and also increasing anxiety of traditional manufacturing companies. However, there are often opportunities in the crisis. TCL must seize the opportunities, seek opportunities in crisis, and strive for stability.

Focusing on Industrial Advantages

Under the guidance of “Internet +” and intelligent transformation, TCL will focus on three key industrial technologies, namely artificial intelligence and Internet technology, new semiconductor display technology, intelligent manufacturing and industrial Internet.

Embedding artificial intelligence, big data, and Internet technology into terminal products has become the development trend of the whole household appliance industry. Artificial intelligence technology will bring more opportunities to the home appliance industry, create more new product forms, and break the homogeneous competition of household appliances. We plan to build the European R&D Center into one of the most influential artificial intelligence research institutions in the world, promoting TCL's global development.

In the field of new display technology, we will rely on the National Innovation Center of Printing and Flexible Displays led by TCL, and join hands with the Printing Display Technology Innovation Alliance, and strive to achieve more critical technological breakthroughs in the field of printing and flexible display, and become the global industry leader.

In the field of intelligent manufacturing, we will use big data and industrial Internet to enhance core industrial capabilities, strive to build a higher level of industrial Internet and big data systems, open up all aspects of the production process, achieve information interconnection, and collect massive data for the deep learning of machines, which enables intelligent decision-making systems to make more accurate judgments and more efficient decisions, thus to further improve the manufacturing efficiency and product quality.

Green Development

Adhering to green development is the eternal theme of TCL. TCL will continuously improve the environmental management system, accelerate the construction of green factories, improve energy efficiency, reduce greenhouse gas emissions, recycle water resources, reduce waste emissions, as well as adopt environmentally friendly materials and design techniques to reduce the use of packaging materials, at the same time vigorously develop the circular economy, improve the dismantling capacity and recycling efficiency, and further improve the recycling mechanism and network.

Sustainable Operation

Steady management is the cornerstone of the company's sustainable development. TCL will continue to strictly adhere to the bottom line of proper rules, build a clean and honest system to prevent corruption, continue to carry out anti-fraud actions, and ensure integrity management. In response to uncertain information security risks, TCL will strengthen the management of information security systems to provide more protection for customer privacy and corporate information assets. In order to promote the implementation of strategy to revitalize China through intellectual property, TCL will continue to explore in the field of intellectual property protection, using innovative methods to resolve intellectual property disputes.

For the staff, TCL will provide a favorable system of salary and welfare, ensure safe production and a healthy working environment, provide practical and effective training for employees, open up the promotion channels to promote employees' career development, and meet the company's demand for talents. For the industry chain, TCL will continue to offer assistance to ecosystem partners, promoting the sustainable development of the entire industry. For the community, TCL will persist in feeding back to the community, promoting the development of the community, helping the disadvantaged groups to emerge from their predicaments, and together making a better life.

Looking into the future, TCL will better fulfill the responsibilities of leading companies in the industry. With industrial and real economy as the competitiveness, TCL will support the national economy, establish global competitive advantages, achieve the ambitious goal of creating world-class enterprises, and promote China's transition from a large economic country to a great economic power. The company will further work with partners to jointly promote the sustainable development of the world economy and society.

Key Performance Forms

Economic Performance

Indicator	Unit	Value
Operating income	Hundred Millions of RMB	1,133.6
Net profit	Hundred Millions of RMB	40.7
Tax payable	Hundred Millions of RMB	78.9
Net assets returns ratio	Percentage	12
Asset-liability ratio	Percentage	64.1
R & D investment	Hundred Millions of RMB	56.7
Number of R&D personnel	Person	12,481
Number of patents authorized	Number	7,714

Social Performance

Indicator	Unit of Measure	Value
Major information safety accidents	Number	0
Ratio of consumer complaint settling	Percentage	100
Consumer satisfaction	Percentage	97.8
Total number of staff	Person	89,750
Percentage of employees who have entered into labor contracts with the Group	Percentage	100
Number of overseas employees	Person	2,663
Number of domestic employees	Person	87,087
Number of domestic professional technology and management personnel	Person	37,871
Number of general workers	Person	49,216
Sex ratio of management and professional personnel	—	1.7:1
Number of disabled employees	Person	109
Percentage of women in senior management	Percentage	10
Total number of training personnel	Person	395
Total hours of training	Hour	493.21
Total investment in employee training	Ten Thousands of RMB	912.91
Investment in safety production	Ten Thousands of RMB	5,577.47
Major safety accidents	Number	0
Number of safety training	Number	11,698
Total public welfare donations	Ten Thousands of RMB	1,816.36
Employee volunteer activities	Number	20
Number of employee volunteers	Person	964

