

Hisense 海信家電

海信家電集團股份有限公司

Hisense Home Appliances Group Co., Ltd.

Stock Code: 00921

Hisense |  **EURO2020**

2020歐洲杯全球官方合作伙伴



2019 Environmental, Social and Governance Report

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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 2019 to 31 December 2019.

Reporting cycle: The issuing time of this report does not exceed three months after the issue of 2019 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.

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

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COMPANY PROFILE

COMPANY PROFILE

Hisense Home Appliances Group Co., Ltd. (“Hisense HA” or the “Company”) is a manufacturer of large home electrical appliances in the PRC. Founded in 1984 and headquartered in Shunde District, Guangdong Province, the PRC, the Company is principally engaged in the R&D, manufacturing, production, marketing business of electrical appliance products such as refrigerators, residential air-conditioners, central air-conditioners, freezers, washing machines and kitchen appliances, as well as commercial cold chain and environmental control appliances. 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 over 130 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. According to statistics from www.aicon.com.cn, in 2019, the aggregate market share of the brands “Hitachi”, “Hisense” and “York” under Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. of the Company ranked number one in the multi-split central air-conditioner market. According to statistics from the China Market Monitor Company Limited, in 2019, the aggregate market share of accumulated online and offline retail sales of refrigerators under the Company’s two brands “Hisense” and “Ronshen” ranked second, while the aggregate market share of accumulated offline retail sales of residential air-conditioners under the two brands “Hisense” and “Kelon” came fourth. The aggregate market share of online retail sales ranked fifth.

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 “intelligent” 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.

The Company attaches great importance to its corporate social responsibility (“CSR”) and actively performs the same. Setting “education and culture”, among others, as its priorities, it performs its CSR for public welfare through means such as educational aids and funds for the needy, and is committed to synchronising 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 2019, 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 Ronshen (Guangdong) Refrigerator Co., Ltd. (海信容聲(廣東)冰箱有限公司), a controlled subsidiary of the Company, was awarded the honour certificate of “2019 Guangdong Clean Production Unit with Outstanding Contribution” (2019年度廣東省清潔生產突出貢獻單位), and 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 again 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 2019, 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 340.6 tons of standard coals was saved by the Company, with a completion rate of 170.3%.

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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 19,004.36 tons in total in 2019.

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.

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III. DEDICATE TO ENVIRONMENTAL PROTECTION AND CLIENT ORIENTATION AS LONG-TERM DEVELOPMENT STRATEGY

Hisense HA always adheres to the development direction of environmental protection and energy conservation. Based on “the essence of home appliances is home” and take “technology benefits hundreds of millions of families” as our mission, we provide consumers with high-quality products rounded out with user satisfaction, health, comfort and safety. A number of our products were included in the “Efficiency Star” (能效之星) catalogue of the Ministry of Industry and Information Technology and recognised as “Green Design Products” (綠色設計產品) for 2019. Several residential air-conditioning products under the brand of “Hisense” were awarded the first batch of “Ergonomics-Thermal Comfort” (人體工效學—熱舒適性) certification in the industry as well as the “Green Certification” issued by China Quality Certification Center. Besides, Hisense refrigerator “HFC-245fa elimination and transformation” project was approved as the only multilateral fund assistance project in the home appliance industry at the 81st executive committee of the United Nations multilateral fund, aiming to build the first HFC-245fa elimination and transformation demonstration production line in the world; Hisense HA actively participates in the standard formulation of “safe useful life of home appliances”, and applies national standards on product categories including refrigerators, washing machines, air conditioners, range hoods, gas stoves and electric water heaters.

