vtech

VTech Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock code: 303)

Environmental Policy

1. Purpose

VTech Holdings Limited ("Company", and together with all its subsidiaries referred to as "we", "VTech" or "Group") is committed to safeguarding the natural environment, mitigating the potential impacts of climate change and promoting a circular economy. In alignment with VTech's 5-year Sustainability Plan, this Policy outlines the Group's commitment to minimising adverse environmental impacts in VTech's operations and throughout the value chain. This Policy applies to all related stakeholders, including but not limited to employees, customers, suppliers and business partners.

2. Governance
The Company's Board of Directors has delegated to the Risk Management and Sustainability Committee (the "RMSC") the authority to approve and enforce this Policy. The RMSC is responsible for overseeing environmental matters, including but not limited to climate change, energy, water, waste and biodiversity. The RMSC also supervises the identification of environmental risk and opportunities, sets environmental targets, formulates policies and ensures information disclosure. The RMSC monitors progress towards these targets and guides the development of the Group's climate transition plan. Supported by the Sustainability team, the RMSC reviews the effectiveness and the relevance of this Policy annually, adapting to the latest environmental compliance standards, industrial practices, and stakeholder expectations. Multiple departments within VTech are responsible for ensuring adherence to this Policy by the Group and its stakeholders.

3. Our Commitment

- Comply with all relevant environmental, legal, and statutory requirements and standards, and keep abreast of changes in environmental regulations and standards related to climate change, air, water, waste, biodiversity and other relevant areas.
- Adopt green manufacturing processes by maintaining an Environmental Management System (EMS) at our manufacturing sites following the requirements of ISO 14001.

- Identify and monitor significant environmental risks, including the nature, likelihood and impacts of those risks associated with our operations, value chain and product lifecycle, set targets for improvement where appropriate, and review these annually.
- Promote a culture of innovation by integrating environmental objectives into our business decisions in a cost-effective manner.
- Engage closely with stakeholders, including employees, suppliers, business partners, customers, communities and government authorities, to mitigate potential negative environmental impacts of our business and leverage collaborative opportunities that benefit the environment.
- Support international and local climate-related targets and transition plans.

4. Our Approach

a. Climate Change

The Paris Agreement, adopted at the UN Climate Change Conference (COP21) in 2015, addressed the common standards and set ambitious goals to reduce global GHG emissions and mitigate the environmental impacts caused by climate change. The government of the People's Republic of China has also committed to achieving carbon neutrality by 2060. As an environmentally responsible company, we are committed to contributing to GHG reduction and aligning our sustainable growth with both national and international climate change agendas.

VTech recognises that potential climate-related impacts could pose challenges to our business and the community. Our Climate Change Strategy has been developed to prepare for risks while maximising opportunities. We ensure our business strategies align with long-term trajectories of climate change, and remain flexible to adapt to inevitable changes in the business environment. This strategy supports our climate transition plan, enhancing climate adaptation, mitigation and resilience of our operations.

Our strategy mainly focuses on:

- assessing, understanding and managing potential climate-related risks (including the nature, likelihood and magnitude of the effects of those risks) and opportunities for our business operations and the value chain, taking into account the relevant climate scenarios;
- incorporating climate risk assessment into the Group's risk management framework;
- disclosing climate-related risks and opportunities and their management approach following internationally recognised standards;
- establishing GHG reduction targets and seeking continuous improvement in GHG reduction; and
- allocating resources to develop and implement our climate transition plan. Actions include, but are not limited to, building capacity for climate resilience, promoting low-carbon

technologies, procuring renewable energy sources, utilising sustainable materials, adopting a green manufacturing approach, and optimising logistic practices on product distribution.

b. Energy

VTech is committed to transitioning to renewable energy in a cost-effective manner. We strive to consume energy responsibly across our global operations while maintaining or improving the quality and productivity of our products.

Our approach includes:

- encouraging the use and procurement of renewable electricity where technically and economically feasible;
- investing in and developing energy-saving and production efficiency improvement projects, including machinery update and automation projects;
- performing energy and resources usage analysis to track and monitor energy saving progress; and
- promoting energy saving and resource preservation through training.

c. Air

VTech is committed to minimising air pollution within its operations. We control air emissions, including but not limited to Volatile Organic Compounds (VOCs), through close monitoring in accordance with local regulations and emissions standards. We identify opportunities for emissions reduction, such as installing VOCs purification systems at our manufacturing sites, using the waterborne paint to replace solvent-based paint, and adopting overmolding and inkjet printing technologies in the printing process.

d. Waste

We strive to reduce waste generation and handle waste responsibly in our business operations.

