



Engaged over 200 suppliers of finished goods and raw materials in Supplier Conferences and training in the PRC

Online Compliance Platform implemented across all business units globally for suppliers of finished goods and raw materials

Ongoing due diligence on conflict minerals

Data collection on cobalt sourcing

Supply Chain Management

Overview and Highlights

As our suppliers are integral to the quality of our products and our overall success, we pay close attention to their ESG practices. We engage with our suppliers to ensure that ESG policies are respected and that ESG practices are implemented across our supply chain. This includes a commitment to security and social responsibility, complying with all applicable laws and regulations and minimizing environmental impact through pollution prevention and resource efficiency.

The TTI Social & Environmental Responsibility (SER) Compliance Program focuses on the active management and compliance of all TTI suppliers around the globe. If key compliance requirements are not respected, suppliers will be required to implement corrective actions. If non-compliance issues are not satisfactorily remediated, their contracts will be terminated. Key focus areas and compliance requirements include labor rights, in particular reinforcing TTI's commitment to no child labor and forced labor, non-discrimination, no harassment, health and safety, environmental compliance and protection, anti-corruption and ethical raw material sourcing.

These compliance requirements are formulated in codes and policies that form part of the engagement terms and agreements with our suppliers. All suppliers are required to acknowledge and comply with them, in particular the key requirements of our Business Partner Code of Conduct.

We work with a large number of suppliers around the world and each business division selects and engages with their suppliers directly. We encourage our business units to engage with local suppliers as much as possible to support the local economy.

Human and Labor Rights

We uphold high standards for human and labor rights at TTI, not only in our own operations but within our supply chain. We engage with our suppliers to ensure that they are aware of and in compliance with our Business Partner Code of Conduct and relevant policies for human and labor rights.

Our key goals:

1. Effective partnerships with NGOs in major countries of operations and supply chain countries with human rights violation risk
2. Substantive initiatives to raise awareness and improve human rights conditions and reduce environmental impact in the supply chain
3. Zero incidents of non-compliance with TTI's Policies and Codes with transparency in reporting and remediation when necessary, including incidents of child and forced labor

We also understand the potential risk of modern slavery to our business and we are committed to ensure that our business is free from it. Our Policy Against Slavery and Human Trafficking details our policy requirements and the consequences of non-compliance. The Policy has been communicated globally to all our employees. It is available in English and Chinese and will be available in all other languages used in countries where we have presence in 2019.

We have the following policies in place to protect human rights in our supply chain:

- Complaint Resolution Policy: We encourage our employees and business partners to report any concerns related to human rights
- Code of Ethics and Business Conduct: The Code clearly states the actions and ethical behavior expected of our employees
- Business Partner Code of Conduct: The Code sets out TTI's requirements and expectations, and requirement for all suppliers to comply with the Code
- Conflict Minerals Policy: This policy outlines expectations and guidelines for our suppliers in the sourcing of tin, tungsten, tantalum and gold ("3TG")
- Policy Against Slavery and Human Trafficking: This policy details TTI's expectations in relation to human rights and modern slavery

Due Diligence

TTI performs extensive due diligence on all new suppliers and regularly reviews and audits its existing suppliers. The due diligence process focuses on social and environmental requirements, including ethical sourcing.

Our Policy Against Slavery and Human Trafficking outlines the various steps taken by the TTI Group to prevent, verify, investigate and audit cases of slavery and human trafficking, which include:

- Employees formally acknowledge the Employee Code of Ethic and Business Conduct
- Suppliers formally acknowledge the Business Partner Code of Conduct
- Supplier agreements include anti-human trafficking and slavery provisions
- Employees and suppliers acknowledge our Policy Against Slavery and Human Trafficking
- Conduct of annual Slavery and Human Trafficking Risk Assessments
- Regular site visits and audits of high-risk operations and suppliers
- Corrective actions required for any identified non-conformities with codes and policies

Conflict Minerals

In 2010, the US Securities and Exchange Commission (SEC) issued the Dodd-Frank Wall Street Reform and Consumer Protection Act requiring companies to disclose if their products contain tantalum, tin, tungsten or gold (3TG) mined from the Democratic Republic of Congo or its surrounding countries. TTI has launched its own Conflict Minerals Policy which sets out the rules, standards and expectations that TTI and its suppliers must abide by to ensure that any 3TG is from reputable sources free from conflict or other human rights violations. Suppliers are required to fill out a Conflict Minerals Declaration form annually, providing information on their suppliers of 3TG, as well as acknowledging compliance with the TTI Business Partner Code of Conduct. We also require all suppliers to source from a recognised conflict-free smelter. In 2018, no high-risk situation was identified.

In 2018, we conducted a review of suppliers using cobalt in products sold to TTI and as a result, we will be implementing a procurement policy for cobalt in 2019. Similar to the Conflict Minerals Policy, suppliers will be required to disclose the source of cobalt used in manufacturing products for TTI and to comply with the terms of the policy.

Online Compliance Platform

TTI engages with its suppliers around the world to improve the transparency of our supply chain and the efficiency of our data collection process. The online Compliance Platform is implemented across our global operations, allowing our business units to request supplier information, and enable suppliers to access training materials and acknowledge their acceptance of key compliance requirements online, including:

- Business Partner Code of Conduct/Anti-corruption Declaration/ Conflict of Interest Declaration
- Product Liability Insurance check
- Human Trafficking and Modern Slavery Policy and questionnaire
- SER questionnaires
- Conflict Minerals Policy, and its upcoming addition of cobalt

Based on the information received, TTI allocates a rating to each supplier, which forms part of the supplier's overall KPI and a determinant of whether TTI establishes or continues the business relationship.

