



**STATEMENT
ON
MODERN SLAVERY AND TRANSPARENCY IN SUPPLY CHAINS
FOR THE YEAR ENDED 31 MARCH 2022**

We, VTech Holdings Limited, the ultimate parent company in the VTech Group together with certain of our group members¹ (collectively referred to as we, us, our or **VTech**), make this statement to set out the steps we have taken to address the risks of modern slavery and human trafficking in our business operations and supply chains in the financial year ended 31 March 2022 (FY2022).

This Statement is made in accordance with the relevant law². Consultation with the relevant VTech's subsidiaries has been made in the preparation of this statement before its approval and publication.

Our Organisation Structure and Operations

VTech is the global leader in electronic learning products from infancy through toddler and preschool ages, and the largest manufacturer of residential phones in the US. We also provide highly sought-after contract manufacturing services.

VTech's electronic learning products range from a simple standalone toy to a sophisticated learning platform to inspire kids to learn with fun. Our telecommunication products offer a wide range of telephony, baby care and communication products for residential and commercial use. As for our contract manufacturing services, we provide reliable and high-quality services to our customers in the major product categories of professional audio, hearables, internet of things and medical devices around the world.

¹ The UK subsidiaries, VTech Electronics Europe Plc., VTech Communications Limited and Leap Frog Toys Limited, and the Australia subsidiaries, VTech Electronics (Australia) Pty Limited and VTech Telecommunications (Australia) Pty Limited

² UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010, and with reference to the Australia Modern Slavery Act 2018



VTech currently has operations in 14 countries and regions in North America, Europe, and Asia Pacific. VTech's headquarters is in the Hong Kong Special Administrative Region and its manufacturing facilities are in China, Malaysia and Mexico.

In FY2022, VTech had approximately 25,000 employees, including around 1,500 research and development (R&D) professionals in the United States, Canada, Germany, Hong Kong and mainland China to design and develop innovative and high quality products for VTech's customers.

Our Supply Chains

VTech's major suppliers are manufacturers of printed circuit board, integrated circuit, metal, plastic parts and other electronic components, of which over 84% are located in China. We have had policies and risk management programmes in place throughout FY2022 to identify, assess, prevent and mitigate the risks of modern slavery and human trafficking in our supply chains. These include but are not limited to the compliance of the conflict minerals laws and regulations.

Our Approach to addressing Modern Slavery Risks

VTech has established a Risk Management and Sustainability Committee (the Committee) which has been in place throughout FY2022. The Committee reports to the Board of Directors of VTech Holdings Limited (the Board) and the Group's Audit Committee. The Board has continued to delegate to the Committee the authority to review and monitor the risk management and internal control systems of VTech Group, which include assessing the effectiveness of the policies and risk management programmes in addressing the risks of modern slavery and human trafficking in our supply chains.

We strongly oppose and have no tolerance for forced, bonded (including debt bondage) or indentured labour, involuntary or exploitative prison labour, child labour, modern slavery or human trafficking in our supply chains or in any part of our business. We are also committed to respecting the labour and human



rights of all our employees and fulfilling our statutory obligations. In this respect, we have developed and implemented policies, procedures, supplier accountability and governance measures to prevent child labour, modern slavery and human trafficking in our business operations and supply chains as detailed below.

Our Internal and External Policies and Governance

The following internal policies were in place to cover all entities within the VTech Group in FY2022.

Ten principles of the UN Global Compact

We adhere to and implement policies that are consistent with the 10 UN Global Compact principles, in relation to the protection of human rights and the elimination of forced labour and child labour. We also adhere to the main International Labour Organisation Conventions on Labour Standards.

Code of Conduct for Employees

The Code of Conduct for our employees (the Employee Code) sets out the guiding principles for maintaining high standards of integrity, honesty and behaviour, that all employees are expected to meet. We also provide regular training to our employees on the Employee Code.

Employees are required to confirm in writing upon joining VTech and declare annually that they have understood the Employee Code and how it applies to their role and position in VTech. Employees are also required to strictly follow the Employee Code, which ensures that the Group operates in accordance with the highest standards of business behaviour and ethics in our engagement with customers, business partners, shareholders, employees and the business community.

Freely Chosen Employment

We do not use forced or prison labour. We also ensure that the terms of employment are voluntary. Our employees work at VTech of their own free will and are free to leave their employment upon giving reasonable notice under



the relevant company regulations. We do not require employees to lodge deposits, hand over passports or work permits as a condition of employment, unless required by applicable law.

No Child Labour

We observe all appropriate local and international regulations in relation to the restrictions on the employment of child labour.

Freedom of Association

We do not limit our employees' freedom to join any organisations or professional bodies of their own choices.

Anti-slavery

We are committed to combating modern slavery and human trafficking, and we respect and treat our employees with dignity. We do not tolerate any forced labour and we do not accept any physical and financial punishment for employee's wrongdoing.

