

VTECH HOLDINGS LIMITED
RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE CHARTER

1) Formation

The Risk Management and Sustainability Committee (the “Committee”), renamed from the Risk Management Committee with effect from 15 May 2013, was formed on 27 March 2002 pursuant to a resolution passed by the board of directors of the Company (the “Board”) on the same date.

2) Purpose

The purpose of the Committee is to review and make recommendations to the Board on the Group’s risk management control systems and issues and the Group’s sustainability strategy, policies and improvement activities.

3) Composition

The Committee shall consist of Independent Non-executive Directors, Executive Directors and members of management. The Board shall appoint Committee members and shall designate one of the members as the Chairman of the Committee.

4) Frequency of meeting

The Committee shall meet at least twice a year, with an authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via telephonic or video-conferencing.

5) Meeting procedures

- (a) Proceedings of meetings of the Committee shall be governed by the provisions of the Bye-laws of the Company. Quorum of meeting shall not be less than two committee members. Each committee member in the meeting shall carry one vote.
- (b) The Head of Internal Audit, or his or her delegate, shall act as the secretary to the Committee.
- (c) The Committee shall invite other members of management and external auditors or professionals to attend meetings and provide pertinent information, as necessary.
- (d) The secretary to the Committee is responsible for preparation of meeting agenda and minutes. Meeting agenda shall be provided in advance to the Committee members, along with appropriate briefing materials.

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6) Responsibilities

The Committee shall carry out the following responsibilities:

Risk management and control system issues

- (a) To identify and review the nature and extent of all significant risks to which the Group is exposed to;
- (b) To review the effectiveness of the Group's risk management and control procedures in identifying, assessing, monitoring and reporting all risks, including changes in the Group's business and the external environment;
- (c) To consider adequacy of any remedial actions taken or will be taken by management in mitigating all significant risks;
- (d) To consider major investigation findings on risk management matters as delegated by the Board or on its own initiative and management's response to these findings;

Sustainability strategy, policies and improvement activities

- (e) To review the sustainability strategy and improvement activities and assess how policies are implemented in achieving the sustainability goals and targets;
- (f) To monitor the sustainability targets and key performance indicators as determined by the Committee from time to time;
- (g) To determine the scope of the Sustainability Report; and

Review of Committee Charter

- (h) To review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes.

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7) Authority

- (a) The Committee has authority to access to all information and advice, from within the Group or externally, as the situation requires.
- (b) The Committee shall have rights to obtain legal and other professional opinions, as it considers necessary.

8) Reporting requirements

- (a) All Committee minutes including recommendations are submitted to the full board for approval.
- (b) The Committee's composition, responsibilities and how they were discharged, and any other information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are described in the annual report.