

/ Create cozy homes with science and technology, and pioneer the future with digital intelligence /

Hisense



2022

Hisense HA Environmental, Social
and Governance Report

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A Letter to Our Stakeholders

Affected by multiple factors such as the accelerated evolution of the global context and the rearrangement of traditional manufacturing industries worldwide, the overall sales of home appliances industry in domestic regions are weak in 2022, while the demand for home appliances in Europe and America continues to remain low. Consumers' consumption awareness and mindset are changing silently, as their dependence and focus on brands gradually increase and their personalized demands for green and low-carbon products get much higher. The combination of macroscopic and microscopic factors drives a new round of technological revolution and industrial transformation in the home appliances industry.

Facing complex and severe challenges, Hisense HA adheres to the development philosophy of "being a technology-based company and seeking robust growth". Technology and intelligence have been written into our company's genes, and "Integrity, Intelligence, Cleanness, Resilience and Beauty" have become our secret of high-quality development and the key to achieving growth in the face of adversity. We are committed to bringing warmth to every family with technology and shaping the future through digital intelligence.

Dedicating to home appliances for dozens of years, we embrace innovation to pursue diversified development

After years of development, the company has gradually grown from a product producer to a consumer future creator, forming a product matrix with air conditioners, refrigerators, and washing machines as the core and a comprehensive international brand matrix including eight brands such as Hisense, KELON, and Ronshen. As a global brand, the company continues to make breakthroughs in the core technology, promote the close integration of technology and products, and focus on the design of intelligent, green, and healthy products. The company has successively developed intelligent central air conditioning solutions and new oxygen antifungal washing machines and other innovative technologies, sharing the comfort and beauty of life with consumers. By adhering to a customer-centric business strategy, we have succeeded in creating a professional and comprehensive company brand in the home appliance industry, providing customers worldwide with high-quality products. With a focus on home, we aim to offer a complete set of solutions for joyful and comfortable family living. This effort propels us forward in establishing exceptional leadership and impact throughout the process of globalization.

Starting a new chapter, we continue to make progress in our corporate governance

With the continuous deepening of sustainable development theory and the changing ESG standards, it has become a new opportunity and challenge for enterprises to continuously improve the risk prevention and control system from the dimensions of environment, society, and governance to ensure the stability of production and operation. In this regard, Hisense HA looks at the long-term capacity building. By sticking to the original intention and values, focusing on material issues, and integrating ESG into the business practices, the company carries out a series of organizational transformations and process optimization, to strengthen the independence of the board of directors and the effectiveness of corporate governance, and to avoid compliance risks or violations of business ethics to the utmost extent. At the same time, we have launched the equity incentive plan for the first time, which covers more than 600 core management and key employees of the company, further improving the company's medium and long-term incentive system, and laying a solid foundation for attracting and retaining outstanding talents. This incentive plan also conveys confidence in the company's strategy and growth to the capital market and activates the vitality of the company's sustainable development.

In harmony with nature, we pursue green and low-carbon development

Home appliances are the second largest consumer of residential energy. Driven by the "Dual Carbon Goals, the home appliance industry shoulders the urgent mission to promote green and low-carbon industry upgrades through product innovation. To this end, Hisense HA is exploring the integration of environmental protection system construction and climate risk management based on our business, trying to create a development path in harmony with nature. We pay attention to the environmental performance of our products from the very beginning and always conduct our business in a sustainable manner by continuously improving

management and optimizing design and processes, so as to reduce the environmental pressure at source. Currently, we have established 4 national "Green Factories", 1 national "Green Supply Chain" and 2 provincial "Green Factories". We improved 61 key energy-saving projects, reducing the comprehensive energy consumption of a single standard unit by 6.9% compared to the same period last year and saving 11,000 tons of standard coal, exceeding the annual environmental target of 2022. At the same time, we took four subsidiary companies in Guangdong Province, Shandong Province, Zhejiang Province, and Sichuan Province as pilots to conduct scenario analysis of physical and transitional risks and explore the way of mitigating and adapting to climate risks, in order to become a pioneer of green, low-carbon, and high-quality development.

By recruiting talents, our team becomes more vibrant

In the process of creating high-quality products through scientific and technological innovation, Hisense HA regards talents as a key resource for development. We select employees with a global vision, and talents are always respected and empowered to fulfill their potential in our company. To provide talents with a good environment to grow, we have reformed various supporting systems for talent introduction and built a globally competitive talent system, gathering talents from all over the world to reinforce the foundation of our company.

In 2022, a total of 103 leading and core talents joined Hisense HA, an increase of 52 year-on-year. In terms of leadership, the company has built and implemented a leadership echelon training system from primary level and middle level to functional management and has trained and certified 123 managers. We pay attention to the work-life balance of employees by continuing to promote the construction of organizational culture. We try our best to improve the living conditions of our employees and pay attention to their physical and mental health, so as to create a working environment with love and warmth and activate our employees' sense of belonging and happiness.

Cooperating with multiple partners, we achieve win-win success

While advancing the internationalization strategy and driving the brand going global, Hisense HA pays attention to the joint interests of industry partners, value chain partners and community partners. The company creates shared value for our stakeholders by building a good business environment, deepening the value chain and expanding the ecological network. We extensively participate in industry activities such as the Green Zero Carbon Festival/ESG Leadership Summit, in order to support the preparation of national, regional and group standards and share high-quality development results with the industry. We integrate ESG concepts into the construction of the supply chain system and lead our suppliers to practice the principles of responsible procurement. A total of 2,585 suppliers have obtained ISO 14001 environmental management system certification, accounting for about 99.4% of all our suppliers. To improve community engagement and development, we participate in public welfare programs in education, environmental protection and community construction. Our "Hisense Refrigerator · Educational Public Welfare Project" has helped nearly 100,000 children, opening up new space for regional development.

After over three decades of development, Hisense HA still stays true to the original aspiration and mission. Looking ahead to 2023, the company will continue to innovate, hone the core business, and cultivate confidence in order to establish a global brand, promote scenario-based innovation, and improve efficiency through digitalization. Furthermore, Hisense HA will invest more resources in enhancing the ESG capabilities. By implementing more specialized and standardized management processes, the company will be better equipped to achieve the ESG goals and foster a shared understanding of the importance of promoting ESG values. Through ambitious expansion into new markets, increased production and improved sales growth, Hisense HA will chart a promising and unique course for the future.

—The Board of Directors of Hisense Home Appliances Group Co., Ltd.

27 April 2023

About Hisense

Hisense Home Appliances Group Co., Ltd. ("Hisense HA" or the "Company") is principally engaged in the R&D, manufacturing and marketing of refrigerators, household air conditioners, central air conditioners, freezers, washing machines, kitchen and bathroom appliances and other electrical appliances, as well as car air conditioning compressors and integrated thermal management systems, covering eight brands including "Hisense", "Ronshen", "KELON", "HITACHI", "YORK", "gorenje", "ASKO" and "SANDEN". The Company was listed on the main board of Hong Kong Stock Exchange in 1996 and Shenzhen Stock Exchange in 1999.

In order to promote green manufacturing in China and help the industrial sector achieve the goals of emission peak and carbon neutrality, the Company has been actively responding to the national policies for more than a decade, taking the lead in the green low-carbon field, continuously exploring new technologies, new processes and new products, driving the industry toward progress. In terms of energy management, the Company is the first in the industry to use an energy management system based on the Internet of Things and information technology to empower energy-saving and intelligent manufacturing to reduce costs and increase efficiency, with the energy-saving indexes of its products much higher than China energy efficiency grade one. In terms of independent R&D and innovation, the Company continues to introduce new products with energy-saving and environmental protection technologies. It makes great efforts in developing energy-saving water chillers, and invests more in the development of maglev centrifugal water chillers, screw water chillers, modular water chillers, etc. Meanwhile, the Company gives full play to the technical advantages of its subordinate Sanden Company to continuously promote the green upgrading and key technological breakthroughs of electric compressors, integrated thermal management systems and their core components. As of the end of the reporting period, the Company has established 4 national "Green Factories", 1 national "Green Supply Chain" and 2 provincial "Green Factories". Through technological innovation and upgrading, the Company continues to promote green and sustainable development, driving the green and low-carbon transformation of the home appliance industry.

Over the years, the Company has demonstrated its unwavering commitment to social responsibility management, attaching great importance to and actively fulfilling its social responsibility. During the reporting period, Qingdao Hisense Hitachi Air-Conditioning System Co., Ltd., a subsidiary of the Company, launched a comprehensive green and low-carbon solution for rural revitalization, which includes low-carbon farming and planting, photovoltaic central air conditioning, low-carbon agricultural products processing, low-carbon clean heating, low-carbon town construction and many other projects, meeting the diverse usage needs under the national rural revitalization strategy. Furthermore, the Company is actively engaging in social welfare activities such as education aid, environmental restoration, and livelihood protection, etc. Through promoting education equity, launching environmental protection campaigns, and supporting community construction, the Company fulfills its social responsibility and strives to achieve both social and economic benefits. As a result, in 2022, Qingdao Hisense Hitachi Air-Conditioning System Co., Ltd. won the honorary title of "2022 Industry Model Award for Corporate Social Responsibility" in the 12th Philanthropy Festival, Hisense Air-Conditioning Co. Ltd. was awarded the "Advanced Unit" by Qingdao Fire Safety Committee, and Hisense Refrigerator Ltd. won the "2022 Red-Top Public Welfare Award" issued by the Red-Top Award Organizing Committee.

Key Performances

In 2022

74.115 billion RMB
Operating income

1,435 billion RMB
Net profit attributable to shareholders of the listed company

11.518 billion RMB
Net assets attributable to shareholders of the listed company

55.376 billion RMB
Total assets

1.05 RMB/share
Basic earnings per share

The Board's ESG Statement

Sustainable development is crucial to Hisense HA's stability. The Board of Directors, as the highest decision-making body for Hisense HA's sustainable development works, will coordinate and deploy the Company's ESG management. It is responsible for ESG supervision, policies and strategies management, review of targets, as well as identification, assessment and management of ESG risks. It also assumes overall responsibility for ESG information disclosure and is supposed to make every effort to align ESG governance strategies and guidelines with the Company's development.

In addition, the Company attaches great importance to its stakeholders' expectations, regularly communicating with stakeholders to determine the priority of ESG issues, so as to adjust its sustainable development strategies and targets in a timely manner. In 2022, Hisense HA carried out ESG materiality assessment among various stakeholders to determine the company's core issues. 14 issues, including green products and packaging, product quality and safety, product development and innovation, product and service accessibility, employee rights and benefits, employee safety and health, compliance operation, and corporate governance, were identified as material issues and reviewed by the Board of Directors to ensure the effectiveness of the ESG management.

This report discloses in detail the progress and achievement of Hisense HA's ESG work in 2022 and has been reviewed and approved by the Board of Directors on 27 April 2023.



01

Integrity · Improve the Governance System

- Corporate Governance Standardization
- Sustainability Management
- Response to Stakeholder's Concerns

Good corporate governance is a solid foundation for the healthy and sustainable development of a company. Hisense HA has always been committed to optimizing corporate governance, improving risk management and control capabilities and business ethics standards, strengthening intellectual property protection, and continuing to conduct in-depth communications with its stakeholders, so as to facilitate sound and sustainable development.