Benefits and Wages

The remuneration and benefits for our employees comply with or exceed the minimum legal requirements of the country where employees are employed. Deductions from wages are not part of our disciplinary measures. Since the relevant law and regulations of the jurisdictions where some of our operating sites are located are not fully established, collective bargaining by employees working in these sites could not be comprehensively attained. However, we strive to engage with our employees and understand their needs through different communication channels, and we conduct regular communication meetings to create direct dialogue with our employees.

Overtime Policy

Overtime is voluntary and employees are compensated for overtime in accordance with local laws.

Equal Opportunity and No Discrimination Policy

Our hiring, compensation, training, promotion, termination and retirement



policies and practices do not discriminate on the grounds of age, sex, marital status, race, religion, disability or any other non-job related factors. Remuneration is determined with reference to performance, qualifications and experience.

Harassment and Abuse

We do not tolerate any physical, sexual, psychological or verbal harassment or abuse towards or among our employees.

Supplier Code of Conduct

We have established the Supplier Code of Conduct in adherence with the requirements of the Responsible Business Alliance (RBA) Code of Conduct (the Supplier Code). The Supplier Code covers a wide range of sustainability topics such as labour rights, anti-slavery, wages and benefits, humane treatment, freedom of association and collective bargaining, health and safety, environment and business ethics.

VTech requires all its suppliers which provide goods and services to its manufacturing process, to align their practices with the standards set out in the Supplier Code, and put in place similar requirements for their own suppliers. The Supplier Code is reviewed regularly and amended where necessary so that it will remain relevant and be compliant with all applicable laws and regulations. It also encourages customers, suppliers, shareholders, employees and business partners to report to VTech any suspected violations of the practices and conditions covered by the Supplier Code.

The Supplier Code can be accessed here: https://www.vtech.com/wp-content/uploads/2022/05/VTech_Supplier_Code_of_Conduct_Eng.pdf

Conflict Minerals Policy

VTech recognises the responsibility to source materials in an ethical and sustainable way throughout its supply chain. This includes minimisation of the negative societal impacts of mining minerals in conflict-affected and high-risk areas (“CAHRAs”), including human rights infringement. Our Conflict Minerals Policy requires all our suppliers to warrant that all materials and goods supplied



to VTech do not and shall not contain tin, tantalum, tungsten, or gold (collectively “3TG”), cobalt or mica originated from CAHRAs, or in cases where such materials are contained, the relevant smelters and refiners are compliant under Responsible Minerals Assurance Process (“RMAP”). We expect suppliers to make informed choices about responsibly sourced minerals in their supply chains by using RMAP’s third party assessment of smelter and refiner management systems and sourcing practices so as to enable them to source 3TG, cobalt and mica only from smelters and refiners which are validated as conformant³.

The Conflict Minerals Policy can be accessed here: https://www.vtech.com/wp-content/uploads/2022/05/VTech_Conflict_Minerals_Policy_Eng.pdf

Due Diligence Processes in Supply Chains

Supplier Risk Identification and Classification

We evaluate suppliers’ modern slavery risk exposures through our risk identification and classification mechanism, and have continued to do so throughout FY2022. Suppliers are classified into three risk levels including low, medium and high, based on a set of criteria including procurement amount, industries with high risks of labour issues, the locations of operations, nature of materials they supply, as well as third-party certifications of relevant CSR management systems.

Risk mitigation, monitoring and verification

VTech has a supply chain management system in place to mitigate suppliers’ modern slavery risks. New suppliers need to go through a comprehensive review to ensure they meet VTech’s CSR standards. Audits and site visits are conducted when necessary to ensure full compliance with our requirements. All information is reviewed by our procurement team before engaging suppliers. Prior to doing business with VTech, suppliers are required to confirm their commitment to our standards on CSR and human rights protection by signing the Supplier CSR Agreement. Such obligations are also stated in our standard

³ Further details are given in the section entitled “Responsible Sourcing of Minerals”



purchasing agreement.

Depending on the risk level assessed for each supplier, various measures are implemented to verify their social performance and ensure that modern slavery and human trafficking are not taking place in our supply chains, which include submission of a supplier CSR self-assessment and CSR audit. The self-assessment and audit criteria are aligned with the RBA requirements, which cover major human rights areas including freely chosen labour, working hours, child and forced labour, humane treatment and non-discrimination etc. All procedures are laid out in the Supplier CSR Risk Assessment Manual, pursuant to and on the basis of which our procurement teams assess the risk level of suppliers and closely monitor their performance periodically.

As modern slavery risk evolves and emerges in response to changing social, economic and political trends, we continue to make use of our knowledge from our industry partnerships together with our supply chain insights to stay abreast of the latest developments in the relevant countries.