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

Emissions	2019
Carbon dioxide emissions (tons)	173,148.09
Methane emissions (tons)	0.29
Total emissions of greenhouse gases (tons)	173,148.38
Total volume of discharged wastewater (ten thousand cubic meters)	186.80
Total emissions of hazardous waste (tons)	471.62
Total emissions of solid waste (tons)	6,062.60
Use of resources	2019
Electricity (ten thousand kWh)	27,296.08
Including: amount of electricity utilized per square meter in gross floor area (kWh/square meter)	149.87
Unleaded gasoline (tons)	29.14
Including: volume of unleaded gasoline utilized per square meter in gross floor area (kilogram/square meter)	0.16
Diesel (tons)	85.19
Including: volume of diesel utilized per square meter in gross floor area (kilogram/square meter)	0.047
Natural gas (ten thousand cubic meters)	681.07
Including: volume of natural gas utilized per square meter in gross floor area (cubic meter/square meter)	3.74
Liquefied petroleum gas (tons)	295.44
Including: volume of liquefied petroleum gas utilized per square meter in gross floor area (kilogram/square meter)	0.16
Steam (ten thousand tons)	5.23
Including: volume of steam utilized per ten thousand square meters in gross floor area (kilogram/square meter)	28.73
Total water consumption (ten thousand tons)	255.11
Including: volume of water consumed per square meter in gross floor area (tons/square meter)	1.40
Total volume of packing materials for products (ten thousand tons)	11.74

CARING STAFF

I. 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.

II. OCCUPATIONAL HEALTH AND SAFETY

Hisense HA upholds the concept of “people-oriented and safe development” and adheres to the safety production policy of “safety first, prevention as priority and comprehensive governance”. By sticking to the principle of preventing at the source, the Company conducts production safety and environmental protection throughout its production and operation activities, and establishes a double prevention mechanism of hierarchical risk control and potential hazard identification and governance to implement the principle of “manage on level bases and take responsibility on line bases”, and to optimise and implement the system of safety production accountability. Our system of safety production accountability applies to all employees. The principle officers of each company within the Group take full responsibility for the safety production of their respective units, while the department heads, workshop directors and team leaders are the first responsible persons for the safety of their respective responsibility areas, with an aim of strengthening the safety production accountabilities of departments and all levels, and putting one position with two responsibilities into practice.

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. a number of 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”, “Standards for Environmental Safety Training”, “Standards for Management of Performance Evaluation and Monitoring” and “Standards for Management of Occupational Health and Safety Contingency Preparation and Response”. 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 more than RMB20 million for site safety improvement, providing employees with sufficient articles for labor protection and promotion, education and training for safe production. 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 2019, 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, three controlled subsidiaries of the Company maintained their national certificates for A grade enterprises on safe production standardization and two controlled subsidiaries of the Company maintained their certificates for B grade enterprises on safe production standardization.

III. DEVELOPMENT AND TRAINING

Employees and talented personnel are the basis for corporate development. The Company always adopts the employment principle of “selection-recruitment-cultivation-promotion-retaining”. We are committed to our employees’ development and training, and establishing a sound employee development and training system. The Company continues to improve its occupational training system in order to provide equal opportunities for its staff. The training system is designed to enhance the quality of its staff and their career development. The Company has established a three-tier training system, and it will improve the curriculum system and training system annual. The Company has also actively promoted the building up of internal and external instructor resources, stay closely to the internet development trend and drive integration of online and offline learning with great effort, so as to effectively support the development of the Company’s management and technical teams and add value to its human resources.

The Company formulates annually occupational education and training programs based on the annual operational strategy and human resources development needs. For new employees, induction trainings are provided and systematical trainings including a mentor system, “rotational internship” and “fixed-position internship” are adopted to assist them to understand quickly our corporate culture and arm them with essential skills for their jobs. For existing employees, “internal and external trainings”, “projects and topics exercises”, “job rotation” and other training models are in place, complemented with online learning system on programs including corporate management, production quality, corporate culture, production system and technology R&D. Employees from elementary level to senior management of different job natures and at different levels are all covered by those trainings enable them to keep improving their quality and capabilities.

Besides, the Company constantly optimises its employee development system. The Company applies the dual-channel development mechanism that featured “dominated by professional promotion channel and complemented with management promotion channel”. In 2019, we improved our employee title determination and management methodology and assessment system to enhance employees’ career path. We have also continued to arrange annual title determination to provide multi-platform development opportunities for staff’s career planning. The Company has a sound executive management and training system in place, with which we select and cultivate talent reservoir every year. Coping with needs from its international development, the Company started an internationalised talents cultivation project for selection and cultivation in this regard. We also encourage our staff to develop abroad.