SDGs responded in this chapter



Material sustainable issues involved in this chapter

- Intellectual property protection
- Compliance operation
- Responsible tax principles
- Corporate governance
- Business ethics
- Risk management and control
- Stakeholder communication

Corporate Governance Standardization

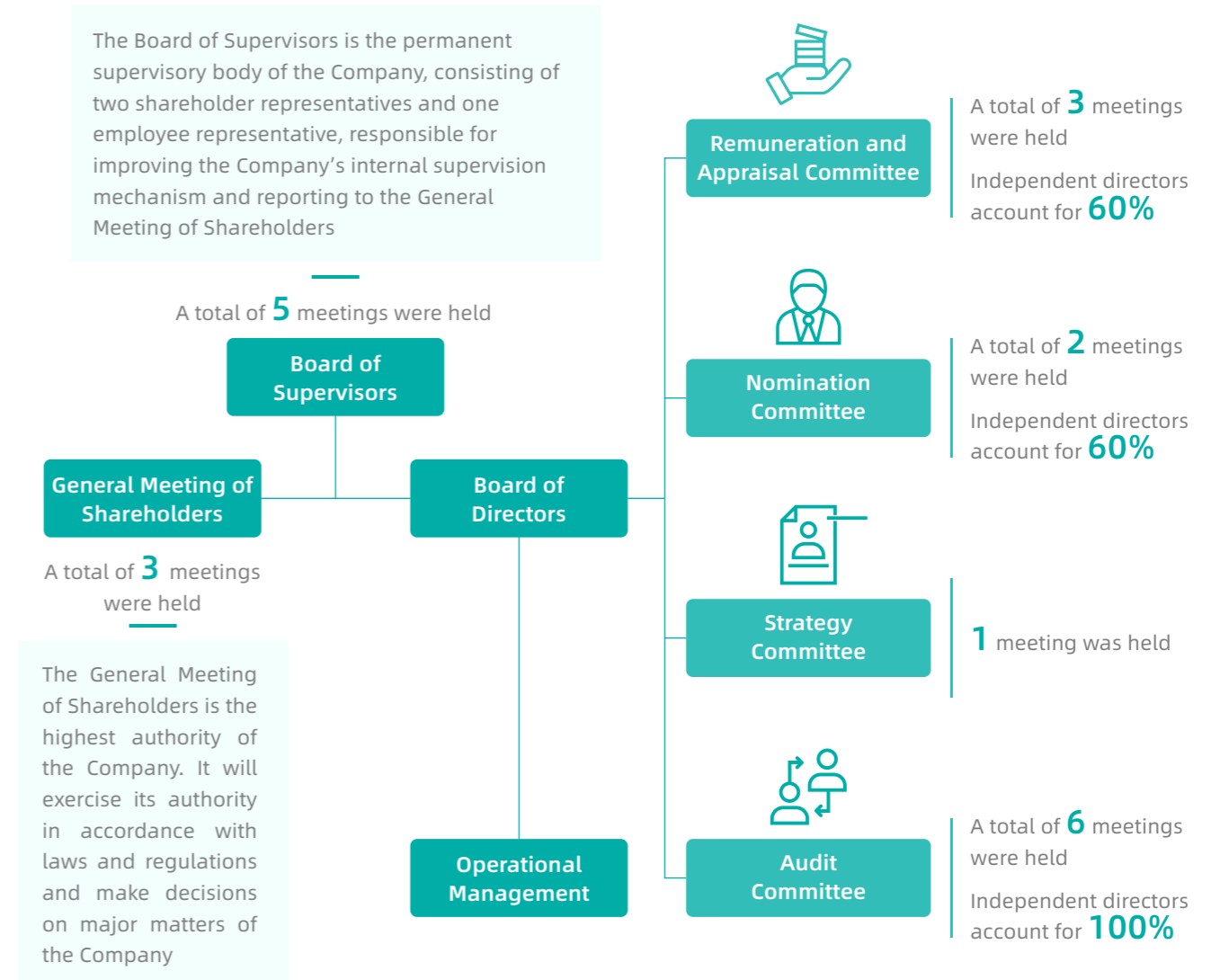
Hisense HA is committed to maintaining a high level of corporate governance. The Company strictly abides by relevant laws, regulations and policies such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange*, and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, fulfills tax responsibilities and assumes tax obligations, and continuously optimizes the structure of the Board of Directors and the standardized operation of special committees to improve the Company's compliance and risk control capability and enhance the business ethics standard.

Corporate Governance Improvement

Governance Structure

The Company has established a standardized and orderly governance structure, which consists of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, the Operational Management and various special committees, forming a governance mechanism with clear authority and accountability, mutual coordination and mutual checks and balances to ensure the efficient compliance of corporate governance.

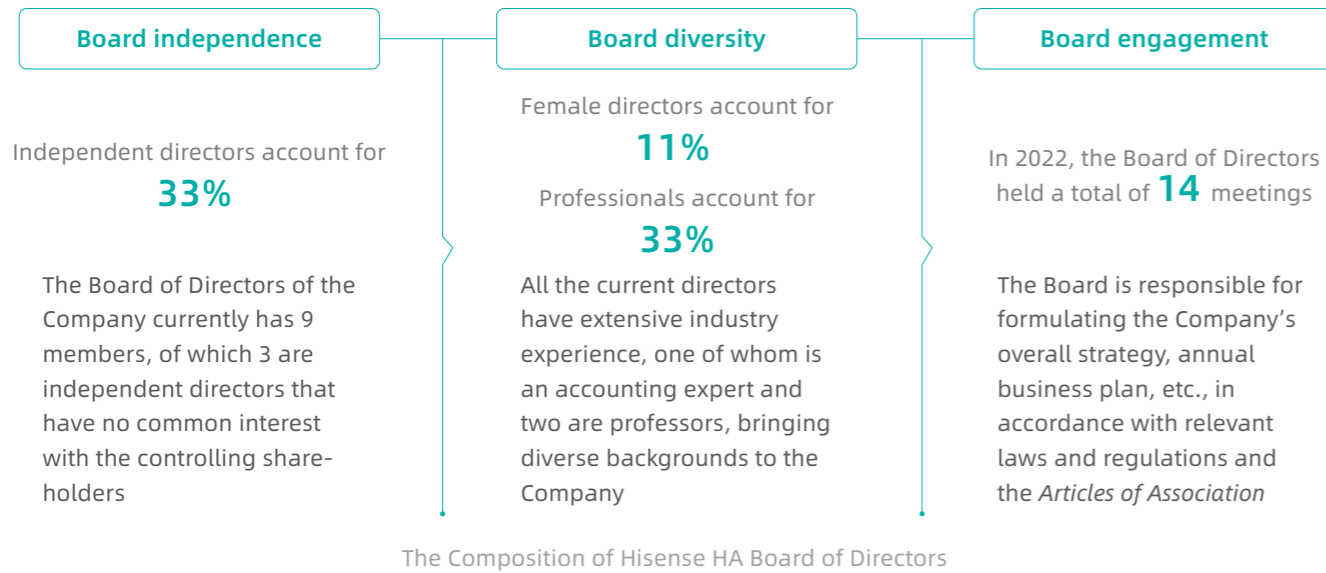
During the reporting period, the Company held 3 general meetings of shareholders, 14 meetings of the Board of Directors, 5 meetings of the Board of Supervisors, 6 meetings of the Audit Committee, 3 meetings of the Remuneration and Appraisal Committee, 2 meetings of the Nomination Committee and 1 meeting of the Strategy Committee, and conducted meeting and voting procedures following laws and regulations, the articles of association and relevant rules of procedure to ensure that all major decisions were legal, compliant and valid and that shareholders could exercise their rights in accordance with the law.



Hisense HA Governance Structure

Hisense HA Board of Directors

Hisense HA believes that the independence of the Board of Directors is the key to fairness and objectivity, which helps maximize the interests of the Company and shareholders. The Company includes its senior management such as directors and supervisors in the employee share ownership program. In addition, the Company adheres to the "ability-based" approach to select candidates for the Board of Directors based on diverse indicators, including gender, age, culture, educational background, industry experience, technical ability, professional qualifications and expertise, etc. As of the end of the reporting period, the Board of Directors has a total of 9 members, all of whom have rich industry experience and professional capabilities in finance, auditing, business administration and other fields, safeguarding the stability and long-term development of the Company.

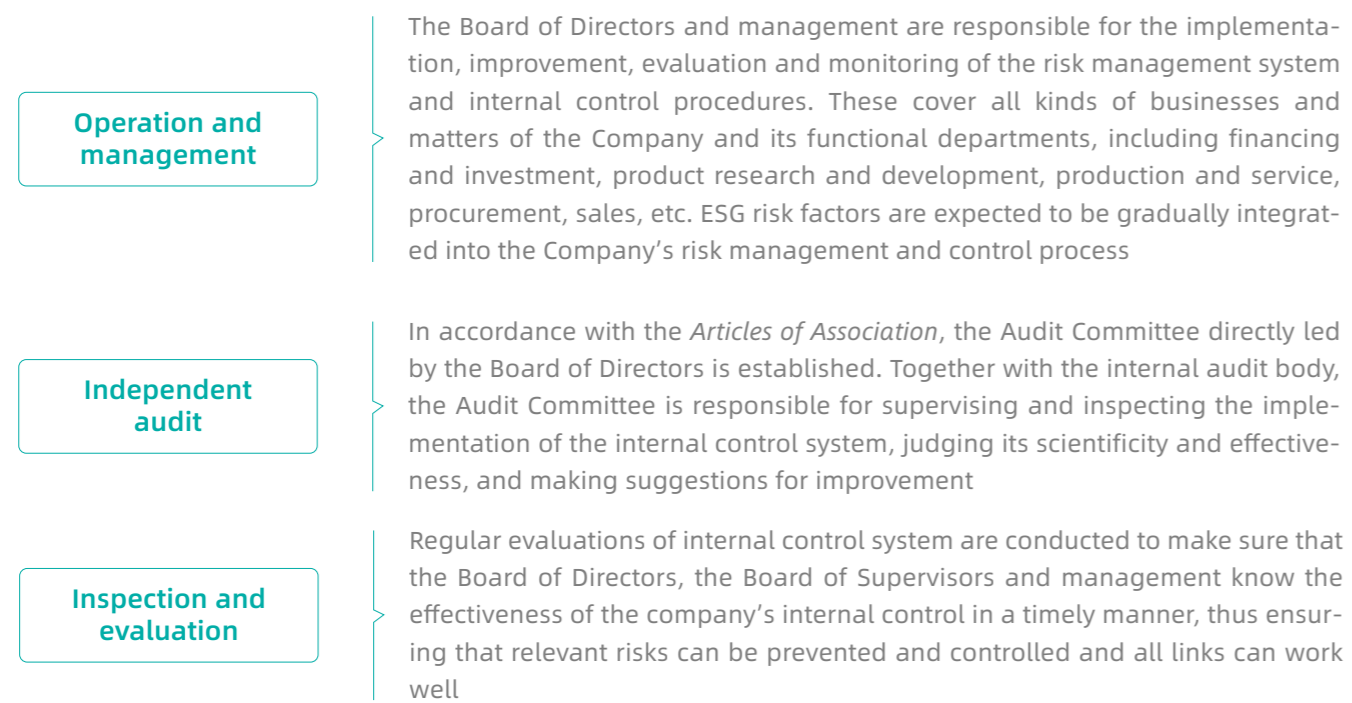


*For more detailed information on corporate governance and board members, please refer to Hisense HA 2022 Annual Report

Compliance and Risk Control Strengthening

Risk Management and Control

An adequate and effective risk management and internal control system is an important safeguard for the Company's strategic goals. To this end, the Company has formulated the *Internal Control System of Hisense Home Appliance Group Co., Ltd.* in accordance with the *Articles of Association of Hisense Home Appliance Group Co., Ltd.* and other relevant rules, and is responsible for providing the functional departments of implementation guidance and supervision.

