

Modern Slavery Statement 2020

TCL ELECTRONICS AUSTRALIA PTY LTD

MAY 2021

1. Introduction

Modern slavery is a severe violation of human rights and is an ongoing global concern. Modern slavery occurs when a person is forced into work and is otherwise exploited for another person's personal or commercial benefit. This includes instances of forced labour, human trafficking, servitude, child labour and debt bondage.

Modern slavery is a real concern and TCL is committed to supporting an individual's right to work freely.

This statement has been prepared in accordance with the *Modern Slavery Act 2018* ("the Act") and describes the risk of modern slavery in our operations and supply chains during the year ended 31 December 2020 (Reporting Period) and the steps we have taken to minimise this risk.

2. Reporting Entity

The reporting entity as defined under the Act and covered by this statement is TCL Electronics Australia Pty Ltd ACN 111 032 896 ("TCL"). TCL is a company incorporated in Australia and has a sales revenue exceeding \$100 million in the calendar ended 31 December 2020.

3. Our Business structure, operations and supply chain

Our Business

- 3.1. TCL is part of the TCL group that is a multinational electronics company that designs, develops, manufactures and sells a range of electronic products. TCL provides customers access to its products through our retail partners and their online platforms.
- 3.2. The TCL group is committed to developing innovative products and making such products readily available to customers. TCL sells its products exclusively through their retail partner network in Australia. TCL's main business is the management of the supply of its goods from its manufacturers to its retailers. TCL also manages after-sales services such as warranty repairs.

Our Supply Chains

- 3.3. TCL's supply chain consists mainly of 2 streams, the supply of product and the supply of services ordinarily required in the business of selling electronic products. Such services will include the provision of, without limitation, post purchase customer care and consulting services.
 - 3.4. We obtain our products within the overall TCL group where TCL is a subsidiary of TCL Industries Holdings Co., Ltd (TCL head office). The main suppliers of our products are entities own by TCL head office which is based in mainland China. These entities are required to comply with a range of policies that deal with modern slavery.
- 3.5. The supply of ancillary services is sourced locally within Australia from a range of Australian based companies.

Our Operations

- 3.6. TCL is committed to providing high quality electronic products to consumers in Australia and to provide after-sales services for its products.
- 3.7. TCL does not sell its products direct to consumer but through its partner network. Currently, TCL products are sold by more than 1,000 retail stores in Australia by both national and regional retailers. TCL's main operation is the management of its supply chains and ensuring availability of product to its partners.
- 3.8. TCL after-sales service is provided by a number of its partners and is committed to providing top quality after-sales service including the management of warranty repairs.

4. Our Modern Slavery Risks

- 4.1. We acknowledge that modern slavery risks can occur in our overseas and Australian supply chains. As TCL's suppliers are generally entities within the TCL group, there is potential for greater visibility in terms of group policies addressing modern slavery. This limits the possibility of modern slavery but does not in itself eliminate that risk.
- 4.2. In assessing TCL's modern slavery risk, we have identified each step within the supply chain of our operations and assessed each step of the chain against the table of risk indicia in the "Guidance for Reporting Entities" piece created to assist with compliance with the Act.
- 4.3. We then consider the risk level of modern slavery in light of mitigating policies within the TCL group or, where the supply is external to the TCL group, TCL's policies in engaging such entities.

Modern Slavery risk within TCL

- 4.4. TCL's main business is the management of distribution of consumer electronics to its retail-partners. It has 1 managing director overseeing 7 departments including, Sales, finance, marketing, HR/Administration, product management, supply chain management and after sale services. There are currently 44 employees. The work is generally not labour intensive as they are corporate roles that support the business. The work is generally of a management nature and requires a certain amount of skill and education. The risk of modern slavery within TCL is minimal and has been assessed as such.

Modern Slavery risk within TCL's supply stream

- 4.5. TCL obtains most of its products within the TCL group and each entity within the TCL group is required to comply with its different internal policies such as the "Social Responsibility" policy. This policy includes systems to implement and maintain fair dealing between a TCL entity and its employees. This includes providing reasonable wages and benefits to the employees and respecting employee's freedom of association and collective bargaining rights.
- 4.6. In relation to products obtained from a supplier that is not part of the TCL group, the third party supplier is required to comply with various terms or policies (depending on the third party) such as a supplier code of conduct which prohibits child labour and force labour amongst others. This code of conduct includes anti modern slavery requirements.

