

Hisense 海信家电

海信家電集團股份有限公司

Hisense Home Appliances Group Co., Ltd.

Stock Code: 00921

**Environmental, Social and
Governance Report
2018**



CONTENTS

| | |
|-------------------------------|----|
| INTRODUCTION OF REPORT | 2 |
| COMPANY PROFILE | 3 |
| ENVIRONMENTAL PROTECTION | 4 |
| CARING STAFF | 8 |
| OPERATING WITH INTEGRITY | 12 |
| SOCIAL WELFARE | 15 |
| GUIDE AND INDEX OF THE REPORT | 17 |

INTRODUCTION OF REPORT

I. SCOPE OF REPORT

Organization scope of report: This report covers Hisense Home Appliances Group Co., Ltd. and its controlled subsidiaries.

Reporting period: From 1 January 2018 to 31 December 2018.

Reporting cycle: The issuing time of this report does not exceed three months after the issue of 2018 annual report of the Company.

II. PREPARATION BASIS OF REPORT

This report is prepared in compliance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

III. PUBLICATION OF REPORT

This report is published in electronic format, and is available for inspection at www.cninfo.com.cn, www.hkex.com.hk or www.kelon.com.

IV. DESCRIPTION OF REFERENCES

For easy reference and reading, “Hisense Home Appliances Group Co., Ltd.” is referred to as “Hisense HA” and the “Company” in this report.

V. CONTACT

The Securities Department of Hisense Home Appliances Group Co., Ltd.

Tel: +86 757-28362148

Address: No. 8 Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province

COMPANY PROFILE

Hisense Home Appliances Group Co., Ltd. (“Hisense HA” or the “Company”) is a manufacturer of large white household electrical appliances in the People’s Republic of China (the “PRC” or “China”). Founded in 1984 and headquartered in Shunde District, Guangdong Province, the PRC, the Company is principally engaged in the manufacturing, production, sales and after-sales services of white household electrical appliances such as refrigerators, air-conditioners, washing machines, freezers and kitchen appliances under three well-known Chinese trademarks: “Hisense”, “Kelon” and “Ronshen”. The manufacturing bases of the Company are located in Shandong Qingdao, Guangdong Shunde, Guangdong Jiangmen, Jiangsu Yangzhou, Zhejiang Huzhou, Sichuan Chengdu and other domestic cities. The products of the Company are exported to many countries and domestic and overseas regions to fully meet the needs of consumers from different countries and regions. In 1996 and 1999, the shares of the Company were listed on the main boards of The Stock Exchange of Hong Kong Limited and the Shenzhen Stock Exchange respectively.

The Company adheres to its development strategy of “relying on technology”, and makes “technology” to be the primary driving force for the Company’s development. It also gives emphasis on “energy conservation” and “green design”. Upholding its operational philosophy of “green manufacturing” and taking “smart” and “green” as the core, the Company continues to pursue the depth of research and development, enhance continuously the ability of in-house innovation and drive green development with technological innovation, so as to satisfy customers’ needs for green lifestyle and build the Company’s core competitiveness. Subsidiaries of the Company have been recognized as “Green Pioneers 2018” (2018年綠色先鋒企業).

The Company attaches great importance to its corporate social responsibility (“CSR”) and actively performs it. Setting “education”, “culture” and other causes as its priorities, it performs its CSR for public welfare through means such as educational aids and funds for the needy. Its subsidiaries have won four Red-top Public Welfare Awards (紅頂公益獎) for their efforts in synchronizing economic benefits and social benefits.

ENVIRONMENTAL PROTECTION

I. ESTABLISH A SOUND ENVIRONMENTAL MANAGEMENT SYSTEM AND BUILD A LONG-TERM EFFECTIVE MECHANISM FOR ENVIRONMENTAL MANAGEMENT

The Company formulated its “Environmental Factors Control Standards” in accordance with the laws and regulations including the “Environmental Protection Law”, the “Atmospheric Pollution Prevention Law”, the “Water Pollution Prevention and Control Law”, the “Prevention and Control of Noise Pollution Law”, the “Solid Waste Environmental Pollution Prevention and Control Law”, the “Energy Conservation Law” and the “Cleaner Production Promotion Law” of the People’s Republic of China, so as to provide clear content and requirements of environmental management for sections including “design and development of products”, “manufacturing, packaging and transportation of products”, “waste management” and “obtaining of raw materials and natural resources”.