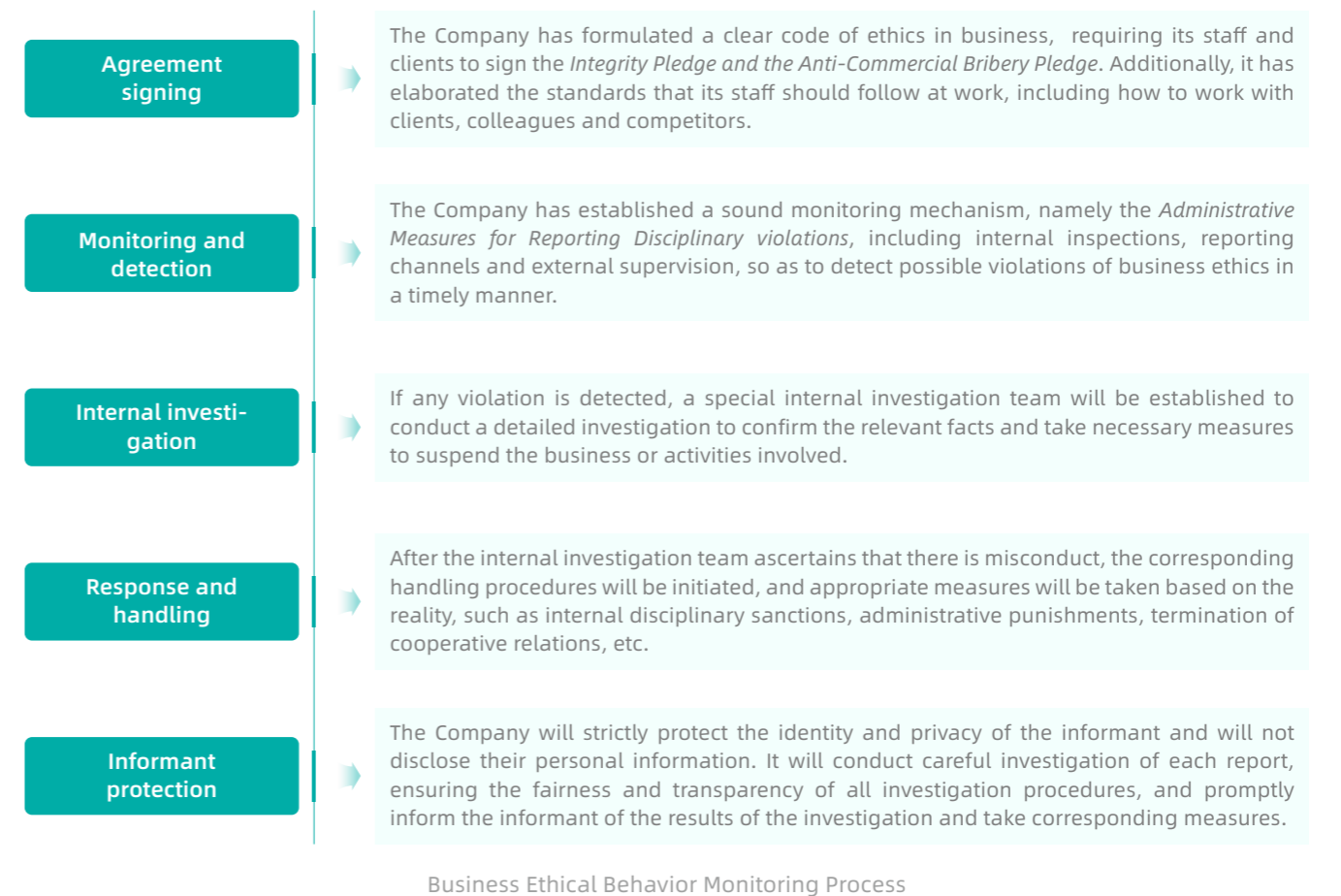


The Company conducts regular evaluations of the internal control system every year, and the Audit Committee and the internal audit body evaluate the effectiveness of internal control. During the reporting period, the Company's Board of Supervisors concluded from the evaluation that the Company's existing internal control system is complete and sound, covering all levels and links of the Company's operation, which is conducive to the Company's effective risk management and control.

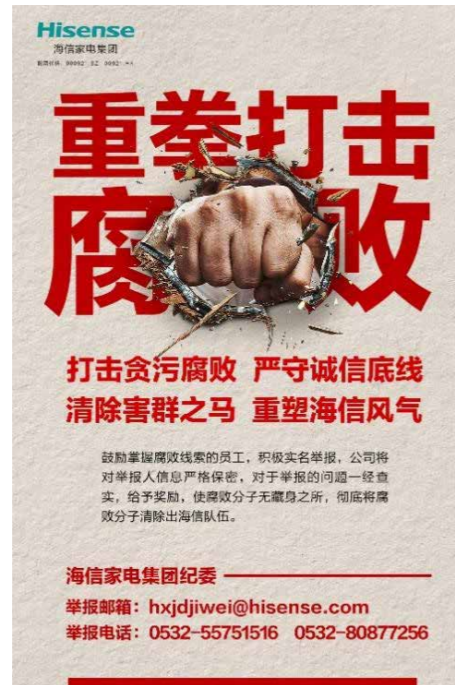
Business Ethics Compliance

Integrity Management

Hisense HA has long been abiding by business ethics and adhering to integrity management. In this regard, the Company has formulated regulations including the *Administrative Measures for Reporting Disciplinary violations*, the *Code of Conduct for Hisense Partners*, and the *Code of Conduct for Hisense Employees*, etc., in order to encourage employees, suppliers and other partners to conduct business operations and cooperations with high standards of business ethics and prevent any form of commercial bribery.



In addition, the Company also pays attention to the construction and publicity of the integrity culture, regularly conducting lessons for employees to learn the internal control system of anti-corruption, hosting warning events on typical cases of corruption, and holding special conferences on anti-corruption, so as to continuously strengthen anti-corruption practice.



Hisense HA Anti-corruption Poster

Key Performances

In 2022

4 times

Anti-corruption training sessions were conducted a total of

49,367

The number of participants was

100%

The participation rate of management and employees was

12 times

Integrity inspections were carried out a total of

0

The number of corruption lawsuits against the Company was

24 people

involved in disciplinary violations were investigated and handled by the Company

9 people

were held accountable, and carried out extensive warning reports within the company

Fair Competition

Hisense HA is committed to becoming a company that respects and embraces fair competition. While conducting business activities, the Company requires its employees to avoid disparaging competitors or other acts that violate the provisions of the *Anti-Unfair Competition Law of the People's Republic of China*. If a competitor engages in unfair competition, the Company requires its employees to promptly report to their superiors or the legal and intellectual property department, so as to take legal measures in a timely manner.

Hisense HA provides products and services based on technology, quality and value, and hopes to actively participate in building a fair, orderly, open and inclusive business environment in the future to promote industry innovation and development.

Interest Conflict

Hisense HA also stipulates in the *Code of Conduct for Hisense Partners* that suppliers and other partners should avoid lending, hiring, investing and being invested and other forms of interest relationships with internal employees. The Company requires its suppliers and other partners to conduct business in compliance and not use improper means to compete, so as to jointly maintain a good and sustainable business environment with the company.

Complaints and Reports

The Company has established procedures for reporting and investigating various internal disciplinary actions, and set up the Discipline Inspection Committee, which is responsible for the final results of disciplinary actions at all levels of the Company, thus promoting healthy and stable development of the Company and developing a good corporate ethos.

Reception of reports



Inspection arrangement



Investigation feedback

The discipline inspection commissioner is specifically responsible for answering the telephone report, which will be truthfully recorded and regularly reported to the Discipline Inspection Committee. At the same time, the Discipline Inspection Committee will regularly check the reporting mailbox and respond to the informant based on the inspection results

According to the nature, importance and confidentiality of the reported matters, the Discipline Inspection Committee will arrange for independent or joint investigation by committee members, inspectors and auditors or other departmental personnel. If necessary, it can also be handed over to the general manager of the branch or the head of the department

After a full investigation to the relevant reporting matters, investigators should submit a written report on the investigation results to the Discipline Inspection Committee

Hisense HA Report Handling Procedures

The CEO Office of the Company is responsible for receiving, reporting and verifying disciplinary reports, and has set up a reporting line (0532-55751516) and a reporting email (hxjdjiwei@hisense.com) to accept supervision and reports from employees and external clients.

Intellectual Property Protection

Protection Measures

Hisense HA strongly advocates the maintenance and protection of intellectual property rights and complies fully with the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Patent Law of the People's Republic of China* and other laws and regulations relating to the protection of intellectual property rights. The Company has formulated the *Administrative Measures for Confidentiality and the Detailed Rules for Management of Confidential Documents and Personnel* and other regulations, and taken measures such as establishing the patent management system, developing and protecting its own trademarks, enhancing employees' awareness, etc.

Patent management system	Trademark protection	Employee training
<ul style="list-style-type: none"> Measures such as patent application and layout, patent infringement risk control, patent operation, and patent litigation are taken worldwide The Company strictly implements patent risk screening and integrates the screening process into the new product development process to reduce and eliminate the patent infringement risk by identifying and assessing technology patent risks at an early stage and realizing a risk-grading response strategy 	<p>The Company responds to trademark infringements, unfair competition and similar trademarks through methods such as trademark objection, trademark invalidation, rejection review, trademark administrative litigation, complaints to online e-commerce platforms, offline complaints to the administrative department, trademark infringement and unfair competition litigation</p>	<ul style="list-style-type: none"> The Company requires employees to sign a confidentiality agreement, providing them with training on confidentiality obligations, and sets up examinations to strengthen employees' awareness of intellectual property protection Encryption and other measures to protect intellectual property rights are taken during the use of electronic devices and file transmission by employees

Hisense HA Intellectual Property Protection Measures

Key Performances

In 2022

<p>3,504 patents</p> <p>The Company applied for a total of</p>	<p>2,671 patents</p> <p>Acquired</p>
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Innovation Incentives

In order to encourage employees to make innovations, the Company has established a comprehensive patent incentive system with Patent Application Awards, Patent Grant Awards, and Patent Government Project Awards to honor R&D personnel who have won patent honors, promoting a strong trend for patent development.

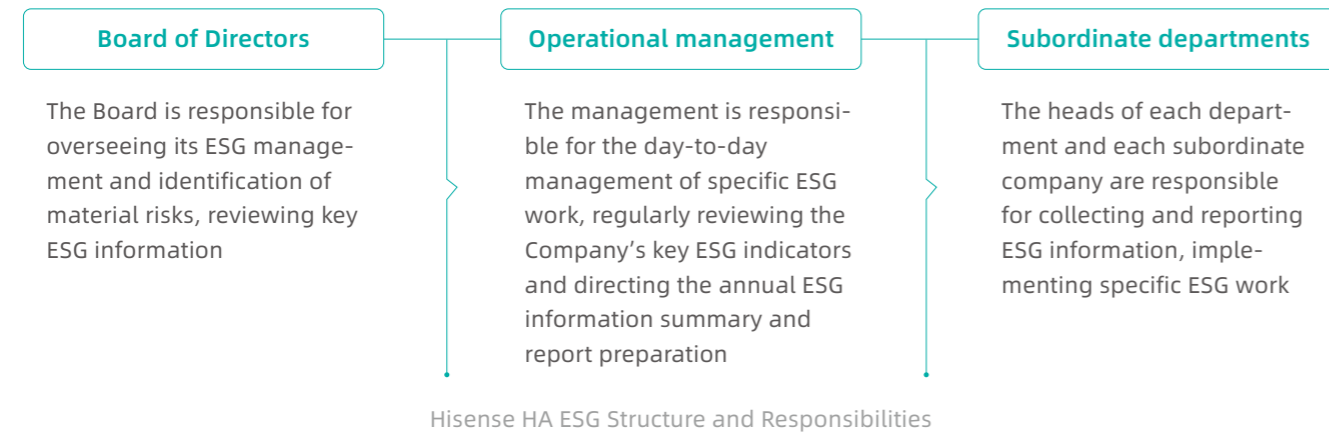
Key Performances

In 2022

- 26** times
The Company conducted patent application training sessions a total of
- 1,777**
The number of employees participating was
- 294** employees
were awarded for patent-related contributions
- 2.589** million RMB
The award amount reached

Sustainability Management

Hisense HA is continuously improving its sustainability management. The Company has established an ESG structure to ensure the implementation of ESG practices at all levels and promote effective ESG management, thus improving the Company's ESG performance and enhancing the transparency of corporate governance, so as to ensure the sound operation and sustainable development of the company. In April 2023, the Company continued to improve its ESG governance structure and formulated the *Working Rules of the Environmental, Social and Corporate Governance (ESG) Committee of Hisense Home Appliances Group Co., Ltd.*, so as to strengthen the role and function of the Board of Directors and its dedicated ESG committees in researching and formulating the Company's ESG strategies, identifying major ESG issues, managing ESG risks and opportunities, and improving ESG performance, thus laying a solid foundation for enhancing corporate operational transparency and achieving ESG goals.



Response to Stakeholder's Concerns

Hisense HA is committed to understanding the concerns of its stakeholders, in order to facilitate the orderly implementation of ESG management. Based on their expectations and concerns, the Company has devised its ESG governance philosophy of "Integrity, Intelligence, Cleanness, Resilience and Beauty". In addition, when defining and managing sustainable development issues, Hisense HA fully considers the opinions of various stakeholders and actively communicates and responds to them so that they are fully aware of the company's management and development.

Stakeholder Engagement

Hisense HA attaches great importance to the expectations and concerns of different stakeholders, and actively carries out dialogues and cooperation with them. In order to ensure effective communication with stakeholders, the Company continues to develop diverse channels and methods, continuously improving the quality of disclosures and responding to the concerns of stakeholders in a timely manner.