Our approach includes:

- diverting waste from landfill by embracing the 3Rs (Reduce, Reuse, Recycle) principles;
- managing hazardous waste responsibly by strictly complying with the local industrial solid waste disposal and safety legislation; and

- collaborating with suppliers to reduce waste generated from material packaging and containers.

e. Restrictions on Hazardous Substances

VTech is dedicated to reducing the environmental and health impacts of materials and chemicals throughout our production processes. We support the goal of restricting substances of concern and manage chemicals responsibly. Our products, including TEL products and ELPs, sold in the US and Europe, comply with RoHS, and our products sold in the US and Europe fully comply with REACH regulations. We have implemented a stringent quality control system, covering all materials, components, machinery and equipment, operational techniques and methods and final products assessment, to ensure that the use of all materials and manufacturing processes comply with both international and local standards and requirements.

f. Water

Although VTech's factories are not located in water-stressed regions, we recognise the importance of water management. We have established a policy to prevent water pollution and promote water conservation.

Our approach includes:

- reusing rainwater, industrial wastewater and grey water in the production lines;
- upgrading water infrastructure at manufacturing sites;
- preventing water loss through regular maintenance of water pipelines at manufacturing sites;
- complying with local wastewater standards and ISO14001 requirements prior to discharge; and
- carrying out water-saving campaigns to promote water conservation at manufacturing sites and dormitories.

g. Circular Economy

VTech embraces the principle of circular economy to promote resource efficiency. Our goal is to offer durable products with enhanced energy efficiency, repairability, and utilisation of sustainable materials. We are dedicated to integrating sustainable product design and eco-friendly elements into our products while upholding the highest safety and quality standards. We also engage in partnerships to encourage responsible recycling of end-of-life products.

Our approach includes:

- continuously developing products made from sustainable materials such as recycled, reclaimed, recyclable, plant-based plastics, or FSC-certified wood;
- minimising the use of packaging and replacing fossil-based virgin plastic packaging materials with sustainable alternatives;
- prioritising the sourcing of locally produced materials;
- conducting life cycle assessment analysis (LCA) for our products to reduce carbon footprint throughout the product life cycle; and
- engaging in post-consumer recycling programmes for our products in major markets

h. Green Procurement

VTech advocates for environmental stewardship across all aspects of its business, including procurement activities. It expects all suppliers to comply with all applicable laws and regulations, as well as requirements stipulated in VTech's Supplier Code of Conduct. VTech prioritises and selects suppliers who commit to and implement strategies and initiatives to minimise negative environmental impact, such as those certified under ISO14001 environmental management system, utilising renewable energy, reducing waste, disclosing environmental-related data and using sustainable materials. We actively collaborate with suppliers to encourage the implementation of environmentally friendly practices.

VTech Supplier Code of Conduct:
https://sustainability.vtech.com/VTech_Supplier_Code_of_Conduct_Eng

i. Biodiversity

Recognising the importance of healthy ecosystems for both the company and the community, VTech actively supports biodiversity protection. We adhere to applicable laws and regulations, and fulfill customers' requirements related to biodiversity. While our facilities are not located in ecologically sensitive areas, we consider biodiversity in our annual materiality assessment to evaluate associated risks and opportunities. We implement mitigation measures when necessary to minimise ecological impacts if the operating activities are near ecologically sensitive areas. We promote sustainable forest management and prevent deforestation by utilising natural resources certified by the Forest Stewardship Council ("FSC") and/or other equivalent certification programmes. We assess impacts on ecosystems and forests via environmental impact assessments in case of any new site expansions and establishment.

5. Stakeholder Engagement

We communicate with our internal and external stakeholders about our environmental policy and performance on a regular basis.

Our approach includes:

- Employees
  - Enhancing awareness of environmental issues amongst employees and requiring them to address environmental responsibilities in their daily operations.
- Suppliers
  - Working closely with suppliers and requiring them to follow our CSR requirements; and
  - sharing our experience with suppliers and business partners to help them achieve continuous improvement in their sustainability performance.
- Customers
  - Sharing environmental performance data with customers;
  - working with customers to fulfill their environmental requirements; and
  - striving to optimise energy efficiency and reduce the carbon footprint of our products.
- Investors and Shareholders
  - Publicly reporting environmental data and performance annually; and
  - updating our Climate Change Strategy, including GHG reduction targets and transition plan.
- Communities
  - Supporting climate change and environmental policies at the locations where we operate.

6. Reporting and Monitoring

We track and monitor the environmental performance and progress towards achieving environmental targets with our business units on a quarterly basis. We publicly report data and information on environmental performance in our annual Sustainability Report in accordance with the applicable sustainability reporting standards and frameworks. Data and information disclosed are assured by an independent third party.

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