During the reporting period, Hisense HA closely combined the work of energy conservation and emissions reduction with its corporate operation strategy in strict compliance with relevant laws and regulations and requirements of relevant systems of the Company to further improve the environmental management system, specified job responsibilities and detailed appraisal rules, strengthened supervision and management over the operation of environmental protection facilities and regulated environmental protection work, with a view to improving the environmental protection awareness of the Company as a whole.

Environmental Management System

The Company continues to reinforce environmental management on the basis of up-to-standard discharge of manufacturing enterprises and “three simultaneous” of environmental protection for construction projects, strives to build a long-term effective mechanism for energy conservation and emissions reduction, so as to achieve sustainable development. The ISO14001 environmental management system of the Company passed the renewal verification of certification authority in November 2018, which assured the certification remained valid.

Assume Environmental Protection Responsibility

The Company has implemented enterprise environmental protection system in an all-round way. Each plant is equipped with specialized personnel for environmental protection, and an environmental protection responsibility statement is signed by all levels of management to achieve “fixed personnel, responsibilities, tasks and fixed rewards and punishment” and to make environmental protection management cover all operation posts and all staff.

Strengthen Energy Management

The Company has further strengthened energy management. By establishing an energy management system, manufacturing enterprises have tightened control over energy-consumption indicators of main working procedures to complete the energy efficiency monitoring work on key energy-consuming equipment and facilities. In addition, each unit has established a sound system of control indicators to perfect the energy indicator appraisal and energy efficiency benchmarking system. The Company encourages its subordinate enterprises to increase the use of clean energy to promote the establishment of a sufficient, safe and clean energy supply system and quicken the pace of building a resource-saving and eco-friendly enterprise.

II. STRENGTHEN THE MANAGEMENT OF THREE WASTES AND PROPAGANDA AND EDUCATION OF ENVIRONMENTAL PROTECTION TO BUILD AN ECO-FRIENDLY ENTERPRISE

The Company insisted on the investment in energy conservation and emissions reduction and implemented several technical innovation projects in this regard. It focused on the management of “wastewater”, “carbon emission” and “waste”, and further promoted the building of an eco-friendly enterprise through the combination of strict management and giving favourable direction, which effectively pushed the Company forward to make new achievements in energy conservation and emissions reduction.

During the reporting period, Hisense (Zhejiang) Air Conditioner Co., Ltd. and Hisense (Guangdong) Kitchen & Bathroom System Co., Ltd. (海信(廣東)廚衛系統有限公司), both subsidiaries of the Company, obtained a national “Green Factory” (綠色工廠) certificate and a certificate of “Guangdong Company of Clean Production” (廣東省清潔生產企業) respectively.

Wastewater Management

The Company proactively facilitated the nearby recycling of process wastewater, and continued to optimize the wastewater reuse rate of plants and reduce the consumption of new water in the principles of “source reduction, process control and end treatment”.

Besides, the Company’s subordinate companies which involved process wastewater discharge had set up wastewater recycling and treatment stations to ensure their up-to-standard discharge.

Carbon Emissions Management

According to the Joint Announcement on Climate Change, China promises that the proportion of non-fossil energy to the primary energy consumption will increase to around 20% by 2030. The Work Plan for Controlling Greenhouse Gas Emission during the 13th Five-Year Plan Period states that the carbon emissions per unit of GDP will decrease by 18% by 2020 compared with 2015. China will control both the total energy consumption and carbon intensity, and implement near-zero carbon emission demonstration projects. It will launch a national carbon emissions trading market and increase forest carbon sink significantly. Under this context, the Company will face more pressure and opportunities in respect of carbon emissions.

The Company took active actions to reduce greenhouse gas emissions; continued to decrease total energy consumption and the absolute amount of carbon emissions; constantly adjusted energy structure to increase the use of clean energy such as natural gas and cut down carbon emissions; vigorously implemented clean production to improve the efficiency of energy utilization. Several subordinated enterprises passed clean production audit. The Company also improved its management level of carbon emissions through technical measures such as energy audit and carbon calculation.