Hisense HA Communication Mechanism for Stakeholders

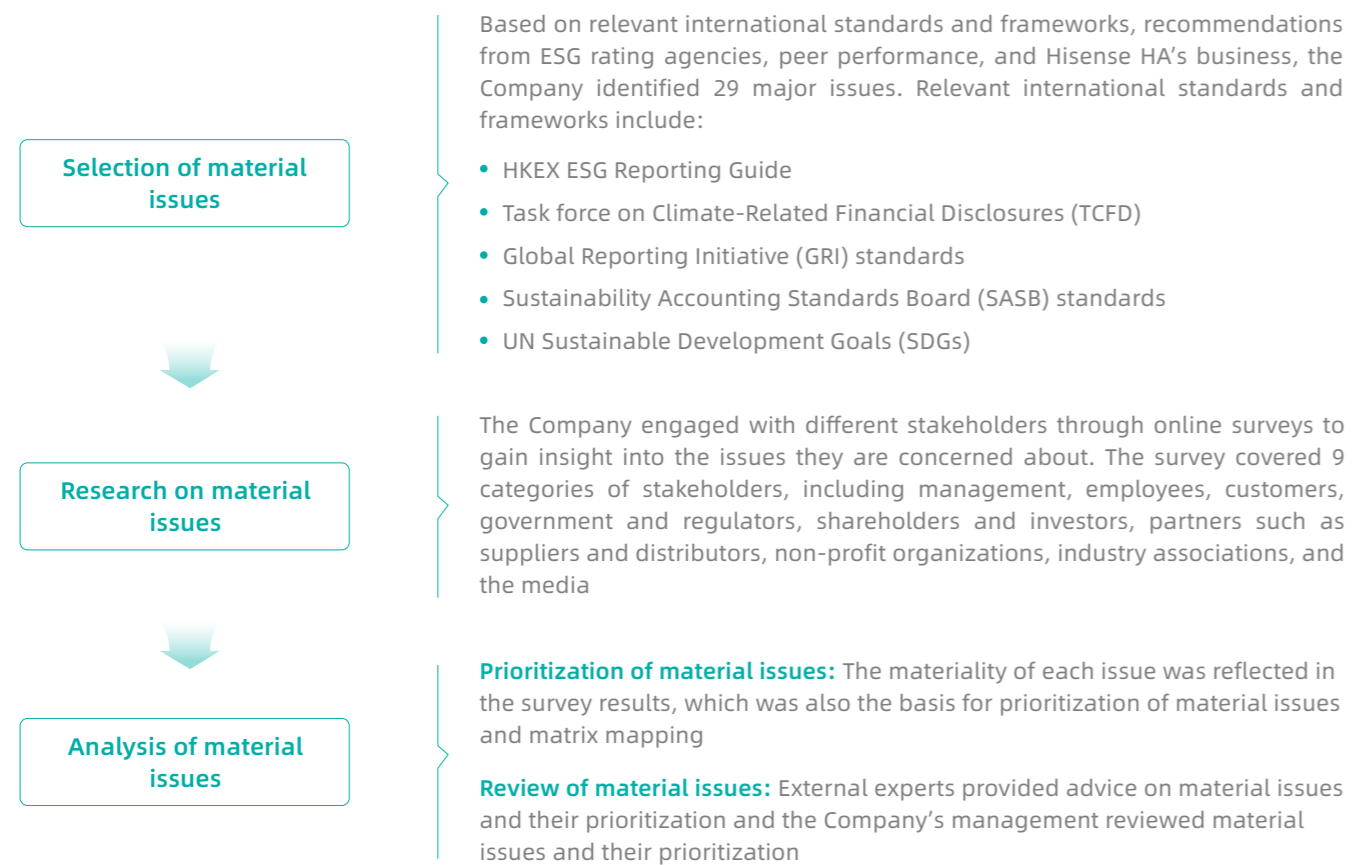
Stakeholder	Expectations and Concerns	Methods of Communication and Response
 Government and regulators	Compliance operation Tax payment Anti-corruption Product liability	Seminar On-site interviews and research Work report
 Investors and shareholders	Corporate governance Risk management and control Information disclosure Business ethics Shareholders' equity	General meetings Investors exchange meeting On-site research Conference call Email and online interactive platform
 Customers	Product liability Quality service Product accessibility Privacy protection	Online customer service Social media platforms User feedback User satisfaction survey
 Employees	Protection of the employee's rights and interests Compensation and benefits Training and career growth Employees' safety and health	Union Staff seminar Occupational health and safety training Employee satisfaction survey
 Business partners	Intellectual property protection Sustainable procurement Green products Product liability Anti-corruption	Working meetings and business dealings Supplier meetings Supplier evaluation
 Industry	Scientific and technological innovation Product liability Industry development	Industry exchange meetings Field trips
 Media	Pollution and emission Product liability Protection of the employee's rights and interests Response to climate change	Press conferences Social media platforms Live interviews
 Community	Community engagement Public welfare Job creation	Regular return visits Participation in public welfare School-enterprise employment cooperation

Evaluation of Material Issues

Material Issue Analysis

Material issues reflect the significant economic, environmental and social impacts of a company, and involve factors that are greatly influential in the assessments and decisions of stakeholders. The Company continues to improve its management and analysis of material issues to accurately understand the concerns of its stakeholders and to identify and manage risks and opportunities.

In 2022, the Company conducted an evaluation of material issues in three steps with the assistance of external professional consultants. The evaluation steps are as follows:



The Evaluation Process of Material Issues

Materiality Matrix

The Company mapped a materiality matrix of 29 issues from the dimensions of "importance to the Company's sustainability" and "importance to stakeholders", identifying 14 issues with high materiality, and determined the disclosure scope and key contents of this report accordingly. The matrix of material issues of Hisense HA in 2022 is shown in the picture below:



Materiality Matrix of Hisense HA in 2022

Hisense HA List of Sustainability Issues in 2022

Environmental issues	Social issues	Corporate governance issues
<ul style="list-style-type: none"> 1. Water resource management 2. Waste disposal and comprehensive utilization of resources* 3. Energy consumption management and clean energy utilization* 4. Product carbon footprint management 5. Response to climate change 6. Green products and packaging* 7. Green operation 	<ul style="list-style-type: none"> 8. National and local economic contribution 9. Product quality and safety* 10. Product development and innovation* 11. Intellectual property protection* 12. Accessibility of products and services 13. Customer experience and satisfaction* 14. Promoting the concept of responsible consumption 15. Customer privacy protection* 16. Sustainable procurement 17. Conflict minerals 18. Job creation and equal employment 19. Protection of employees' rights and interests, and compensation and benefits* 20. Employees' safety and health* 21. Employees' career growth and training 22. Community engagement and investment 23. Public welfare and volunteer service 	<ul style="list-style-type: none"> 24. Compliance operation* 25. Responsible tax principles 26. Corporate governance* 27. Business ethics 28. Risk management and control* 29. Stakeholder communication

* This issue was identified as an issue with high materiality by Hisense HA in 2022



02

Intelligence · Life of Love

- Smart Living Aesthetics
- Strict Control of Product Quality
- Quality Services

The vision and mission of Hisense HA are to “revitalize the national industry and make hundreds of millions of families happy”. We adhere “the essence of home appliances is home” in our branding and dedicate ourselves to technological innovation, higher quality of products, and improved consumer experience. We strive to create a smarter life full of love and reliability for our customers.

SDGs responded in this chapter



Material sustainable issues involved in this chapter

- National and local economic contribution
- Product quality and safety
- Product development and innovation
- Accessibility of products and services
- Customer experience and satisfaction
- Promoting the concept of responsible consumption
- Customer privacy protection

Smart Living Aesthetics

The home appliance sector must come with diversified products to meet distinct needs due to the growth of science and technology as well as customers' quest of a higher quality of life. Hisense HA defines itself as a "technology-based enterprise", and regards technological innovation and high-quality products as the source of core competitiveness and sustainability. Hisense HA sets the target to develop smart, green, and healthy products by leveraging strong R&D advantages and accelerating the transformation and upgrading of intellectual manufacturing, thus steering the home appliance sector toward a high-quality and sustainable growth.

Key Performances

In 2022

161

The number of products (available for sale in United States) certified as ENERGY STAR was

64.1%

The percentage of products (available for sale in United States) accounting for the total certified as ENERGY STAR was

Intelligence: Empowering Products with Intelligence and Innovation

Intelligent products and new business models are emerging as the new round of technological industrial and revolution moves forward, and smart home appliances have become a new option for many consumers. We have seized opportunities brought by the new generation of information technology changes, insisted on innovation as the driving force, highlighted the role of R&D of intelligent products, and came up with new smart products and scenario solutions to meet consumer needs during the reporting period.

Hisense Hitachi

Deepening patent navigation to support the development of intelligent technology

Hisense Hitachi views technological innovation and the development of new products as its primary technical goals with a focus on enhanced heat exchange, comfort control, air purification, and intelligence. It strengthens patent technology advantages through an optimized patent layout, and develops patent navigation technology. During the reporting period, Hisense Hitachi won the honorific award of "National Enterprise with Intellectual Property Advantages" for the first time, and its "Central Air Conditioning Intelligent Control Technology" took the top prize of patent navigation in the Qingdao Enterprise Management Contest.

Hisense Air-Conditioner

Introducing industry-leading intelligent comfort technology

Hisense Air-Conditioner has followed the intelligent trend and made breakthroughs in the R&D of products with more brands and categories. Hisense Air-Conditioner has taken the lead in the fields of fresh air and comfort air. During the reporting period, Hisense Air-Conditioner developed and expanded the commercial use of the dual-system active mixed air temperature control, and first applied its engine twin-duct design to the intelligent comfort technology which combines active mixed air temperature control, humidity control, and air purification, turning air conditioners into all-weather natural air housekeepers.

Hisense Refrigerator

Accelerating the development and application of intelligent refrigerator technology

AI and interaction are increasingly popular in home appliances thanks to the application of AI, big data analysis, and intelligent perception. Hisense Refrigerator has been closely following the trend, by studying NFC (Near Field Communication) and developing functions such as quick smart control and food shelf life management. Additionally, it has accelerated the R&D and application of intelligent technology and launched intelligent products in Europe, Australia, South Africa, Central Africa, and other major markets.

Greenness: Driving Consumption Transformation with Green Technologies

Consumers care more about greenness and environmental protection in domestic life, amid the national "carbon peak and carbon neutral" targets. The company, one of the biggest home appliance producers in China, has incorporated the idea of green sustainability into the creation of its products while using customer needs as a guide. Its products, which include refrigerators, air conditioners, and heating systems, have pioneered a number of green technologies to support consumer change toward low-carbon and green living.

Hisense Hitachi

Development and application of key technologies for energy saving and consumption reduction and green low carbon products

Hisense Hitachi started from product design and R&D to reduce energy consumption and carbon emission of products. During the reporting period, Hisense Hitachi continued to save energy and protect environment in the field of central air-conditioning and air source heat pump. On the one hand, it promoted the use of digital simulation, direct photovoltaic drive, low GWP (Global Warming Potential) refrigerant, high energy-efficient heat exchange technology, etc. to reduce the energy consumption of the air conditioner, and on the other hand, expanded environmental-friendly applications to the whole value chain of central air-conditioning and air source heat pump through scheme design, project operation, energy management in combination with centralized control, energy visualization management, fault pre-determination and other technologies.



Application of low GWP refrigerant:
Hisense Hitachi increased the use of low GWP refrigerant in air conditioners by exporting ATW products using R32 refrigerant with the GWP as low as 675, and gradually switching from R410A refrigerant to R32 refrigerant for Hitachi and Hisense domestic products. Some unit series have already used R32 refrigerant and others are undergoing development.



Development of heat pump heating products:
Heat pump products utilize energy more efficiently than natural gas and electricity. During the reporting period, Hisense Hitachi determined heat pump products as its strategic product line, and launched products under 6 series brands of Hisense and Hitachi.



Improving energy efficiency:
During the reporting period, Hisense Hitachi improved energy efficiency of the whole series of VRV products, with the APF of sold products in public infrastructure and real estate reaching grade 2 and above, and the percentage of grade 1 energy-efficient products accounting for about 90% (APF refers to the annual energy consumption efficiency, the larger the number the more energy-efficient the air conditioner).