Following the audit process, suppliers with any areas of non-compliance related to modern slavery are required to propose corrective actions with an implementation schedule to eliminate the identified deficiencies. Our procurement teams will follow up on the corrective actions to ensure that the non-compliance areas are improved and managed accordingly. VTech has the right to terminate business relationships with suppliers in instances of major non-compliances with the Supplier Code and human rights principles that are not remedied within a prescribed timeframe. A reporting channel is also in place to encourage our stakeholders to report any suspected violations of the practices and conditions covered by the Supplier Code. In FY2022, we conducted CSR audits on 135 suppliers. In FY2022, all audited suppliers passed the CSR audit.

We believe that we can achieve a sustainable supply chain by building a long-term relationship with our suppliers based on mutual trust. We have developed a comprehensive supplier management programme to assist suppliers to meet our CSR requirements, including adopting a supplier scorecard system to



assess their performance. Training is provided to them as part of a continuous improvement process to facilitate their implementation of any corrective actions. VTech also collaborates with suppliers to provide a safe, inclusive and sustainable workplace for their employees, and promote ethical sourcing practices based on suppliers' commitment to the Supplier Code.

Responsible Sourcing of Minerals

VTech does not directly procure minerals from mines, smelters or refiners. We rely on our suppliers not to procure products that contain 3TG, cobalt and mica originated from CAHRAs, and if such procurement is unavoidable, the involved smelters and refiners shall be compliant under the RMAP and other relevant standards. We comply with the EU Conflict Minerals Regulations and US Dodd-Frank Wall Street Reform and Consumer Act of 2010. We identify and assess risks on the use of conflict minerals along the supply chain by conducting due diligence work set forth in the Due Diligence Guidance for Responsible Supply Chains from CAHRAs published by the Organisation for Economic Co-operation and Development's (OECD).

We expect suppliers to reasonably assure that the minerals used in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses in any area or country. We require suppliers to perform due diligence which aligns with the Due Diligence Guidance and submit to VTech in a timely manner a complete Conflict Minerals Reporting Template (CMRT). Our sustainability team works with relevant departments including Procurement and Legal & Compliance to closely monitor suppliers' compliance status, and will request additional information and implementation of corrective actions if any risks are identified. Business relationships with suppliers may be discontinued if any violation against the Conflict Minerals Policy is found. Suppliers are expected to apply the same requirements to their upstream suppliers to ensure alignment and traceability throughout the supply chain, and back to the smelters and refiners.

Certification

While VTech does not require its suppliers to certify that materials incorporated



into their supplies to VTech or their production or manufacturing process comply with the modern slavery and human trafficking laws of the countries where they are located, VTech's standard purchasing agreement includes requirements that the suppliers shall comply with all applicable laws, including laws that govern modern slavery, human trafficking, and other exploitative labour practices. All suppliers are required to comply with our Supplier Code and Conflict Minerals Policy, including the acceptance of our Supplier CSR Agreement.

Internal Accountability

All VTech employees are required to comply with our written, company-wide Employee Code, which promotes honest and ethical conduct, as well as legal and regulatory compliance. The Employee Code requires all employees to follow all applicable laws, including those prohibiting forced labour or human trafficking.

Any issues or enquiries raised by our employees through different communication channels will be handled and investigated with care and in a confidential manner. We have our Whistleblowing Policy and grievance system in place to ensure that all reported incidents are promptly reviewed by the Group Chief Compliance Officer, who reports to the Group's Audit Committee, to determine the mode of investigation and subsequent corrective action. In FY2022, no forced labour or human trafficking was reported under the Whistleblowing Policy.

Training

We have procedures in place to ensure that our policies are properly implemented throughout the VTech Group. Apart from conducting employee interviews and surveys, on-site visits and audits on a regular basis, we also provide training on CSR including human rights protection for our employees and suppliers.

As part of the CSR training, VTech's employees who engage with suppliers



are expected to report any potentially unlawful or unethical conduct that comes to their attention, including the presence of modern slavery or human trafficking in VTech's supply chains. In FY2022, we delivered over 67,000 hours of training on the topic of human rights to our employees.

VTech works closely with our upstream suppliers to further improve their sustainability and CSR performance. We conduct an annual supplier CSR workshop for our key suppliers focusing on enhancing their knowledge of supply chain CSR management and social responsibility practices, including topics on elimination of forced labour and child labour, and human trafficking. We offer hands-on training and resources to suppliers and provide guidance for them to meet our CSR requirements and achieve continuous improvement in their social performance. In FY2022, due to the COVID-19 pandemic, the supplier engagement workshop was conducted virtually with guidance provided to our suppliers so as to assist them to meet our Supplier Code and CSR requirements.

Future preventive measures

In the coming year, VTech will continue to proactively consider what further steps could be taken to ensure modern slavery and human trafficking are not occurring in its business and supply chains.

Approval

This Statement has been approved by the Risk Management and Sustainability Committee of the Board for FY2022.

Allan WONG Chi Yun

Chairman and Group Chief Executive Officer
VTech Holdings Limited

27 September 2022