In 2018, the competent government department of the Company’s domicile set an energy conservation target of 200 tons of standard coals for the Company, and approximately 256.8 tons of standard coals was saved by the Company, with a completion rate of 128.4%.

Waste Management

Emissions reduction: The Company and its subordinated enterprises tried to reduce the amount and volume of solid waste through various means and decrease the output of solid waste by continuously improving production process. The Company implemented hazard-free disposal of waste and engineering treatment to meet the standard that does no harm to human health, so as to reduce secondary pollution.

Cyclic utilization: The Company and its subordinated enterprises continuously facilitated the recycling treatment, recycle useful constituents and energy from the solid waste to cut down resource consumption and speed up the recycling utilization of resources. The volume of waste materials recycled by the Company was 16,389 tons in total in 2018.

Hazardous waste management: The Company and its subordinated enterprises carried out the principles of classification management and centralized treatment of hazardous waste to achieve the reduction, recycling and bio-safety, established a sound hazardous waste management system, took measures to prevent hazardous waste from polluting the environment, conducted separate collection and storage of hazardous waste and set up relevant marks, and regularly left the collected hazardous waste to qualified unit for treatment according to environmental protection regulations to avoid environmental pollution.

Propaganda and Education of Environmental Protection

The Company continued to reinforce the propaganda and education on energy conservation and consumption reduction, actively conducted environmental protection training and normal emergency drill and increased efforts in the publicizing and implementation of new Environmental Protection Law and relevant systems by forms of organizing expert lectures, setting up environmental protection columns, etc., striving to enhance the legal sense and awareness of environmental protection of cadres and workers.

Green Office

To implement the concept of sustainable development, the Company proactively guides its subordinated enterprises to carry out green office. The Company advocates for saving resources and energy, reducing pollutant emissions, using and recycling renewable products, and upholds the idea of people first and harmonious office to actively create a green and comfortable office environment for its staff.

Saving paper: make full use of network office, advocate double-sided printing of documents and sort out and recycle usable paper on a regular basis.

Saving electricity: stipulate the operating specifications on electric appliance in the office, for example, turn off lamps in the office during noon break, switch off the power supply of all electrical equipment after work and purchase energy-saving and environment-friendly products.

Saving water: set up water-saving regulations, use recyclable teacups and hot water as much as possible and reduce disposable bottled drinking water during meetings and group activities; post slogans like “saving water” in corridors and washrooms of the office to intensify energy-conservation consciousness. Focus on water resource facilities and strengthen drinking water safety.

Comfortable environment: advocate the planting of green plants in the office to purify air and reduce air pollution.

III. DEDICATE TO GREEN DESIGN AND GREEN PRODUCTS, ADHERE TO GREEN DEVELOPMENT

Hisense HA consistently proceeds on the path of green development, focusing on energy conservation and green design to provide customers with products that are safe, environmental friendly and practical. A number of its products were included in the “Efficiency Star” (能效之星) catalogue of the Ministry of Industry and Information Technology and recognized as “Green Design Products” (綠色設計產品) for 2018. In September 2018, four energy-saving technologies submitted by the Company were evaluated as “recommended outstanding energy-saving technologies for product” (節能環保優秀推薦產品技術) in the “National Promotional Campaign for Outstanding Electronic Energy-saving Technologies for Product and Showcase of Examples” (全國優秀電子節能環保產品技術及示範案例宣傳推廣活動) initiated by China Electronic Energy-saving Technology Association. In addition, the Company passed expert examination for “innovative exemplary business”, where it was highly praised and recognized. In November 2018, the Hisense air-conditioner series was included in the “Leading Green Products 2018” (2018綠色領跑產品) ranking and Hisense (Shandong) Air-Conditioning Co. Ltd., a wholly-owned subsidiary of the Company, was named “Green Pioneer” (綠色先鋒) by China Industrial Innovation Alliance of Green Design and Manufacturing.