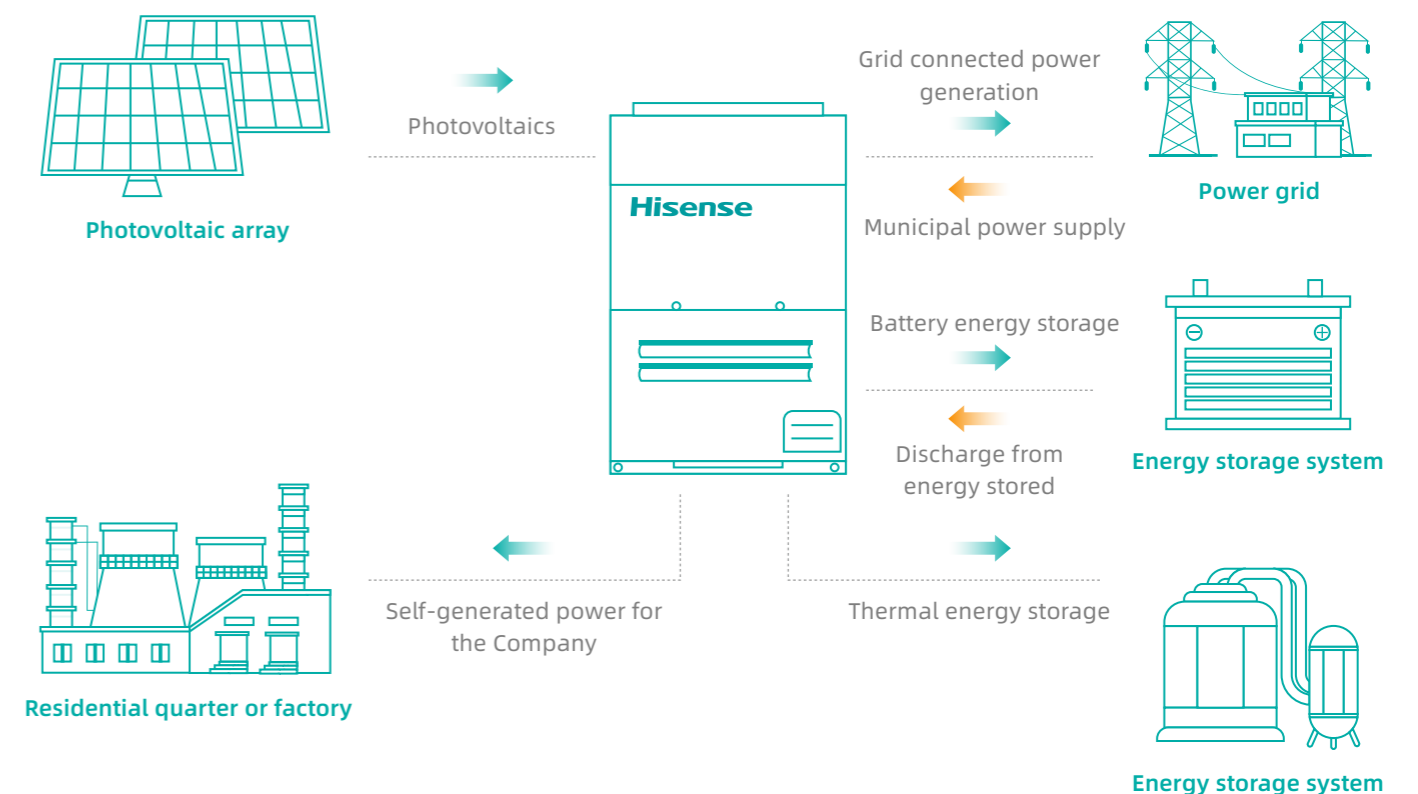


Ensuring compliance:
All domestic products comply with China RoHS standards, and exported products comply with EU RoHS 2.0 standards.

Hisense Hitachi Green Product Planning, Design and Development

◆◆ Case: Building a PEDF Inverter Air Conditioning System

Hisense Hitachi grasped the PEDF (Photovoltaic, Energy storage, Direct current and Flexibility) opportunity and made breakthroughs in the varied refrigerant volume (VRV) control system of inverter air conditioners, and first localized highly integrated drive module, turning the air conditioner from the power consumer into distributed energy transit stations. It addressed the thorny problem of high power consumption and carbon emissions of traditional air conditioners, and led the technological innovation in the sector by improving the utilization rate of photovoltaic while ensuring stable operation of the air conditioner.



Hisense Hitachi Green Product Planning, Design and Development

Hisense Air-Conditioner

Launching new products with higher energy efficiency, and strengthening green cooperation

Hisense Air-Conditioner continued to develop green and ecologically friendly technologies to cross the barrier of green technology. During the reporting period, Hisense Air-Conditioner launched the F4M medium static pressure ductwork platform series, featuring air ducts and heat exchangers designed with simulation technology, the industry average box height, compact and high-efficiency heat exchangers with improved energy efficiency and single-board dual-chip electronic control solution to achieve a wider static pressure adjustment range and lower energy consumption. Hisense Air-Conditioner also worked strategically with a number of organizations during the reporting period and formed a partnership with the Dalian Institute of Chemical Physics of the Chinese Academy of Sciences.

Hisense Refrigerator

Lowering overall energy usage and increasing energy efficiency

Hisense Refrigerator aims at producing environmentally friendly, low-carbon, and energy-efficient refrigerators through using low thermal insulation materials, high-efficiency heat exchangers, and on-demand defrost technology, dual-temperature and dual-level VRV inverter refrigeration to lower the overall energy consumption and increase the energy efficiency. It also makes efforts in product recycling to implement sustainability through every stage of the product life cycle.

In the R&D of environmental protection materials, Hisense Refrigerator developed polypropylene (PP) and high impact polystyrene (HIPS) containing bio-based materials (e.g. straw, rice husk) and applied bio-based materials and bio-based nylon PA56 materials in domestic BCD-621W and BD-200W products. Compared with pure petrochemical raw materials, each kilogram of bio-based materials reduces carbon by 5%. Compared with petroleum-based PA66, each kilogram of bio-based nylon PA56 materials reduces carbon emissions by 49.6%. During the reporting period, Hisense Refrigerator was selected as one of the fourth batch of green design demonstration enterprises for industrial products.

◆ Case: Running the concept of sustainability through the refrigerator life cycle

Hisense refrigerators are designed, manufactured, applied and recycled in a sustainable manner. The Company sets up producer responsibility system for home appliances and takes into account “easy to recycle, easy to disassemble, and easy to use” characteristics of materials from the start of product design. The raw materials used in manufacturing are all environmentally friendly so as to prevent ozone layer pollution and greenhouse gas emissions, with plastics, foams, and other bulk raw materials coming from global leading suppliers like BASF and Dow. Steel panels are made of PCM or VCM panels without secondary processing like spraying and lamination, thus lowering powder spraying and exhaustion of waste water and gases. Plastic parts are marked as recyclable for the purpose of recycling at the end of their life.

Health: Enabling Healthy Living with Technology Development

Customers are seeking healthy home appliances as they live much healthier. The Company is dedicated to empowering healthy living with innovative technology, upgrading conventional home appliances, and launching products and technologies that meet health needs.

Hisense Hitachi

Nano water ion sterilization technology

During the reporting period, Hisense Hitachi developed the nano water ion sterilization technology for air conditioners and ventilators to protect users' health. Indoor air can be purified through compound nano water ions produced by the health module, and over 99% of pathogenic bacteria and viruses, 97% of PM2.5 and other dusts in the space can be purified.

Hisense Air-Conditioner

Diversified health-protection solutions

Hisense Air-Conditioner kept exploring health technologies and looked for ways to improve products. During the reporting period, Hisense Air-Conditioner innovated and applied (UVC+UVD) dual-band sterilization and virus-killing technology to achieve a leading industry level of 99.93% effective purification of microorganisms. It also developed and applied anti-virus ventilation filters, the interception and antivirus efficiency of which both scaled new heights. It upgraded Hi-nanoX multi-terminal corona discharge technology, with ion concentration of more than 120 million/cm³ and bacteria removal efficiency reaching 99.9%. In parallel, the high-performance formaldehyde filter purification technology was developed, with formaldehyde clean air volume (FCADR) up to 210 m³/hour.

Hisense Refrigerator

Technology breakthroughs to meet health and quality needs

Consumers ask for healthier and higher-quality food as a result of upgraded consumption, which poses challenges for food storage and preservation. Hisense Refrigerator takes advantage of technology innovations to improve products and meet health needs by “core technology breakthroughs of refrigerator preservation and food health” and “healthy diet to enhance user value”.



Making breakthroughs in refrigerator storage to keep food fresh

Hisense Refrigerator combined WILL Gen2 light freshness technology with floating point antibacterial materials and drawers to extend the humidity preservation of the fruit and vegetable room, and finally achieved 20% increase of preservation effect compared to WILL Gen1, over 99.99% of antibacterial rate, and 5% loss weight of 7-day vegetables, while meeting the food contact requirements.



Creating more user value through offering healthy diet suggestions

Hisense Refrigerators has built an interconnected network of things combining refrigerators, eco-appliances, and kitchen appliances, and provided users comprehensive healthy diet recommendations covering ingredients and customized recipes according to the user's health condition.

Hisense Refrigerator Taking Innovative Measures to Improve Products Quality and Make Them Healthier

Strict Control of Product Quality

Hisense HA has developed a sound quality environment by concentrating on quality development strategy and improving its distinct quality culture. The Company has built a strong foundation for the long-term development of the organization through continual optimization of the quality management model and implementation of various quality management methods.

Quality Management Model

The Company continues to optimize its quality management model and form an all-process, whole-system quality control mechanism that meets international standards of quality and safety.

Quality Management Certification

The Company attaches great importance to the establishment of the quality system. All factories of Hisense Hitachi, Hisense Air-Conditioner, and Hisense Refrigerator have attained ISO 9001 quality management system certification with 100% coverage and validity. Hisense Air-Conditioner also upgraded procedural documents, and first implemented the IATF 16949:2016 quality management system for the automotive industry. It also introduced and put into practice the five main quality management tools to ensure the effectiveness of the quality management system, including APQP (Advance Product Quality Planning), FMEA (Failure Mode and Effects Analysis), MSA (Measurement System Analysis), SPC (Statistical Process Control), and PPAP (Production Part Analysis and Planning).

Quality Management System

The Company holds the line of quality and fully complies with the Group's rule that "the leader is responsible for the project quality". Apart from establishing a key process quality performance indicator system in accordance with the Group's requirements, and relative management mechanism covering the top management, directors, managers and employees, the Company has conducted regular appraisals and linked appraisal results to monthly income so as to spur employees at all levels to achieve performance indicators and strategic objectives. In addition, the Company has prepared the *Quality Manual* and related documents, set up the quality index system composed of measurable quality objectives, clarified the responsibility persons of project quality and illustrated the relations between responsibilities, power and interests.

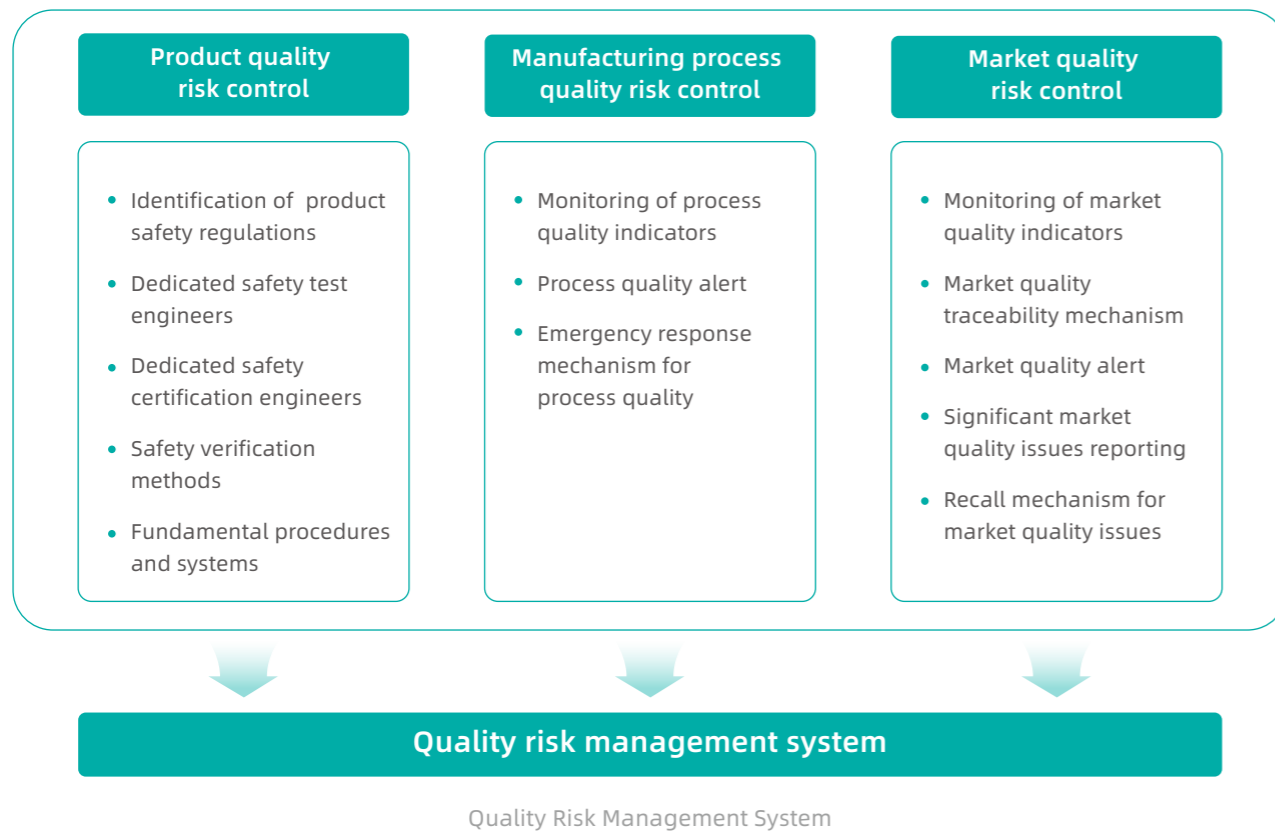
In order to ensure the effectiveness of the quality management system, the Company has introduced advanced quality tools and implemented "end-to-end" scientific quality management in all aspects of planning, design, process, inspection, measurement, marketing, sales and services.