Supplier Auditing

All of our suppliers undergo SER and quality management system audits on a regular basis. The SER audits are conducted by TTI's SER teams or external auditors. New suppliers are also required to

complete a screening and audit process before engagement. The engagement of suppliers is conditional to them having SER policies and practices that are acceptable and in line with our own policies.

Suppliers with an unacceptable rating are given a probation period to rectify the issues that have been identified and then they are re-evaluated. Suppliers are audited every 12 to 18 months if their previous audit result was rated acceptable. More frequent audits will be carried out on suppliers with lower ratings. Suppliers are terminated if they are found to be non-compliant in areas where TTI has a zero-tolerance policy, such as for corruption, child or forced labor and harassment.

Engaging with Suppliers

TTI's audit team provides training to suppliers on key compliance areas. One of the highlights of our supply chain management program is our annual Supplier Conference, which was last held on November 9th and 10th, 2018 in the PRC. This two-day event brought our suppliers together to share experiences and best practices. More than 200 suppliers attended, along with members of TTI's legal and sourcing teams. A two-hour training session on anti-corruption, our Business Partner Code of Conduct and social and environmental responsibility was delivered. We remain united in our goal to not only create great products, but to do so in a responsible and sustainable way.



TTI Compliance Hotline

To actively encourage our suppliers to support our commitment to compliance and improving performance, they have access to our third-party operated, TTI Compliance Hotline. In 2018, one supplier contacted the hotline, however, the issue was not related to non-compliance issues. One minor suggestion was provided for improving performance.

Customer Responsibility

With millions of products sold in 2018, customer satisfaction and the safety of our products, including those that are designed, manufactured, distributed or licensed by TTI, are of the highest priority. In 2018, there were no product recalls due to health and safety reasons.

Product Safety & Product Recalls

We comply with all applicable laws and regulations for the markets where our products are sold. Relevant legal and regulatory requirements related to health and safety, advertising and labelling and privacy matters relating to our products that have the potential to have a significant impact to our operations and performance include but are not limited to PRC Regulations of the Certification and Accreditation, PRC Administrative Regulations for Compulsory Product Certification, US Consumer Protection Safety Act (CPSA), EU Machinery Directive, EU General Data Protection Regulation (GDPR), Australian Consumer Law and Australian Privacy Act 1988. For a full list of significant legal and regulatory requirements, please refer to Appendix A of our HKEX ESG Guide Content Index on our website. We also meet or exceed all applicable and voluntary industry standards and strive to meet reasonable consumer expectations for safety.

Our Global Product Safety Director is responsible for overseeing the development, implementation and maintenance of a comprehensive product safety and consumer product regulatory compliance policy and system, and driving the continual improvement of our safety and regulatory functions globally. Within our business units, we have teams who are responsible for the safety, quality and regulatory compliance of our products and Product Safety Committees. All products are tested for safety and quality to make sure they comply with all applicable requirements and that our customers are purchasing the safest and most innovative products on the market. Our internal legal departments manage the legal, regulatory and safety compliance of our products. Product recalls are referred to our legal teams, and together with the safety and regulatory departments, they ensure compliance with regulations for managing recalls until their safe disposition.

We have a rigorous quality assurance process in place, including quality control of incoming materials, in-process quality control, and inspection and reliability testing of our outgoing products.

Continuous Improvement

We provide a warranty period for all our products to ensure our customers have a satisfactory after-purchase experience. When we receive a complaint or after-sale service request, we record all defects and the data is analysed and fed back to our design team for product

improvement. We also proactively seek to understand customers' experiences in using our products. For example, we review customer comments on online sales platforms or social media forums to collect feedback on products.

Intellectual Property Rights

Our intellectual property is one of TTI's most valuable assets and we have procedures and policies in place for proper use and protection from infringement by others. TTI's intellectual property portfolio includes logos, patents, trademarks, copyrights and computer software. We encourage and support our employees' inventions, discoveries, ideas, concepts, written material or trade secrets and cooperate in the documentation of ownership of such intellectual property. As a responsible business, we respect the intellectual property rights of others and communicate and train our employees to not use patented, trademarked, copyrighted or otherwise protected intellectual property without express permission.

Customer Data Protection

We collect customers' data through different means and we ensure that our customers' data is protected according to relevant legal requirements. In 2018, TTI became compliant under Europe's General Data Protection Regulation. All of our computer systems are protected by authorization management processes and monitored by our IT department. TTI has in place over ten different security policies.

TTI views cybersecurity as integral to the protection of intellectual property, customer information, and the growth of our business. We align cybersecurity around four key principles:

- Protecting our business from damage to critical relationships
- Protecting our aggressive growth strategy
- Preventing and reducing risk to our operations
- Protecting our brands and reputation

We follow the National Institute of Standards and Technology Cybersecurity Framework. This framework, in combination with our security principles, provides us with guidelines to implement pragmatic policies while spending prudently on security initiatives.

All systems in the company run anti-virus and anti-malware programs. We also have local firewall rules, file integrity scanning, and network level firewalls in place. We regularly send notices to all employees regarding cyber attacks and intrusion methods, such as email phishing, and educate employees on what to be wary of and behaviors to avoid. For cloud-based services, we ensure that our agreements and practices are structured to protect TTI's and its customer's information.