IV. PARTICULARS OF EMISSIONS AND USE OF RESOURCES DURING THE REPORTING PERIOD

| Emissions | 2018 |
|--|-----------------|
| Carbon dioxide emissions (tons) | 168,596.46 |
| Methane emissions (tons) | 0.43 |
| Total emissions of greenhouse gases (tons) | 168,596.89 |
| Total volume of discharged wastewater (ten thousand cubic meters) | 108.16 |
| Total emissions of hazardous waste (tons) | 425.35 |
| Total emissions of solid waste (tons) | 7,582.50 |
| Use of resources | 2018 |
| Electricity (ten thousand kWh) | 26,534.35 |
| Including: amount of electricity utilized per square meter in gross floor area (kWh/square meter) | 170.31 |
| Unleaded gasoline (tons) | 15.47 |
| Including: volume of unleaded gasoline utilized per square meter in gross floor area (kilogram/square meter) | 0.0099 |
| Diesel (tons) | 55.77 |
| Including: volume of diesel utilized per square meter in gross floor area (kilogram/square meter) | 0.04 |
| Natural gas (ten thousand cubic meters) | 612.72 |
| Including: volume of natural gas utilized per square meter in gross floor area (cubic meter/square meter) | 3.93 |
| Liquefied petroleum gas (tons) | 425.21 |
| Including: volume of liquefied petroleum gas utilized per square meter in gross floor area (kilogram/square meter) | 0.27 |
| Steam (ten thousand tons) | 5.67 |
| Including: volume of steam utilized per ten thousand square meters in gross floor area (kilogram/square meter) | 36.42 |
| Total water consumption (ten thousand tons) | 125.71 |
| Including: volume of water consumed per square meter in gross floor area (tons/square meter) | 0.80 |
| Total volume of packing materials for products (ten thousand tons) | 8.71 |

CARING STAFF

I. EMPLOYEE OVERVIEW

As at 31 December 2018, the Group had 32,858 employees, including 4,663 technical staff, 12,928 sales representatives, 367 financial staff, 732 administrative staff and 14,168 production staff. The Group had 33 employees with a doctorate degree, 914 with a master's degree and 31,911 with a bachelor's degree or below.

II. EMPLOYMENT AND LABOR SYSTEM

The Company strictly adheres to the Labor Contract Law of the People's Republic of China and other employment laws, regulations and policies. We are committed to employment equality, and providing a fair, democratic, competitive and merit-based selection and employment mechanism for staff, and sign labor contracts according to the law to define rights and obligations.

The "Collective Contract", "Detailed Rules for Management of Labor Contract", "Rules for Management of Labor Leave Benefits" and "Implementation Rules for the Management of Loss of Office" of the Company provide clear requirements on "working hours", "leave taking", "termination of labor contracts" and other areas. Any employment discrimination behavior in any form is prohibited.

Labor system: The labor system of the Company is established in accordance with the Labor Contract Law of the People's Republic of China, which conforms to the requirements of laws and regulations. The Company also provides guidance for its staff according to relevant laws and regulations all the time.

Employment system: Almost all the employees employed by the Company are from China. The Company strictly complies with the requirements of the labor law of China, and there are no cases in violation of relevant laws and regulations.

1. Wages and related welfare are paid on time, and there are no occurrences of default in the payment of employees' wages. Internal remuneration analysis is conducted every year based on external remuneration reports to ensure competitiveness in this regard. Contributions are made to social security funds and benefits such as high temperature and housing allowances are granted as required by local policies.
2. Statutory holidays and statutory paid leaves are implemented pursuant to the regulations of the State.
3. Equal employment is adopted and all staff are treated equally. The employment, welfare treatment and promotion of employees are not affected by factors such as their nationality, gender and political faction.
4. Pursuant to the labor law, annual salary system or working hour system is carried out according to different job natures. Work systems for positions subject to the working hour system are flexibly and appropriately designed according to relevant circumstances to ensure employees' well-being and right to rest and holidays and the completion of production tasks of the Company.