Effective Management Practices

The Company has been making continuous efforts in reducing quality risks while controlling quality management strictly to increase product quality and management efficiency.

Quality Risk Management

The Company's technical, management, and front-line teams put quality in mind throughout all procedures of the quality and safety system, and take IT means to complete quality information gathering, risk warning, tracing and reporting, and minimize quality and safety risks under a sound emergency response mechanism. To enable efficient identification and urgent control of quality issues, the Company has built a quality risk management system that includes product quality, production process quality, and market quality.



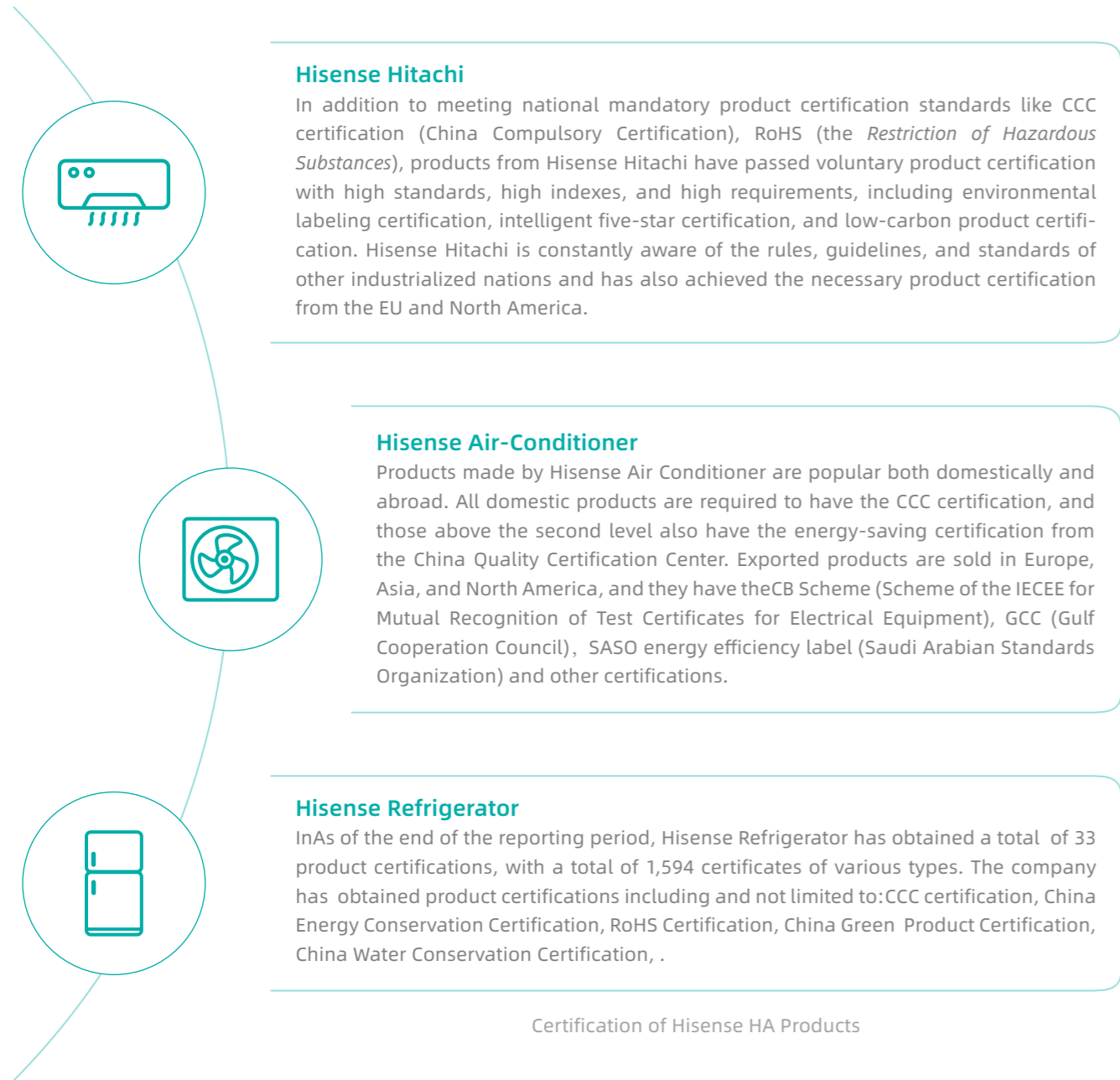
Quality Improvement Projects

The Company implements annual quality plans, which are updated and revised in response to shifting consumer demands and market trends. We also set a number of quality improvement projects each year to improve product quality control, strengthen process management, and provide customers with first-rate products and services.



Quality Management Results

The Company has obtained positive feedback of quality management including a number of authoritative certifications at home and abroad as a result of its application of quality management measures and the ongoing improvement of the quality management model. The recognition by authorities not only facilitates our market expansion, but also reflects our unwavering pursuit of high-quality products and customer satisfaction.



Honors and Key Performances

- During the reporting period, Hisense Hitachi was awarded the honorary title of **“National Quality Benchmark 2021”** and maintained the title of **“National Market Quality Credit AAA”**.



Hisense Hitachi Won Quality Awards

- Hisense Air-Conditioner recorded a **100%** pass rate of product quality during market surveillance and sampling for years. During the reporting period, Hisense Air-Conditioners passed a total of **46** batches of product quality sampling tests at national, provincial, and municipal levels.



Hisense Air-Conditioner won quality awards

- During the reporting period, Hisense Refrigerator **won four gold awards** and **two silver awards** at the Excellent Quality Management Group Selection and Exchanges of Guangdong Light Industry, as well as **one top prize, four second prizes and five third prizes** at the Qingdao Mass Quality Management Experience Exchange Conference, where our QC group was also awarded the **“Qingdao Excellent Quality Management Group”** by 10 working groups.



Hisense Refrigerator Won Quality Awards

Quality Services

Hisense HA has always prioritized customer needs by creating valuable products and improving services. The Company has increased customer satisfaction and offered the ideal experience for customers by improving its customer service system and putting policies in place to protect their rights and interests.

Customer Service System

Building a comprehensive and efficient customer service management system is essential to ensuring customer satisfaction and enhancing the Company's core competitiveness. The Company continues to build a systematic customer service system with a solid structure, and raise service levels with the utmost focus on the demands of the customer.

Hisense Hitachi

Creating the "fine workmanship and sincere service" brand

Hisense, Hitachi, and York central air conditioning brands all operate in the spirit of "fine workmanship and sincere service". Since its inception, Hisense Hitachi has been dedicated to being a leading full-service provider of central air conditioning and committed to making customers feel comfortable, cared and satisfied with its craftsmanship and sincere services.



Hisense Air-Conditioner

Strong technical service team and comprehensive service network

Hisense Air-Conditioner has created a thorough service management and after-sales feedback system with dedicated management and support teams who work on service networks, spare parts, and offer technical support in headquarters and branch offices, in order to respond quickly to customer needs. We have service management teams located in over 30 regions throughout the country and equipped with adequate spare parts and strong technical force, offering customers professional and prompt after-sales service at any time. Our after-sales service network spread out nationwide with over 2,000 specialized service shops.

Hisense Refrigerator

Excellent after-sales and technical support system

Hisense Refrigerator has established and improved the Customer Relationship Management system (CRM) in full response to the Group's requirements. The system enables us to collect information from the service hotline, website, WeChat, offline service providers and dealer shops, and realize real-time and comprehensive monitoring and trend warning. Additionally, Hisense Refrigerator has established a thorough and efficient technical support system in accordance with the Group's requirements to provide technical support for after-sales service and identify major quality issues at the market end, while helping service personnel to be more proficient technically and respond quickly and effectively to problems.

Protection of Customer Rights and Interests

To effectively protect the legitimate rights and interests of customers, the Company strengthens data security and privacy protection, and fulfills its responsibilities even in marketing and promotion to ensure its service quality from every aspect.

Privacy and data security

The Company attaches great importance to corporate information security, customer privacy, and data protection, and we strictly comply with all applicable laws and regulation rules, including but not limited to the *People's Republic of China's Network Security Law*, the *Data Security Law*, the *Law on the Protection of Personal Information*, and the *Measures for the Administration of Internet Information Services*, to safeguard the confidentiality, security, and integrity of customer privacy and data as well as eliminating data security risks.



Customer Information and Data Security Protection Measures

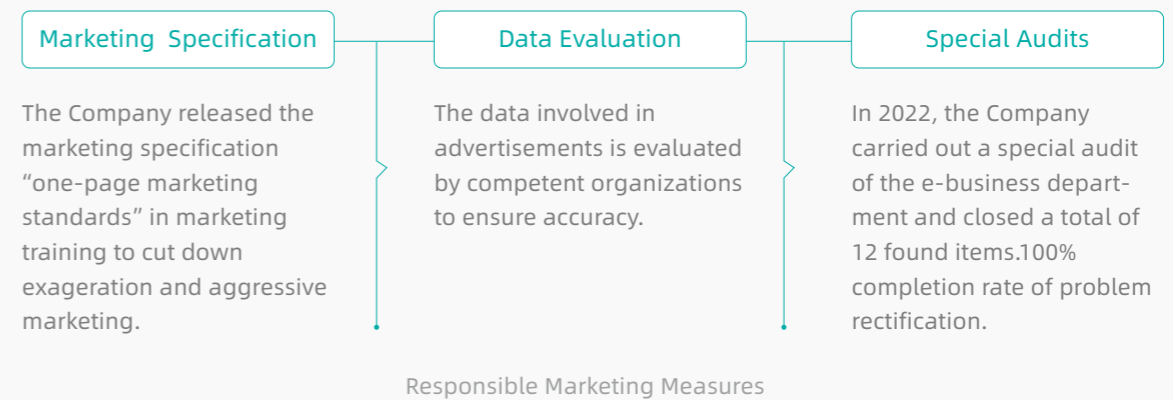
The Company places a high priority on protecting the juvenile privacy and strictly complies with all applicable national laws and regulations. Where personal information of minors is collected with the consent of their parents or legal guardians, the Company will use or publicly disclose such information only as permitted by law, with the express consent of the parents or guardians, or as necessary to protect the minor, and will seek to delete the data as soon as possible.

Responsible marketing

The Company has always followed stringent marketing procedures and behavior standards, and incorporated ESG into daily marketing activities, fulfilling its social responsibilities and protecting customer rights and interests.

◆ Case: Hisense Air-Conditioner taking multiple measures to implement responsible marketing concept

During the reporting period, Hisense Air-Conditioner took various measures to regulate its marketing and promotional activities to ensure that the concept of responsible marketing was enforced.



In addition, the Company has grasped the pain points of social issues and tapped into consumer needs in its marketing and promotional activities, and came up with innovative products and solutions to address those pain points.



