



## **MODERN SLAVERY STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

Pursuant to the United Kingdom (UK) Modern Slavery Act 2015, we make this statement to set out the steps we have taken to address and prevent the risk of modern slavery in our business operations and supply chains.

### **Our Organisation**

VTech is the global leader in electronic learning products from infancy through toddler and preschool and the largest manufacturer of residential phones in the US. It also provides highly sought-after contract manufacturing services.

### **Our Approach**

We strongly oppose child labor, modern slavery or human trafficking in our supply chain or in any part of our business. We are also committed to respecting the labor and human rights of all our staff. To ensure we can fulfil our commitments and meet our statutory obligations, we design policies to prohibit child labor, slavery and human trafficking in our business operations and supply chains.

### **Our Policies**

#### *Freely Chosen Employment*

We do not use forced or prison labor. 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 related company regulation. 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 Labor*

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



### *Freedom of Association*

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

### *Anti-slavery*

Modern slavery and human trafficking is intolerable 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 labor and we do not accept any physical and financial punishment for employee wrongdoing.

### *Overtime Policy*

Overtime is voluntary and employees are compensated for overtime in accordance with local laws.

### *Equal Opportunity and No Discrimination*

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.

### **Due Diligence, Risk Assessment, and Audit**

VTech has a supply chain management system in place to monitor the quality of our suppliers as well as their ethical performance. To ensure that slavery and human trafficking is not taking place in our business operations and supply chains, we conduct a supplier survey and our suppliers are required to confirm the corporate social responsibility in human right protection prior to placing any orders with supplier. This is reviewed by our procurement team and each supplier is given a risk category rating. All new suppliers need to go through a comprehensive supplier audit. Following the audit process, if there



are any areas of non-compliance identified in the supplier's factories, the supplier is required to propose corrective actions with an implementation schedule in order to eliminate the identified deficiencies. Our teams follow up on the corrective actions to ensure that the areas 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 the financial year 2019, we audited 229 suppliers. In case of non-compliance are not resolved within a timely manner, we may terminate the business relationship. We will also continue to work closely with our suppliers to further improve their social and working conditions.

### **Further Steps**

We have procedures in place to ensure that our policies are properly implemented throughout the Company. These include training, conducting employee interviews and surveys, on-site visits and audits on a regular basis. Any issues or enquires raised by our employees through different communication channels will be handled and investigated by the Company with care and in a confidential manner.

Meanwhile, we provide a 24-hour Ethics Hotline for our employees to report any violations of applicable laws and regulations and misconducts. All reports received through the Ethics Hotline will be handled promptly and confidentially. Investigations will be carried out, followed by disciplinary measures. We are committed to upholding the professional ethical conduct and the highest level of integrity.

This statement has been approved by the Board of Directors of VTech Holdings Limited for the year ended 31 March 2019.

**Allan WONG Chi Yun**

Chairman and Group Chief Executive Officer  
VTech Holdings Limited

24 May 2019