III. OCCUPATIONAL HEALTH AND SAFETY

Hisense HA upholds the concept of “people-oriented and safe development” and adheres to the safe production policy of “safety first, prevention as priorities and comprehensive treatment”. By sticking to the principle of source prevention, the Company conducts production safety throughout its production and operation activities, and establishes a double prevention mechanism of hierarchical risk control and potential hazard identification and governance to prevent risks from evolving and potential hazard from upgrading, thus resulting in the occurrence of production safety accidents.



In respect of management mode, the Company applies modern scientific management mode, establishes, improves and operates occupational safety and health management system, vigorously promotes safety production standardization construction to ensure the safe and up-to-standard production and operation process so as to provide a healthy and safe working environment for all the staff of the Company.

Hisense HA has established a sound occupational health and safety management system. 44 production safety management systems are formulated at the headquarter level according to relevant national laws and regulations, including “Standards for Evaluation of Occupational Health and Safety and Environmental Responsibility Targets”, “Standards for Rewards and Penalties Management for Occupational Health and Safety and Environmental Governance”, “Standards for Identification and Evaluation of Sources of Hazards and Environmental Factors”, “Standards for Management under Laws, Regulations and Other Requirements” and “Standards for Environmental Safety Training”. In addition, the equipment and facilities of its subordinate factories all have corresponding safe operation rules in place.

During the reporting period, the Company invested a total of near ten million Yuan for site safety improvement and to provide employees with sufficient articles for labor protection. The occupational health and safety management system of the Company has successfully passed the renewal verification of the certification authority, China Academy of Safety Science and Technology, in November 2018, which assured the certification of Hisense HA remained valid.

According to the requirements of relevant document by the State Administration of Work Safety, Hisense HA has vigorously facilitated the establishment of A Grade Safe Production Standardization Enterprise, constantly intensified the basic management of production safety and increased the intrinsic safety of equipment and facilities, so as to create a safe, healthy and comfortable working environment for staff. During the reporting period, nine subsidiaries of the Company obtained national certificates for A grade enterprises on safe production standardization and two controlled subsidiaries of the Company obtained certificates for B grade enterprises on safe production standardization issued by the Shandong and Zhejiang respectively.

IV. DEVELOPMENT AND TRAINING

The Company has always adopted the employment way of “selection-employment-cultivation-promotion-retaining”. Training modes such as “mold trainings”, “rotational internship”, and “fixed-post practice” are organized for new employees, while “internal and external trainings”, “projects and topics exercise”, “job rotation” and other modes are designed for existing employees, so as to help them to transit from elementary, intermediate to senior management personnel, and enable them to keep improving their quality and capabilities, thus achieving post promotion. The Company applies the dual-channel development mechanism that featured “professional promotion channel dominates and management promotion channel complements” to provide multi-platforms of development opportunities for the career planning of staff.

The Company has in place fair and just recruitment systems, including the “Administrative System of Open-Market Recruitment” and “Administrative System of Campus Recruitment”, which unifies interview standards, procedures and evaluation criteria. About internal transfer, it implements the “Administrative System of Internal Talent Pool” to regulate the mechanism of staff mobility with unified criteria for job application and procedures and standards for internal transfer, facilitating beneficial internal mobility for staff.

The Company has drawn up the “Administrative Measures for Rotation among Special Positions”, which adopts rotation for key functions such as procurement and quality to ensure staff can systematically understand requirements of positions in different business lines, so as to foster work innovation, strengthen the internal talent pool and cultivate more versatile employees.

Employees and talented personnel are the basis for corporate development. The Company continued to improve its occupational training system in order to provide equal opportunities for its staff. The training system enhances the quality of its staff and their career development. The Company has established a three-tier training system, a well-rounded curriculum system and a training regulatory system. The Company has also actively promoted the building up of teacher resources internally and externally in order to effectively support the development of its management and technical team and improve its human resources.

With regard to employee development, the Company has established a sound executive management and training system and a selection and cultivation scheme for talent reservoir. Coping with needs from its international development, the Company started a cultivation project for internationalized talents to enhance selection in this regard. It has refined its title determination methodology via a title evaluation system to improve employees’ career path. Every year, the Company will formulate education and training programs for employees based on the annual operational strategy and human resources development needs.