IV. LABOUR STANDARDS

The Company strictly adheres to the Labour 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 labour contracts according to the law to define rights and obligations.

The “Collective Contract” and “Bye-laws for Management of Labour Contract” of the Company provide clear requirements on the “prohibition of child labour”, “forced labour” and other situations. Employment of minors under 16 of age is strictly prohibited and statutory holidays and leave systems are strictly observed. No cases of child labour or forced labour, etc. have been found.

The Company always attaches great importance to the establishment of internal talent pool, and encourages employees to try and challenge new positions at the right time according to their own ability development needs. The Company is determined to carry through “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, providing a platform to employees to choose their own careers at will and facilitating beneficial internal mobility for staff.

The Company is committed to implement 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.

In addition, the Company has established a management system for employee relationship to continuously improve communication channels. Through implementing systems such as “Administrative Measures for Employee Relationship”, Administrative Measures for New Employees” and “Staff Retention Manual”, the Company has built a mutual communication mechanism to strengthen the beneficial communication between employees and management and improve industrial relations, as well as resolving effectively and promptly staff's problems at work and in their private life to help them to overcome difficulties.

OPERATING WITH INTEGRITY

I. OPERATING WITH INTEGRITY

The Company adheres to integrity in doing business, believing that operating in compliance with laws itself is a competitive power and upholds the concept of fair dealing and good faith. 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 follow. No tolerance is allowed for any behavior in violation of the Code of Integrity within the Company, 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. It 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 audit on new suppliers in terms of status in the industry, quality system, technological capability, social responsibility, key resources and management and financial abilities, operational risk assessment 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 has formulated an annual exchange programme for its core suppliers 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 and set up a quality fund to create a quality improvement culture among all staff, with which our process quality management ability and performance of the system has been steadily improved. In October 2019, Hisense Ronshen (Guangdong) Refrigerator Co., Ltd. and Hisense Ronshen (Guangdong) Freezer Co., Ltd. were assessed as grade A enterprises by China Quality Certification Center. In December 2019, Hisense’s washing machine products were named as Quality brand in Shandong, with customer satisfaction keep on rising.

(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”. It also provides extended warranty service for high-end products.

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 an information management process cycle 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.

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The Company upholds its core value of “honesty and integrity” and its brand commitment of “unlimited credibility”, to eliminate harming of the interests of consumers caused by false or exaggerated publicity in the market, the impact on the Company’s operation safety, and the generation of bad profits which compromises the Company’s future. The Company has formulated the “Administration Measures for the Honest Market Publicity” to ensure the reasonable and accurate preparation of product publicity materials, and to unify brand and product promotion standards. Authorities and responsibilities of each department have been clearly determined and processes are standardised.

In addition, the Company has formulated the “Administration Measures for User Experience Improvement in the Sales Process”. By establishing a reasonable price control system to ensure the unified management of the terminal sales price, the Company clearly requires the sales personnel to correctly output the effective time of the activity price to the consumers. The sales personnel shall not reduce prices for consumers at will, or commit prices to consumers in violation of the Company’s regulations.

(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”. During the reporting period, the Company launched a series of anti-corruption warning education to enhance all staff the awareness of integrity in the workplace, to further strengthen the moral bottom-line to prevent any corruptive thinking, and create an atmosphere of being honest and upright in enterprise management. 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 always devotes itself to welfare activities and giving back to society while pursuing corporate development. Over the years, the Company has been actively carrying out public welfare activities in different areas, such as supporting elderly and aiding orphans, poverty alleviation and disaster relief, and education support, etc.



In 2019, the Company successfully organised several education support activities in areas such as Yunnan, Sichuan, Chongqing, Hubei and Hunan, providing all kinds of living and learning materials for local children in need. The Company spared no effort to bring these children courses such as Chinese studies, arts, crafts and sports, etc. to enrich their life and spiritual world with wonderful courses and to help them grow healthily.

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.	5-6
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

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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.	8-9
Aspect B3		
General disclosures	Development and Training Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	9-10
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.	10
Aspect B5		
General disclosures	Supply Chain Management Policies on managing environmental and social risks of the supply chain.	11-12
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.	12-13
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.	13
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.	14