



**MODERN SLAVERY AND
TRANSPARENCY IN SUPPLY CHAINS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

VTech Holdings Limited (the ultimate parent company in the VTech Group), VTech Electronics Europe Plc. (UK), VTech Communications Limited (UK) and Leap Frog Toys (UK) Limited (the UK subsidiaries in the VTech Group), and VTech Electronics (Australia) Pty Limited and VTech Telecommunications (Australia) Pty Limited (the Australia subsidiaries in the VTech Group) (together referred as we, us, our, 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 during the financial year ended 31 March 2021 (FY2021).

This statement is made in accordance with the 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. Consultation within VTech's subsidiaries has been made for the preparation of this statement before 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.



VTech currently has operations in 15 countries and in the regions of North America, Europe, and Asia Pacific. VTech's headquarters is in the Hong Kong Special Administrative Region and we have manufacturing facilities in China, Malaysia and Mexico.

In FY2021, VTech had approximately 25,000 employees, including around 1,600 research and development (R&D) professionals in the United States, Canada, Germany, Hong Kong, Taiwan 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 82% are located in China. We have policies and risk management programmes in place to identify, assess, prevent and mitigate the risks of modern slavery and human trafficking in our supply chains. These include but 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 (Committee) which reports to the Board of Directors of VTech Holdings Limited (Board) and the Group's Audit Committee. The Committee is delegated with the authority from the Board 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 along our supply chains.

We strongly oppose and have no tolerance for 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 labor, 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 FY2021.

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.

Code of Conduct for Employees

Our Code of Conduct for our employees (Employee Code) sets out the guiding principles for maintaining our high standards of integrity, honesty and behaviour, that all employees are expected to meet. We also provide regular training for 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 ensure that the terms of employment are voluntary. Our employees work at VTech of their own free will and are free to leave the company upon reasonable notice under the relevant company regulations. We do not require employees to lodge deposits or hand over passports or work permits as a condition of employment, unless required by applicable law.



No Child Labour

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

Freedom of Association

We ensure our employees have the freedom to join any organisations or professional bodies of their own choices.

Anti-slavery

Modern slavery and human trafficking is not tolerated in VTech. We are devoted to combating modern slavery and human trafficking, and committed to respecting and treating our employees with dignity. We do not tolerate any forced labour and we do not accept any physical and financial punishment for employee wrongdoing.

Benefits and Wages

We ensure that the remuneration and benefits for our employees comply with or exceed the minimum legal requirements of the country where employees are employed. We do not make any deductions from wages as a disciplinary measure. Since the regulations of law enforcement for some of the sites that we operate are not fully established, collective bargaining 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

We ensure that 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 our employees.

Code of Conduct for Suppliers

In addition to the above internal policies, VTech has procurement policies in place requiring our suppliers to comply with VTech's Code of Conduct agreement (Supplier Code), which includes our standards on corporate social responsibility (CSR) and environmental protection. The principles enshrined in the Supplier Code are in line with the standards on modern slavery with reference to the UK and Australia Modern Slavery Acts and the California Transparency in Supply Chains Act.

Verification

VTech strives to establish and maintain close working relationships with its suppliers. Our employees visit the factories and facilities of the suppliers before we decide to do business with them. VTech therefore does not rely upon third parties to verify its product supply chains in order to evaluate and address risks of modern slavery and human trafficking.

Due Diligence Processes in Supply Chains

VTech has a supply chain management system in place to monitor the quality of our suppliers as well as their ethical performance. We also conduct supplier survey on a regular basis to ensure that modern slavery and human trafficking is not taking place in our business operations and supply chains. Prior to doing business with VTech, our suppliers are required to confirm their commitment to our standards on CSR and human rights protection, which will also be reviewed by our procurement team.

Since VTech sources materials from different countries, we assess the



modern slavery risks in our supply chains by country and each of our suppliers is given a risk category rating based on the country in which they operate and the nature of materials they supply to VTech. As modern slavery risks evolve and emerge in response to changing social, economic and political trends, we use our knowledge from our industry partnerships together with our supply chain insights to stay abreast of the latest developments in the relevant countries.

All VTech's new suppliers need to go through a comprehensive supplier audit to ensure that they meet VTech's CSR standards, which are established based on Electronic Industry Citizenship Coalition, International Labour Organisation Conventions on Labour Standards, ISO 14001, and ISO 45001. Our audits are conducted by VTech employees, who have been trained to identify and report any non-compliance incidents. Following the audit process, if there are any areas of non-compliance identified in the supplier's factories, we collaborate with the supplier to develop a corrective action plan. The supplier is required to propose corrective actions with an implementation schedule in order to eliminate the identified deficiencies. Our teams follow up the corrective actions to ensure that the areas of non-compliance have been improved and managed accordingly. We also provide training to suppliers on continuous improvement processes to facilitate their implementation of any corrective actions.

In FY2021, we audited 186 suppliers on their CSR performance including the topics on modern slavery and human trafficking. We do not tolerate forced labour, child labour, and human trafficking in our supply chains. If any issues are identified and not resolved in accordance with our requested time frame for any suppliers, we shall terminate the business relationship with them. In FY2021, all audited suppliers passed the CSR audit.

Certification

While VTech does not require its suppliers to certify that materials incorporated into their products comply with the modern slavery and human trafficking laws of the countries where they are doing business, VTech's



standard purchasing agreement includes requirements that our suppliers need to comply with all applicable laws, including laws that govern modern slavery, human trafficking, and other exploitative labor practices.

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. VTech's 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 by the company with care and in a confidential manner. We also have Whistleblowing Policy 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 FY2021, no report about forced labour or human trafficking was received 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 FY2021, we delivered over 54,000 hours of human rights training for our employees.



VTech works closely with our upstream suppliers to further improve their sustainability and CSR performance. We conduct 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. In FY2021, due to the COVID-19 pandemic, the supplier engagement workshop was conducted virtually with guidance provided for our suppliers to meet our Supplier Code and CSR requirements.

This statement has been approved by the Risk Management and Sustainability Committee of VTech Holdings Limited for the year ended 31 March 2021.

Allan WONG Chi Yun

Chairman and Group Chief Executive Officer
VTech Holdings Limited

27 September 2021