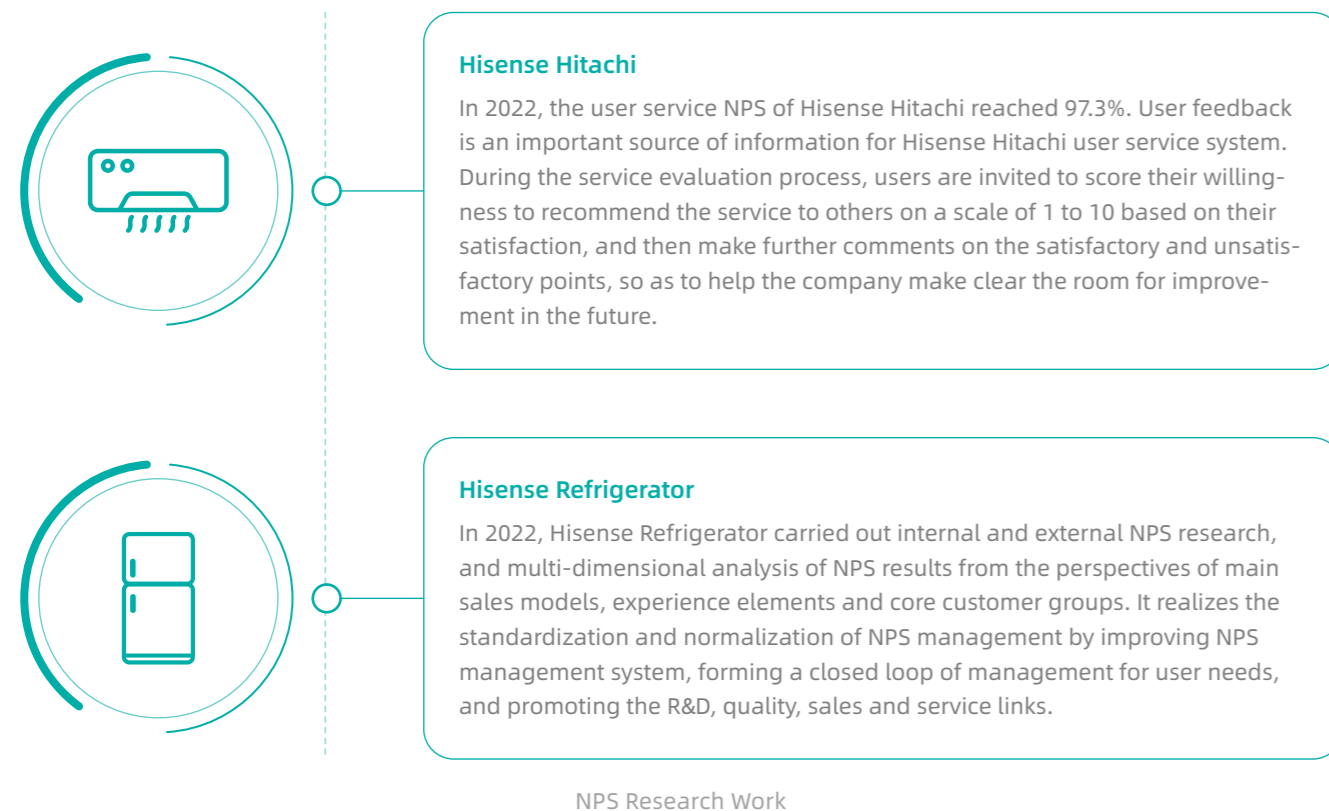
Hisense Air-Conditioner Products Contributing to Disease Prevention and Control

Customer Satisfaction Enhancement

The Company has worked to strengthen its customer service capabilities and increase customer satisfaction across the board through initiatives like conducting NPS research, enhancing service professionalism, improving service accessibility and product recall management.

Conducting NPS Research

The Company continues to conduct NPS (Net Promoter Score) research to get the first-hand statistics of customer satisfaction and know their opinions and suggestions, which will in turn help us to upgrade the information and evaluation system and promote service quality.



Improving the Professionalism of Service Staff

A key strategy to raise customer satisfaction is to improve the professionalism of service staff. In order to increase the work efficiency and win customers' hearts, the Company continued to take measures to train staff during the reporting period.

Hisense Hitachi

- **Certification:** All the installation and maintenance units have certifications, and the construction and maintenance personnel are required to be trained before starting their job.
- **Training system:** A professional platform for refining skills and a complete system of training courses.
- **Training centers:** Six regional training centers in Qingdao, Shanghai, Fuzhou, Hangzhou, Changsha and Chengdu. Every subsidiary is equipped with a small operating classroom.

Hisense Hitachi

- **Training system:** In order to ensure timeliness and effectiveness of training, Hisense Air-Conditioner has built a training system of "headquarters technical support - trainers at branch offices - service team".
- **Technical information sharing platform:** Hisense Air-Conditioner has set up a special technical information sharing platform to provide after-sales technical information for marketing team.
- **Closed-loop monitoring of the service process:** Upon information receipt, the service information is dispatched based on user demand and within the planning network, and user return visits are carried out through multiple channels after the service is completed.

Hisense Refrigerator

- **Training system:** Hisense Refrigerator investigates employee training needs, and organizes face-to-face trainings, and video lectures regularly, relying on the Hisense Academy and intelligent customer service platform to improve competencies and regulate norms.
- **Service system:** Hisense Refrigerator launches HCRM system developed by the Group, which automatically assigns work accordingly and covers 22 viewpoints from users, management level, service providers and engineers. The transparent and visible service process reduces user inquiries and improve user experience.

Measures to Improve the Professionalism of Service Staff

Making Services Accessible to All

The Company has created an after-service network that covers all of China's sales regions, and offered full and convenient access including hotlines, WeChat, microblogs, and service APPs to 24/7 customer support for complaints, consultation, maintenance, quality supervision and other service guarantees.

Improving Product Recall Management

To boost customer confidence and satisfaction, it is essential for the Company to improve its product recall management system. Therefore, we formulated the *Quality Incident Emergency Management Code* and the *Product Recall Management Measures* and mandated that relevant departments carry out product recalls in accordance with such requirements and take steps to eliminate flaws in product design, manufacturing, and sales in order to preserve the Company's reputation and protect consumers' rights and interests.

During the reporting period, Hisense Hitachi and Hisense Air-Conditioner recorded none product recalls or complaints related to product quality. Hisense Refrigerator recalled 9,643 units of the 740 Refrigerator in the United States due to hinge issues, and received 9 typical quality complaints.



03

Cleanness · Go to a Low-carbon Future

- Commitment to Green and Low Carbon
- Green Manufacturing
- Green Office Operation

Hisense HA sustainably conducts business and provides products and services embodying environmental awareness. Striving to lead the industry towards a greener and more sustainable "zero carbon" future, the Company continuously improves its management, optimizes the design and process, and comprehensively utilizes energy and resources, with pollution from sources reduced and the negative impact of the entire life cycle of products on human health and the environment lessened or avoided.

SDGs responded in this chapter



Material sustainable issues involved in this chapter

- Water resources management
- Waste disposal and comprehensive utilization of resources
- Energy consumption management and clean energy utilization
- Product carbon footprint management
- Response to Climate Change
- Green products and packaging
- Green operation

Commitment to Green and Low Carbon

The Company continues to improve the environmental management system and builds an ecological and environmental protection system with the Company's characteristics with its diversified business practices combined. To further contribute to a green and safe economy, Hisense HA fulfills its commitment to green and low carbon, solving actual and potential ecological and environmental problems, coordinating and balancing the relationship between production and operation activities and the ecological environment, strengthening the supervision over and restraints on the relationship, and providing more incentives for such work.

The Company continuously pays attention to the impact of the whole process of production and operation on the environment, secures the bottom line of environmental safety, and constantly optimizes its environmental performance management. Starting from the formulation and review of quantitative goals of "saving electricity, energy and gas", the Company will continue to explore and quantify the performance targets of "responding to climate change, reducing exhaust emissions, reducing waste generation, and using water resources rationally" in 2023, and regularly report the latest progress towards environmental goals, contributing to the construction of a beautiful living space.

Environmental Goals and Progress of Hisense HA in 2022

	Targets in 2022	Progress in 2022	Target Completion
Electricity saved	3 million kWh	3.21 million kWh	Exceed the target
Energy conserved	1,500 tons of coal equivalent	1,726 tons of coal equivalent	Exceed the target
Fuel gas saved	23 million cubic meters	26 million cubic meters	Exceed the target

◆ Case: Sanden Company made a systematic plan for achieving carbon neutrality

In order to support the realization of the goal of the Paris Agreement, that is "limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C", and satisfy the needs of customers such as Volkswagen and Volvo for low-carbon transformation and the use of new energy sources, Sanden Company has submitted a commitment letter to the Science-Based Targets (SBT) initiative, aiming to obtain validation for its strategic target by 2023.

Moreover, Sanden Company will identify and analyze the impact of climate-related risks and opportunities on its operations and finances, and make disclosures with reference to the Task Force on Climate-related Financial Disclosures (TCFD) framework to ensure that investors have a full understanding of the significant risks and opportunities of Sanden Company. Comprehensive measures such as using clean energy resources, optimizing power equipment, and improving energy efficiency will be taken to achieve "2039 carbon neutrality target" and contribute to the alleviation of global warming.

Strengthen Environmental Governance

Committed to establishing a sound environmental governance system, Hisense HA improves its environmental management methods and regulations, continuously strengthening environmental governance capabilities. The Company attaches great importance to various investments in environmental protection to make continuous efforts in resource conservation and utilization and ecological environment protection.

Key Performance

In 2022

21.7539 million RMB

The Company's total investment in environmental protection was

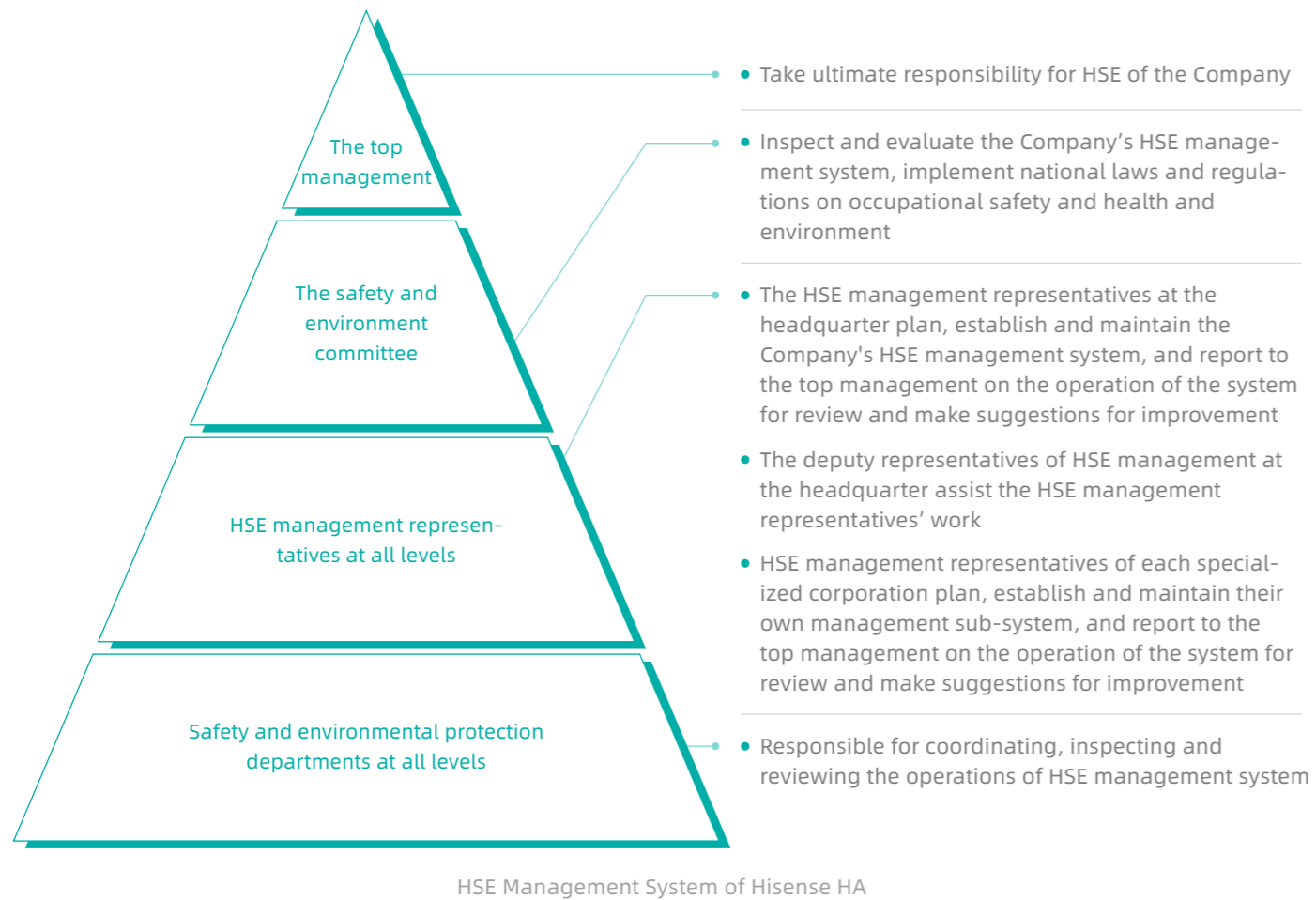
Improve the Environmental Management System

To speed up the construction of a low-carbon ecosystem and help realize the national "double-carbon" goal, the Company considers all environmental impacts of the production and operation process in strict accordance with national laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Prevention and Control of Air Pollution Law of the People's Republic of China*, the *Prevention and Control of Water Pollution Law of the People's Republic of China* and the *Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China*. In terms of standards and requirements such as its ISO 14001:2015 environmental management system, the Company has formulated management methods and regulations such as Assessment Criteria for Occupational Health and Safety and Environmental Responsibility Targets, Environmental Factors Control Criteria, and Hazardous Chemical Safe Management Standards to continuously improve the environmental management system and reduce the environmental load.