During the reporting period, the Company has provided 12,946 overall course hours to a total of 165,000 participants. The courses included areas such as corporate management, quality craftsmanship, corporate culture, production and manufacturing, as well as technological research and development and they are provided for employees of different job natures and at different levels, ranging from base level staff responsible for works such as front-line production and sales to senior management.

V. LABOUR STANDARDS

The Company strictly adheres to the Labor Contract Law of the People's Republic of China and other employment laws, regulations and policies. We are committed to employment equality and compliant employment, and sign labor contracts according to the law to define rights and obligations.

The "Collective Contract" and "Detailed Rules for Management of Labor Contract" of the Company provide clear requirements on the "prohibition of child labor employment", "forced labor employment" and other situations. Employment of minors under 16 of age is strictly prohibited and statutory holidays and leave systems are strictly observed, so that there are no cases of child labor employment, forced labor employment, etc.

OPERATING WITH INTEGRITY

I. OPERATING WITH INTEGRITY

Integrity is what makes a person proper and a business prosper. Integrity is a core value of the Company and the core of its corporate culture. The Company consistently holds integrity, commitment and operating in compliance with laws and regulations as its corporate operational philosophies. With the hope that all staff of the Company can practice the core value of “honesty, integrity, practicability and progressiveness” and to make sure that the interaction between the Company and its stakeholders (including customers, staff, shareholders, suppliers, distributors, government, media and society) can abide by honesty and trustworthiness and in compliance with law and regulation, the Company formulated the Code of Integrity as its fundamental law to institutionalize, standardize and normativize integrity practices. We have no tolerance for any behavior in violation of the Code of Integrity, and those violators will be brought to severe punishment in accordance with the Code.

The Code of Integrity applies to all staff of the Company and they should strictly comply with the Code of Integrity involving shareholders, staff, customers, partners, government and society.

II. SUPPLY CHAIN MANAGEMENT

Adhering to the ideas of integrity, mutual trust and cooperation for mutual success, the Company has established and improved its supplier adoption and evaluation system. In respect of supplier adoption, the Company has formulated the “Potential Suppliers Administrative Measures” and “Suppliers Identification Administrative Measures” for evaluating suppliers from industry position, quality system, technical capability, social responsibility, key material, management capability, financial strength, operational risks and other aspects. The Company has set stringent requirements for qualifications of new suppliers to ensure that they have CSR certifications such as SA8000, ISO 9001 (quality certification) and ISO14001 (environment management system certification), and that the raw materials and spare parts provided to the Company by them conform to the requirements of ROHS Regulations (i.e., the Directive of the European Union on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment. The core content of ROHS Regulations is to prohibit the use of hazardous substances in electrical and electronic equipment to protect environment, provide green consumption and achieve hazard elimination in the two areas of production and consumption.) and REACH Regulations (i.e., “Registration, Evaluation, Authorisation and Restriction of Chemicals, a set of regulations concerning the registration, evaluation, authorization and registration of chemicals). Furthermore, the Company’s supplier management team conducts on-site audit on new suppliers in terms of quality control, production process, material storage, quality and environmental assurance capability and others to ensure their qualifications and quality meet those required from them by the Company. For qualified suppliers, the Company has formulated the “Administrative Measures for Supplier Evaluation” and “Strategic Supplier Administrative Measures” to set out comprehensive regular evaluation of suppliers from technology, quality, delivery, cost, services and other respects. Suppliers with lower scores in the regular evaluation will go through designated follow-ups for steady improvements.

Valuing long-term and in-depth cooperation with suppliers, the Company holds a global supplier assembly every year and organizes regular expertise exchanges and project cooperation for suppliers to strengthen sharing of supply chain information and strategic mutual trust.

During the reporting period, the Company initiated over a hundred technical projects jointly with suppliers. The resulting in-depth cooperation accelerated the application and penetration of industry-leading technologies and enhanced efficiency in energy conservation, emissions reduction and operation.

III. PRODUCT RESPONSIBILITY

(i) Product Quality Control

By upholding the quality concept of “quality cannot prosper, but is enough to decline an enterprise as a whole”, the Company has established a product manufacturing cycle control process, design and development control process, procurement control process, inspection control process and continuous improvement control process. It has also developed rigorous quality standards exceeding customer expectation and strictly executed performance assessment.

