

## Company Overview

Transsion Holdings Co., Ltd. develops and manufactures **mobile communication products** under the best known leading mobile phone brands in **emerging markets**, including TECNO, itel, Infinix, and Spice. In 2018, TRANSSION sold nearly 124 million mobile phones globally, held the fourth position in the world, and the total market share of TRANSSION's mobile phone brands **ranked first in Africa**. With over **14,000 employees** worldwide, TRANSSION has a global sales network covering **70+ countries** and regions in Africa, Middle East, and Asia.

## Key Findings

- **Labor:** A recent labor strike of TRANSSION plant factory over pay and working conditions in Ethiopia signals that employee dissatisfaction that could result in employees' departures, and results in lost corporate productivity.
- **Social responsibility Inputs:** As an outcome of its effort in disaster relief, TRANSSION won corporate social responsibility prize in India. However, the overall economic input in social responsibility, especially in African, remains unmatched with its operational size. There is a strong business orientation in the social activities of TRANSSION. For example, to develop which country's market will focus on its public welfare.
- **Supply Chain Management:** TRANSSION lacks management over suppliers' environmental certificates, compare to industry leaders such as Samsung and Apple, which proposes lateral risk on TRANSSION's green house emission reduction.

## ESG Analysis Summary

Labor Management Relations

Weak Medium Strong



Employee Conditions

Weak Medium Strong



Occupational Health and Safety

Weak Medium Strong



Economic input in Social Responsibility

Weak Medium Strong



Supply Chain Carbon Footprint

Weak Medium Strong




## Recommendations

- In response to the labor strike, better labor management relations plan needs to be carried out, including conducting **employee satisfaction survey**.
- To increase the social sustainability impact, economic inputs in social responsibility should be **scaled up**.
- TRANSSION should be **more selective** in terms of suppliers' environment certificate and green house gas emission;
- Supply chain arrangement can be optimized to reduce the green house emission in scope 3 (**transportation**);
- New technology in terms of developing more energy efficient batteries can be implemented in order to reduce the carbon emission during scope 2 (**electronic usage**).


# TRANSSION ESG Analysis Report

## Labor Conditions


 Prohibited Child Labor and Non-discriminatory Regulation  
Despite the fact that child labor is prevalent in Africa, in TECNO "it is prohibited to employ child labor in any section of manufacturing."

- For TECNO, non-discrimination regulation insulated deeply within the company. TECNO promise to protect employees from harassment and illegal discrimination.

### ○ Health and Safety

 TECNO strictly abide by the relevant laws and regulations to effective control the risk source of safety and health so as to provide employees a healthy and safe environment for working and living.

### ○ Labor Strike

 In August 2018, TECNO's plant factory encountered a week-long strike over pay and working conditions of its 2000-plus employees in the Gofa and Alem Gena factories, triggering many to join the picket lines.

- Failing to deliver its products at its signature stores throughout the country forcing many to open "in name" only for more than a month with little transaction and minimal staff support.


## Social Responsibility



TRANSSION Wins Corporate Social Responsibility Award  
Itel was awarded the Corporate Social Responsibility Award for its active participation in natural disaster relief in India.

- Itel also won the fastest growing brand of the Fastest Breakthrough Brand Award at the China-India Forum. As a young brand that entered the Indian market only in April 2016, mobile phone sales exceeded 2 million (including functional phones) in less than half a year.

### ○ Philanthropy

 In August 2016, due to severe flood in Bangladesh, itel donated 2,000 bags of food to 2,000 families in the most devastated area.

- In May 2016, TECNO continued to offer N100,000 scholarship, and provided school supplies to local primary schools.
- In January 2016, TECNO lighted up Computer Village in Ikeja, Nigeria with solar-powered street lights. In May 2014, TECNO partnered with Ministry of Youth & Sports to support and sponsor "Ghana to Brazil" world-cup campaign.

## Supply Chain Carbon Footprint



### Company Practice:

According to Transsion official website, requirements for applying as Transsion's supplier are as followed:

- 1) Good brand reputation and recognition in the industry;
- 2) Excellent product quality and strict quality control systems for manufacturer;
- 3) Perfect on-sale and after-sale services;
- 4) Products can meet all kinds of mandatory certificates, regulations and requirements (certificate of CE, ROSCH etc. are requisite).



### Industry Practice: Apple as an example

- In 2018, 100% of final assembly sites for iPhone, iPad, Mac, Apple Watch, AirPods, and HomePod achieved UL Zero Waste certification.
- Compare to Apple, Transsion lacks management emphasis on the environmental requirements with the environment certificate rate of its supplier only about 71%.



## Supply Chain Carbon Footprint : TRANSSION's Suppliers' Certificate Summary

Supplier	Environment Certificate	Occupational Health & Safety Certificate	Quality Management Certificate
Spreadtrum	-	-	<a href="#">Security Evaluation</a>
MediaTek	<a href="#">SGS Evaluation</a> ISO 14001	<a href="#">SGS Evaluation</a> OHSAS 18001	<a href="#">SGS Evaluation</a> ISO 9001:2015
Sharp	<a href="#">ISO 14001</a>	<a href="#">OHSAS 18001</a>	<a href="#">ISO 9001</a>
TCL Communications	<a href="#">SA8000</a>	<a href="#">OHSAS 18001:2007</a> 01113060155	<a href="#">ISO 9001:2015</a>
Samsung	<a href="#">DQS Evaluation</a> ISO 14001:2015 50350240 UM15	<a href="#">DQS Evaluation</a> ISO 45001:2018 50350240 OHS18	<a href="#">BSI Evaluation</a> ISO 9001:2015 FM 617358
Kingston	-	<a href="#">SGS Evaluation</a> OHSAS 18001:2007 CN17/20841	<a href="#">SGS Evaluation</a> ISO/IEC 27001:2013 CN13/30193
Toshiba	<a href="#">JACO Evaluation</a> ISO 14001 EC17J0025	<a href="#">NSF ISR Evaluation</a> OHSAS 18001:2007 9Z891-OH5	<a href="#">ABS Quality Evaluation</a> ISO 9001:2015 43665

## Supply Chain Carbon Footprint : Green House Gas Emission Rating of Africa Companies

The Paris Agreement has signaled that the transition to a low-carbon global economy is firmly underway and the environmental risk has become one of important metrics for decision makers to evaluate a company's sustainable development in order to drive action.

Carbon emission data and rating of companies in south Africa is available in the report -- CDP South Africa Climate Change 2017. A set of IT/tele companies data are extracted as below:

Company	Sector	2017 Score	CO2 footprint (South Africa)	CO2 footprint (Global)
MTN Group	IT & Telecoms	C	33786.00	315603.00
Telkom SA Limited	IT & Telecoms	C	54961.99	54961.99
Vodacom Group	IT & Telecoms	A-	11145.91	30663.49
Supplier			CO2 footprint (Regional)	
Sharp			33356.00	
TCL Communications			33898.00	
Samsung			13585.00	
Kingston			10088.51	
Toshiba			13905.00	