- 4.7. In light of the above, we assess the risk of modern slavery within TCL's supply stream to be low due to the robust policies within the group in ensuring that employees and entities it engages with are treated fairly.

Modern Slavery risk within TCL's services stream

- 4.8. TCL obtains its ancillary services from Australian based entities. The risk of modern slavery in these entities are generally lower.
- 4.9. TCL's policy in engaging these entities require conducting checks and balances to ensure that TCL is engaging with repeatable entities in minimizing the risk of engaging in modern slavery.
- 4.10. We assess the risk of modern slavery within TCL's services stream to be low due to the type and location of these entities.

Modern Slavery risk indirect to TCL

- 4.11. There is potential modern slavery risks where the manufacturers of electronic components are one step separated from a TCL group entity. This is difficult for TCL to manage as TCL is unable to have oversight of a third party's supplier. TCL has, however, adopted steps to minimise this risk as detailed below.

5. Policies and actions to manage modern slavery risks

Within TCL

- 5.1. TCL is committed to complying with all laws and regulations in Australia and with any policies within the larger TCL group. The collective protections afforded by state and federal legislation along with TCL's policies provide a robust structure in minimizing the risks of engaging in modern slavery.
- 5.2. TCL ensures that its employees hold valid working rights in Australia and ensures compliance with any visa conditions where applicable. TCL also allocates substantial resources towards human resource management in ensuring its employees are treated fairly and properly. The human resource team also ensures that all internal policies are complied with when TCL deals with its employees.
- 5.3. TCL has built into its engagement with employees protections afforded under labour laws such as the *Fair Work Act* and TCL is committed to ensuring that all labour laws are complied with at all times. TCL employees are provided with a contact person that they may raise any concerns with in relation to their employment or of any dealings that they feel goes against labour laws.

Supply Chain – Product

- 5.4. While TCL obtains its products from a different geographical location, namely mainland China, the supplier of such products belong within the larger TCL group of entities. All TCL entities are required to comply with various applicable TCL head office policies at all times and checks and audits are regularly conducted to ensure compliance.
- 5.5. It is highly likely that the suppliers are similarly subject to TCL head office checks that is conducted on TCL to ensure compliance with internal anti modern slavery policies. The execution of these internal checks and balances provides a robust structure in minimising modern slavery within TCL entities including TCL and TCL group suppliers.

- 5.6. Where suppliers of components are concerned, TCL's larger group of TCL entities apply a higher level of due diligence to monitor where there are increased risks.

Supply Chain – Services

- 5.7. TCL conducts background checks on entities it engages with to ensure that these entities are reputable prior to engagement. TCL also engages these entities on fair commercial arm's length terms to minimise the possibility that these entities engage in modern slavery.

Internal checks of entities

- 5.8. Due to TCL's relatively small size and the small group of entities it engages with that is outside of the TCL group of entities, TCL relies on the engaged entities to conduct and comply with its internal checks and balances in relation to its modern slavery risks.
- 5.9. TCL nevertheless conducts preliminary checks on these entities prior to engaging them. This two-prong approach towards the engagement of a small set of third-party entities keeps the risk of modern slavery low and no remediation steps are required at this time

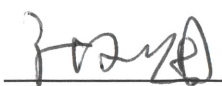
6. Assessing the effectiveness of our action

- 6.1. We assess the effectiveness of our actions primarily through regular reporting of potential breaches or risks internally and such reports are assessed and actioned.
- 6.2. Third parties engaged by TCL that are found to be in breach of modern slavery laws are required to remedy such breaches, failing which TCL may suspend or terminate its dealings with those entities.
- 6.3. Any breach or potential breach of modern slavery laws are addressed in a timely manner considering the extent and nature of such breach or potential breach.
- 6.4. We believe that the collective steps and policies employed by TCL will minimise the risk of modern slavery within its dealings.

7. Process of consultation

- 7.1. A process of consultation across the different departments of TCL helped to guide the drafting of this statement.

This statement is approved by the board of TCL Electronics Australia Pty Ltd.



Wenhai Zhang
MANAGING DIRECTOR