During the reporting period, the Company actively implemented key quality projects to strengthen quality control. In addition, its product levels reached another new high, with the Shishen series of Hisense refrigerator winning the “Product Innovation of the Year” award at the 14th Innovation Show of Chinese Home Appliances (中國家用電器創新成果推介活動), Internationale Funkausstellung Berlin (IFA). With their all-purpose purifying systems and excellent performance in tests on humidity control, freshness keeping, antimicrobial and others, Hisense’s Shishen refrigerators passed the designated assessment of “home appliance safety for mother and baby” (母嬰適應家電) by Zhidian Lab (知電實驗室)

(ii) Product After-sale Management

The Company holds the idea of “all promises subsist for centuries” in providing after-sales services for its products. Following the “Service Quality Control Measures”, it has set up a service management system meeting standards for quality systems and expanded its coverage to different markets nation-wide, providing quality and efficient after-sales services that satisfy customers’ needs.

The Company has implemented a “guaranteed return and replacement for quality issues within 30 days” return promise for all its household electrical appliances, which exceeds by far the national service policy of “guaranteed return for functional issues within 7 days and guaranteed replacement for functional issues within 15 days”.

To ensure the effective and timely resolution of customer service complaints, the Company has opened a 24-hour national after-sales service hotline and implemented real-time monitoring over every detail in the service process through modern information management systems, forming a closed-loop information management process which allows immediate handling of information of customer complaints and follow-ups until resolution. The Company has developed and brought into force a rigorous customer complaint handling and feedback mechanism, under which feedback will sought after customer complaint information is handled to understand customer satisfaction and enhance service quality.

(iii) Promotion and advertising and price management of products

According to the relevant requirements of the “Advertising Law of the People’s Republic of China”, the Company strictly manages the promotion and advertising and prices of products, including but not limited to elements such as labels, and prohibits dishonest behaviors such as “false advertisements” and “price gouging”. The Company has documented requirements that any information communicated externally must be verified as correct and reliable and that any transmission of false information to consumers via deceptive shift of meanings, exaggeration and fraud is strictly forbidden. Features must be advertised in a way conforming to general knowledge. False performance indicators of products and service commitments deviating from the truth are forbidden.

(iv) Data Privacy

The Company strictly complies with relevant laws and regulations of China such as the “Law on Protection of Consumer Rights” and “Regulations on Safety of Computer Information Systems”. It has also established stringent measures to protect the operational data of the Company and the privacy of consumers which ensure the confidentiality thereof. The Company has signed confidentiality agreements with key personnel to adequately keep confidential its operational data and technical data and trade secrets of third parties to whom it bears confidentiality obligation as well as preserve customers’ privacy. Moreover, the Company has constructed a secure and effective corporate information security system, which adequately ensures the safety of data of it and relevant parties via document encryption, intranet access verification, firewall and other measures.

IV. ANTI-CORRUPTION

The Company has deeply implemented integrity and self-discipline requirements among the cadres and staff of the Company. It requires that cadres and staff members at all levels to set a good example of being honest and self-disciplined so as to create an upright and clean corporate atmosphere by a bottom-up approach.

To ensure employees a clear understanding and compliance with the relevant requirements regarding anti-corruption, including but not limited to behaviors such as prevention of bribery, prevention of extortion and prevention of fraud, and thus maintaining a high moral standard, new employees have to sign an Integrity and Self-discipline Responsibility Statement when they start to take work, promising, among others, that they will “practice integrity and self-discipline and resolutely eradicate personal corruption”. The Company explicitly requires that “No one is permitted to trample on and destroy the upright and clean corporate atmosphere”. Anyone involved in violations of law and discipline will be subject to judiciary proceedings. The Company is determined to combat corruption and safeguard a clean and incorruptible atmosphere.

SOCIAL WELFARE

The Company is always keen on welfare activities while pursuing its corporate development for return to society.