Note: Staff training data is from the training in TCL University

Environmental Performance

Indicator	Unit	Value
Investment in environmental protection	Ten Thousands of RMB	19,375.28
Electricity consumption	Ten thousand kilowatt-hour	281,550.36
Economizing of electricity	Ten thousand kilowatt-hour	21,086.19
Carbon dioxide emissions	Ten Thousand Tons	225.67
Carbon dioxide emission reduction	Ten Thousand Tons	21.02
Water consumption volume	Ten Thousand Tons	4,241.13
Water saving	Ten Thousand Tons	1,897.15
Discharge of waste water	Ten Thousand Tons	1,652.34
Reduction of waste water	Ten Thousand Tons	1,887.58
Discharge of waste gas	Ten thousand cubic meters	1,565,432.40
Discharge of toxic wastes	Ton	19,604.54
Waste recycling	Ton	30,899.89
Total weight of packaging materials	Ton	41,262.11
Recycling amount of packaging materials	Ton	10,170.44
Economizing amount of packaging materials	Ton	29,757.74
Number of major environmental accidents	Number	0

Note: The environmental performance data covers the production and operation activities of the main subsidiaries of TCL in mainland China.

Indicator Index

Supporting the Sustainable Development Goals (SDGs) of United Nations

Target	Content of Goals	Action
Goal 1	No poverty	Poverty alleviation through education
Goal 2	Zero hunger	Alleviate poverty, and thereby hunger, through education
Goal 3	Good health and well-being	Healthy and safe products and caring for employees' well-being both mentally and physically
Goal 4	Quality education	Staff training, school-enterprise cooperation, Poverty alleviation through education
Goal 5	Gender equality	Equal employment and caring for female employees
Goal 6	Clean water and sanitation	Using wetlands to purify water and protect water resources
Goal 7	Affordable and clean energy	Photovoltaic power generation
Goal 8	Decent work and economic growth	Diverse and inclusive working environment, reasonable salaries and benefits
Goal 9	Industry, innovation and infrastructure	Product innovation and R & D
Goal 10	Reduced inequalities	Poverty alleviation through education
Goal 11	Sustainable cities and communities	Energy-saving and emission reduction measures
Goal 12	Responsible consumption and production	Green production, green package and establishing recycling system
Goal 13	Climate action	Energy-saving and emission reduction measures
Goal 14	Life below water	Reducing pollutant emission and protecting the ecological environment
Goal 15	Life on land	Reducing pollutant emission and protecting the ecological environment
Goal 16	Peace, justice and strong institutions	Operating in compliance with laws and regulations, anti-fraud actions
Goal 17	Partnerships for the goals	Going forward hand in hand with industry chain partners

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Reader Feedback

Dear readers:

Thank you very much for reading 2018 Corporate Social Responsibility Report of TCL Corporation in the midst of your busy schedule. We sincerely look forward to your evaluation and valuable suggestions of this report, so that we can improve our work on social responsibility continuously and improve the ability and level of fulfilling social responsibility. We will listen carefully to your feedback and express our sincere thanks to you.

You can choose the following ways to give us your feedback:

Telephone: 0755-3331 3889

Mail: Corporate Social Responsibility Innovation Center of TCL Corporation, 14/F, Tower B, TCL Building, Gaoxin Nanyi Road, Nanshan District, Shenzhen, Guangdong

E-mail: csr@tcl.com

Selective questions: (please tick "√" in the corresponding position)

1. Your overall impression on the report:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

2. Your opinion on the quality of the social responsibility information in this report:

☐ Very high ☐ High ☐ Fair ☐ Low ☐ Very low

3. Your opinion on the structure of the report:

☐ Very reasonable ☐ Reasonable ☐ Fair ☐ Poor ☐ Very poor

4. Your opinion on the format design and presentation of the report:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

5. Your opinion on the readability of the report:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

Open question:

Your valuable opinions and suggestions on Corporate Social Responsibility Report of TCL Corporation 2018 are most welcomed:

TCL Corporation

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