

## **VTech Holdings Limited**

### **Conflict Minerals Policy**

In politically unstable countries or areas, the minerals trade can be used to finance armed groups, fuel forced labour and other human rights abuses, and support corruption and money laundering. This Policy aims to help stem the trade in certain minerals, tin, tantalum, tungsten and gold (“3TG”), as well as cobalt and mica from conflict-affected and high-risk areas (“CAHRAs”)<sup>1</sup>, in the Group’s businesses.

The countries or areas considered to be conflict-affected or high-risk are those whose natural resources include minerals which are in high demand, either locally, regionally or globally, and are either suffering from armed conflict such as civil war, a state of fragile post-conflict, or witnessing weak or non-existing governance and systematic violations of international law, including human rights abuses.

Recognising the adverse impacts which may be associated with extracting, trading, handling and exporting such minerals from CAHRAs, and advocating the Group’s policy of respecting human rights and avoiding any contribution to conflict, VTech adopts and incorporates in contracts and/or agreements with its suppliers a number of measures<sup>2</sup> on responsible and conflict-sensitive sourcing of minerals from CAHRAs. These cover sourcing practices and suppliers’ risk awareness from the point of extraction to end user. We take the necessary steps to refrain from any action or omission which may contribute to the financing of conflict, and comply with relevant laws in force in different jurisdictions<sup>3</sup>.

VTech is a downstream consumer of 3TG, cobalt and mica and does not directly procure minerals from mines, smelters or refiners. We actively monitor our suppliers to ensure they do not contain 3TG, cobalt and mica originated from CAHRAs, and if

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<sup>1</sup> See EU’s CAHRAs list, <https://www.cahraslist.net/cahras>. According to the Responsible Minerals Assurance Process (“RMAP”), the flagship program of Responsible Minerals Initiative’s (“RMI”), the CAHRAs shall include, at a minimum, countries identified as high-risk by relevant conflict minerals regulation, such as The Democratic Republic of the Congo (DRC) and its nine adjoining countries as outlined in Sec. 1502 of the Dodd Frank Act, namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia; and, the indicative and non-exhaustive list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821.

<sup>2</sup> See “Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas” issued by the OECD

<sup>3</sup> For examples, EU Conflict Minerals Regulations and US Dodd-Frank Wall Street Reform and Consumer Act of 2010.

such procurement is unavoidable, the involved smelters and refiners are compliant under the RMAP or other standards replacing such as the industry most widely recognized compliance standards in future<sup>4</sup> (collectively, the “Prescribed Standards”). The system adopted by the Group to achieve the goals of this Policy include the following measures (the “CM System”):

- comply with the disclosure/audit requirements set forth in the US conflict minerals law
- identify and assess the risks on the use of conflict minerals in the supply chain
- conduct due diligence work set forth in the Organisation for Economic Co-operation and Development’s (“OECD”) Due Diligence Guidance for Responsible Supply Chains from CAHRAs (the “Due Diligence Guidance”) under EU’s conflict minerals regulation
- establish responsible sourcing practices according to RMAP standards for 3TG, cobalt and mica used in relevant products
- impose on our suppliers the contract obligation to comply with VTech’s requirements on the use of conflict minerals
- make available to the Group’s stakeholders including employees and business partners a confidential reporting channel<sup>5</sup> that allows them to report violations of VTech’s policies or illegal or unethical behaviour, including violations pertaining to this Policy
- the Sustainability Department works with relevant departments including Procurement, Legal & Compliance to support the Group’s commitment to ethical sourcing of 3TGs, cobalt and mica and compliance with this Policy and applicable laws
- proactively raise our suppliers’ awareness of conflict minerals and further develop their due diligence capability so as to align with VTech’s own requirements

VTech’s suppliers will:

- declare and warrant<sup>6</sup> that all materials and goods supplied to VTech do not and shall not contain 3TG, cobalt or mica originated from CAHRAs, or otherwise in

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<sup>4</sup> RMAP, founded by members of the Responsible Business Alliance (“RBA”) and the Global e-Sustainability Initiative (“GeSI”), offers companies and their suppliers an independent, third-party audit that determines which smelters and refiners can be verified as having systems in place to responsibly source minerals in line with current global standards.

<sup>5</sup> Report of any suspected compliance violations can be sent by email to [sustainability@vtech.com](mailto:sustainability@vtech.com)

<sup>6</sup> Conflict Minerals Declaration

case of containing such materials, the relevant smelters and refiners are compliant under the Prescribed Standards

- adopt and maintain a policy to reasonably assure that the 3TG, cobalt and mica they supply or use in the products they manufacture are conflict-free, and that in products which are not, the permissible exception stated in this Policy is complied with
- make informed choice about responsibly sourced minerals in their supply chains by using RMAP's third party assessment of smelter/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 conformant<sup>7</sup> to the Prescribed Standards
- perform due diligence which aligns with the Due Diligence Guidance regarding the source and chain of custody of the minerals
- submit to VTech in a timely manner a complete Conflict Minerals Reporting Template ("CMRT")<sup>8</sup> and other reporting templates if applicable<sup>9</sup>
- respond to VTech's enquiries about due diligence measures and provide sufficient information as VTech may request
- implement prompt corrective actions to eliminate any risk identified in their supply chain
- require their upstream suppliers to comply with VTech's requirements on conflict minerals to ensure alignment and traceability throughout the supply chain and back to the smelter/refiner
- face the consequence that its relationship with VTech will be discontinued if they do not make prompt and satisfactory efforts to comply with VTech's policy

In order to enhance the success of the CM System, VTech will continue to improve its due diligence to further mitigate the risk that the conflict minerals in its products (if any) could benefit armed groups in the CAHRAs. We will:

- terminate engagement with suppliers which have provided incomplete or ambiguous information or failed to respond at all or satisfactorily to VTech's conflict mineral enquiries

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<sup>7</sup> See RMI's lists, <http://www.responsiblemineralsinitiative.org/smelters-refiners-lists/>

<sup>8</sup> The template is a free, standardized reporting template developed by the RMI that facilitates the transfer of information through the supply chain regarding mineral country of origin and the smelters and refiners being utilized. It helps VTech's suppliers to deliver accurate information to VTech about the country of origin of minerals and the smelters and refiners they use (<http://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/>)

<sup>9</sup> Including but not limited to Cobalt Reporting Template and Extended Minerals Reporting Template



- track CMRT information collected from suppliers and respond to identified risks by engaging with suppliers and monitoring their corrective actions
- continue periodical review of, and update as necessary, this Policy
- require suppliers to comply with the terms of any amended Policy either upon receipt of VTech's written notice of the issue of the amended Policy or on or before a later date (if any) specified in the notice

If there are any conflicts or discrepancies between the Chinese and English version of this Policy, the latter shall prevail.

This Policy takes effect in June 2023 and supersedes the last preceding version issued in March 2022.