Being a company committed to children education, the Company employs a combination of education and technology to help children develop correct views of the world, life and values. Furthermore, it makes use of its influence to engage upstream and downstream companies, public welfare organizations and the general public in the educational aid and public welfare parade. The Company has deployed over 200 persons to educational aid activities in Yunnan, Hunan, Hubei, Jiangxi, Shaanxi, Shandong, Guizhou and other regions. At present, there are 16 schools aided by the Company, including primary schools in Jiangxi Taiyang Village, Sichuan Chenjiaba and Huangling Shuanglong, with beneficiaries exceeding 5,000. Through educational aid activities, the Company persevered in bringing science, Chinese, English, drawing and other lessons to children in mountainous areas, donating home appliances, smart robots, books, stationery and other materials, joining children in football games, dumpling making and other activities on holidays, and, jointly with Young Girl Protection Foundation (女童保護基金會), offering self-protection lessons to help children grow safely.



2018 Environmental, Social and Governance Report

During the reporting period, the Company continued to support education efforts. In addition to educational aids, it helped children to broaden their horizon via its annual summer activity “the World in Books and Sea” (讀書看海觀世界), under which children in mountainous areas were invited to Qingdao to see more of the world through sightseeing and learning. It also collaborated with higher education institutions and encouraged via subsidies on-campus university students to help with summer educational activities in schools in mountainous areas.



The Company’s Hisense Refrigerator has won the Red-top Public Welfare Award for four consecutive years and become the first home appliance partner brand of JD Charity (京東公益).

The Company consistently believes in the idea that, as an integral part of society, it should make contribution to social development. Striding forward in public welfare undertaking, Hisense HA has not only the strength but also responsibility to contribute to public welfare causes.

GUIDE AND INDEX OF THE REPORT

The Company has complied with the “Comply or explain” provisions as set out in the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The following table reports the summary of compliance.

| Areas, Aspects and Key Performance Indicators (KPIs) | “Comply or Explain” Provision | Reference to page no. |
|--|---|-----------------------|
| A. Environment | | |
| Aspect A1 | | |
| Emissions | | |
| General disclosures | (a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 4-7 |
| KPI A1.1 | Types of emissions and related emission data. | 7 |
| KPI A1.2 | Total emissions and (if applicable) density of greenhouse gas. | 7 |
| KPI A1.3 | Total amount and (if applicable) density of hazardous waste generated. | 7 |
| KPI A1.4 | Total amount and (if applicable) density of non-hazardous waste generated. | 7 |
| KPI A1.5 | Description of measures to mitigate emissions and results achieved. | 4-7 |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | 4-7 |
| Aspect A2 | | |
| Use of Resources | | |
| General disclosures | Policies on the efficient use of resources, including energy, water and other raw materials. | 4-7 |
| KPI A2.1 | Total direct and/or indirect energy consumption and density by types. | 7 |
| KPI A2.2 | Total water consumption and density. | 7 |
| KPI A2.3 | Description of energy use efficiency initiatives and results achieved. | 4-7 |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | 6 |
| KPI A2.5 | Total packaging material used for finished products and (if applicable) with reference to per unit produced. | 7 |
| Aspect A3 | | |
| The Environment and Natural Resources | | |
| General disclosures | Policies on minimising the issuer’s significant impact on the environment and natural resources. | 4-7 |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 4-7 |

| Areas, Aspects and Key Performance Indicators (KPIs) | “Comply or Explain” Provision | Reference to page no. |
|--|--|-----------------------|
| B. Society | | |
| Aspect B1 | | |
| General disclosures | Employment (a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 8 |
| Aspect B2 | | |
| General disclosures | Health and Safety (a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | 9-10 |
| Aspect B3 | | |
| General disclosures | Development and Training Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities. | 10-11 |
| Aspect B4 | | |
| General disclosures | Labour Standards (a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | 11 |
| Aspect B5 | | |
| General disclosures | Supply Chain Management Policies on managing environmental and social risks of the supply chain. | 12 |
| Aspect B6 | | |
| General disclosures | Product Responsibility (a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 13-14 |
| Aspect B7 | | |
| General disclosures | Anti-corruption (a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 14 |
| Aspect B8 | | |
| General disclosures | Community Investment Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests. | 15-16 |