

## **Whistleblower Policy**

### **1. Purpose of the Policy**

This policy takes effective on 1 October 2006 and supersedes the procedures already existing in the Code of Conduct to ensure that Complaints are received, investigated and retained on a confidential basis that is in compliance with all applicable laws.

### **2. Policy Statement**

This policy provides a means whereby a complainant (i) may, in good faith, report issues and/or concerns in connection with a possible serious violation of law or company policy, and (ii) will be protected from any retaliatory acts directed against the complainant.

In responding to a complaint, VTech will fairly and diligently investigate the seriousness of the issue raised, and the credibility of the information or allegations in the complaint, and will take whatever appropriate action it deems necessary, as a result.

VTech will not retaliate, and will not allow any officer or employee to retaliate, against any complainant for reporting in good faith possible serious violations pursuant to this policy. "Good faith" means that a complainant reasonably believes that the complaint is true and has not been made either for personal gain or for any ulterior motive.

### **3. Nature of Complaints**

VTech has adopted the following procedures to facilitate the submission, on a confidential and (if the complainant desires) an anonymous basis, of complaints, reports and concerns by any person ("Complainant") regarding (i) accounting, internal accounting controls, or auditing matters, (ii) actual or potential violations of laws, rules or regulations, and (iii) other suspected wrongdoing, including in connection with the Code of Conduct (a "serious violation").

### **4. Protection of Complainants**

This policy and related procedures offer protection from retaliation to Complainants with respect to matters that are, or could give rise to, serious violations, provided the complaint is made:

- in good faith, in a manner that is consistent with VTech's values, particularly respect for others;
- in the reasonable belief of the Complainant that the conduct or matter covered by the complaint constitutes, or has the potential to constitute, a serious violation; and
- pursuant to the procedures contained in Section 6 below.

No complaint that satisfies these conditions shall result in any retaliation or threat of retaliation against the Complainant. This means that VTech and its directors, officers, employees and agents shall not penalize, discharge, demote, suspend, threaten, harass, transfer to an undesirable assignment or location, or otherwise discriminate (collectively, “retaliate” or “retaliation”) against any Complainant for calling attention to suspected illegal or unethical acts. Any act of retaliation shall itself be treated by VTech as a serious violation of VTech’s policy and could result in disciplinary action up to and including discharge. This protection extends to anyone providing information in relation to an investigation, including an internal investigation.

## **5. Confidentiality**

VTech will treat all complaints by Complainants as confidential and privileged to the fullest extent permitted by law. A Complainant is encouraged to put his/her name to any complaint he/she makes, but it may also be made anonymously, as provided in Section 6 below. Generally, a report of a complaint will only be disclosed to those persons who have a need to know in order to carry out an investigation of such complaint in accordance of section 7 below.

## **6. How to make a complaint?**

Any complaint under this policy must be submitted to the Chief Compliance Officer through one of the following confidential means of communication:

- (a) by telephone: (852) 2680 5132 (English)  
(852) 2680 5133 (Chinese)  
(Please note there is no caller ID on this telephone number)

This hotline is available on a 24-hour basis, and is a voicemail recorder which will ask the Complainant to leave a message expressing his or her concern.

- (b) in writing:  
VTech Holdings Limited  
23/F Tai Ping Industrial Centre, Block 1  
57 Ting Kok Road, Tai Po  
Hong Kong  
Attention: Chief Compliance Officer (Strictly Confidential)
- (c) by email:  
**yw\_chang@vtech.com**

Any complaint should provide sufficient, precise, and relevant information pertaining, among others, to dates, places, persons/witnesses, numbers, etc., so that a reasonable investigation can be conducted. If the Complainant wishes to discuss any such matter with the Chief Compliance Officer, he/she should indicate this in the submission or message and include a telephone number at which he/she might be contacted if the Chief Compliance Officer deems it appropriate. When possible, the Chief Compliance Officer shall acknowledge receipt of the complaint to the sender.

## **7. Investigation**

Upon receiving a complaint, the Chief Compliance Officer shall immediately register it in a log of complaints and open a file, which file shall be maintained in a secure location to protect the confidentiality of the Complainant. The Chief Compliance Officer will assess the seriousness of the complaint and shall then determine, in consultation with others, if necessary, the manner in which complaints will be investigated, using internal and/or external resources and will determine who will lead such investigation.

In conducting the investigation, the Chief Compliance Officer may enlist inside or outside legal, accounting, human resources, or other advisors, as appropriate. The Chief Compliance Officer and his delegates shall have access, during an investigation, to all books and records of VTech. VTech directors, officers, employees and agents are expected to fully co-operate in the investigation. In conducting any investigation, the Chief Compliance Officer shall use reasonable efforts to protect the confidentiality of the Complainant.

Investigations will be conducted as quickly as possible, taking into account the nature and complexity of the complaint and the issues raised therein. The Chief Compliance Officer shall retain as a part of the records any and all complaints, reports or concerns and related documentation for a period of no less than three (3) years.

## **8. Reporting to the Audit Committee**

On half-yearly basis the Chief Compliance Officer shall report to the Audit Committee of the Board of Directors of the Company (the "Committee") and to the external auditors, in the aggregate, the number, the nature, and the outcome of complaints received and investigated under this policy.

Notwithstanding the foregoing, the Chief Compliance Officer shall promptly report to the Committee any complaint that may have material consequences for the Company.

## **9. Inquiries**

Any questions with respect to the general application of this Policy should be made to the Chief Compliance Officer. The Chief Compliance Officer is presently Y. W. Chang.