Optimize the Environmental Management System

In safety and environment management, Hisense HA has practiced the principle of hierarchical management and separate responsibility by establishing a four-tier safety and environment (HSE) management system of the top management, the Safety and Environment Committee, HSE management representatives at all levels and safety and environmental protection departments at all levels. Persons in charge at all levels perform their respective duties and a strict environmental protection system in terms of environmental objectives setting, operation and control, performance evaluation, and internal audit is established to ensure the continuous improvement of the Company's environmental behavior.

Attaching great importance to environmental governance, Hisense HA plans based on the existing HSE management system to step up the supervision and management of environmental issues such as climate, clearly define the role of the Board of Directors in climate risk management and operational supervision and strengthen the capabilities of the safety and environment management committee to integrate relevant cross-department action resources, to identify climate and other environmental risks and opportunities faced by the Company and to manage and respond to major issues. This promotes the implementation of environmental strategies and objectives, including climate ones, in different specialized departments and subsidiaries.



Improve Environmental Management Resilience

Hisense HA actively faces up to relevant problems and monitors its operations, operation conditions, and risks by both strengthening internal environmental monitoring and assessment and cooperating with external third parties. So that the Company timely discovers vulnerable spots in environmental management and takes targeted treatment measures to timely prevent, control, and resolve environmental challenges. This improves the Company's business resilience in the environment.

External Environmental Audit

Based on the simultaneity in 3 aspects (environmental protection facilities must be designed, constructed and put into operation at the same time as the main work) of standardized discharge of manufacturing enterprises and environmental protection of construction projects, the Company has established a long-term mechanism for energy conservation and emission reduction. To ensure the lasting applicability, adequacy and effectiveness of the system, the Company invites third-party professional institutions to conduct regular external audits on the ISO 14001:2015 Environmental Management System as required by the system certification to ensure the continuous adaptability, adequacy and effectiveness of the system. In 2022, the Group's environmental management system has completed and passed the external audit, and all documents and relevant management procedures comply the standard requirements.

Key Performance

11

As of the end of 2022, the environmental management system established by 11 factories under Hisense HA complies with ISO 14001:2015 Environmental Management System Certification.



Hisense HA established environmental management system and passed ISO 14001:2015 Environmental Management System Certification

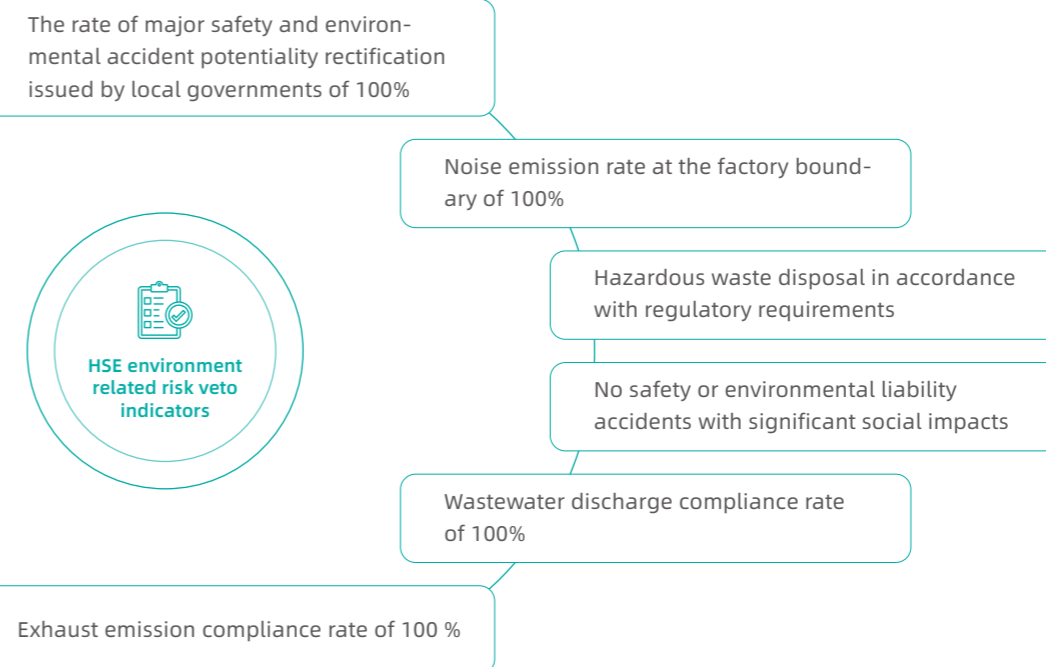
Evaluation of Internal Environmental Factors and Performance Assessment

Environmental factor evaluation

The hazard source and environmental factors shall be evaluated once from January to February, and the special inspection on safety and environment shall be carried out at least 12 times every year. The major environmental factors shall be determined by comprehensively scoring the compliance with laws and regulations, the amount of pollutants or wastes produced, the amount of savable energy, the scope of environmental impact and the frequency of occurrence. Corresponding control and prevention measures shall be worked out for the major hazardous operations.

Environmental Performance Assessment

Based on systems such as the *HSE Key Performance Indicator (KPI) Responsibility Statement* and the *Assessment Criteria for Occupational Health and Safety and Environmental Responsibility Targets*, the Company developed HSE performance measurement and monitoring management standards to measure and monitor the HSE performance of the whole company, follow up the completion of objectives and to provide rewards or conduct punishments according to the results.



HSE environment-related risks are regarded as major veto items in the Assessment Criteria for Occupational Health and Safety and Environmental Responsibility Targets. Failure to complete any veto indicator seriously undermines the target assessment results.

Environmental Culture Building

To improve the awareness of environmental protection and low-carbon ecology for all employees at different levels, the Company actively builds HSE culture by publicizing environmental awareness for all employees. The Company also encourages all specialized corporations to exchange HSE information with relevant parties and employees and respond to the complaints of suppliers, customers and other external partners on the Company's HSE issues within 15 days. If important environmental factors within the Company have a significant impact on the outside world, the Company will actively communicate with the affected parties and environmental authorities, and choose to communicate with stakeholders by telephone, in seminars or in writing about the measures to be taken, in a joint effort to build a green and beautiful home.

Sanden Company has made June as the company's Environment Month, and has held activities such as "household electricity saving", "plant energy cost saving", and "electricity saving knowledge contest for employees' children", to popularize the green way of life and production.

All Employees

- Realize the importance of protecting the environment and establishing and maintaining relevant environmental management systems
- Realize the aftermath of violating relevant environmental management standards or operating specifications

Environmental Protection Personnel and Leaders in Charge

- Understand knowledge of environmental factors, pollution impacts, control requirements and measures, operating specifications, laws and regulations
- Understand the pollution characteristics of common pollutants
- Understand the generation process of environmental problems such as environmental pollution, ecological damage and the sharp decline of resources
- Understand technologies for energy conservation and clean energy

Environment-Related Design and Technical Staff

- Understand and master environment-related technologies in product design
- Understand and master technologies for resource conservation and utilization as well as clean energy
- Understand and master pollutant treatment and control technologies

Green Manufacturing

Based on resource conservation and environmental protection, Hisense HA is committed to scientific and technological innovation and green manufacturing. The Company speeds up the construction of a clean, low-carbon, and efficient energy system and actively explores the harmless and resource-transformed manufacturing and operation model of reducing waste disposal, which lessens the environmental impact and practices energy-saving and efficient sustainable development of green and low-carbon.

Key Performances

4

As at the end of 2022, the total number of national "green factories" established by the Company was

2

The total number of provincial "green factories" honors won by the Company was

Resource Conserving

By updating the manufacturing process, regularly inspecting, maintaining, updating, and replacing equipment, using more energy-saving, environmentally-friendly, and efficient raw materials, and packaging materials, the Company promotes resource efficiency and builds up recycling management to achieve resource conservation and efficiency improvement in water resources, raw materials, packaging materials, and other resources.

Water Resources Management

The water of the Company comes from pipe networks of municipal tap water and fire water, which is mainly used for the workshop production, living and office, canteen catering, and fire emergencies. The Company continuously improves water-use efficiency by setting water-saving targets and establishing management systems, adopting advanced water-saving processes and equipment, and strengthening water-use control. Wastewater is treated for sustainable use to promote green water-saving production.

Water Consumption of Hisense HA¹

Indicators	2022	2021	2020
Water consumption (10,000 tons)	356.6	353.2	260.6
Water consumption per unit of revenue (tons/million yuan)	48.1	52.3	53.9

¹Hisense HA is improving its data statistics year by year starting from 2021 in order to improve environmental management benefits. For water consumption, data from the Sanden Company was included for the first time in the second half of 2021, and data from Hisense HA' Mexico plant was included for the whole year of 2022.

Use of Raw Materials

The Company continues to purchase main product materials in a responsible manner and consider their environmental performance and reasonably select and utilize raw materials, energy and, other resources. Non-toxic, harmless, or low-toxic, and low-harm raw materials are used to replace toxic and harmful raw materials. The Company continues to recycle more raw materials and plastic particles in the manufacturing process. The Company continuously improvise the production process to promote material utilization through using new non-shrinkage and non-chip cutting equipment to reduce the loss of raw materials.

Use of Packaging Materials

When producing and selling products, the Company adopts low-carbon, green, and recyclable packaging materials mainly including corrugated cardboard, micro-corrugated boards, paper angle beads, paper honeycomb boards, molded pulp packaging, bamboo plywood, and other environmentally-friendly materials. Hisense HA has formulated the *Environmental Factors Control Criteria* and other systems, which require reducing the excessive use of packaging materials and packaging waste in designing product packaging and strictly ensuring the packaging quality and controlling of the packaging weight to greatly help reduce packaging materials.

Packaging Materials Use of Hisense HA²

Indicators	2022	2021	2020
Total amount of packaging materials used for products (10,000 tons)	12.8	10.6	10.5
Packaging materials usage per unit of revenue (tons/million yuan)	1.7	1.6	2.2

Logistics Control

The Company adopts AGV automatic guided vehicles, rechargeable forklifts, accumulator cars, automatic suspension chains, auto lifts, and other methods as logistics transportation in the factory areas to achieve clean and efficient transportation by using clean energy and automatic equipment. The layout of logistics routes is optimized to reduce transportation distance and waste. The material control management department of the Company urges relevant parties to regularly inspect and maintain transport vehicles, reduce vehicle exhaust emissions, and prevent oils or fuel from pumping, emitting, dripping, and leaking from vehicles, with environmental pollution and resource consumption reduced from the logistics end.

²Hisense HA is improving its data statistics year by year starting from 2021 in order to improve environmental management benefits. For the use of packaging materials, data from the Sanden Company was included for the first time in the second half of 2021, and data from Hisense HA' Mexico plant was included for the whole year of 2022.

Pollution Prevention

While pursuing economic benefits, the Company always pays attention to the coordinated and balanced development of the environment through continuously improving the design and management, using clean energy and raw materials, adopting advanced technology and equipment, and comprehensively utilizing resources to reduce pollution from the sources, the generation, and emission of pollutants and improve resource utilization, which lessens or eliminates the harm to human health and the environment. In strict accordance with the relevant laws and regulations on emissions management of the state and local governments at all levels, the Company has formulated the *Environmental Factor Control Criteria* and the *Management Standards for Wastewater, Exhaust Gas, Noise, and Solid Waste of Specialized Corporations* to control all aspects of emissions and treat wastewater, exhaust gas, various wastes and noise in compliance with laws and regulations.

Air Pollutant Management

The Company strictly complies with the air pollution prevention and control regulations formulated by the state and local governments and controls within the limit standards the emission of various VOCs (volatile organic compounds) in the air pollutants such as spray dust and exhaust gas generated in production and operations. Exhaust treatment facilities have been established for various exhaust gas. To strengthen facility operation management and ensure the efficient operation of pollution prevention and control facilities, the Company commissions a third party to detect exhaust gas every year and conducts air flue cleaning and routing inspections every week to ensure the normal operation of emission facilities. An online monitoring system has also been constructed and put into use to realize digital and intelligent air pollutant treatment. To reduce the emission of air pollutants and improve energy efficiency, the Company comprehensively utilizes or recycles the exhaust gas and waste heat generated in the manufacturing process as much as possible.

Emissions of Two Key Waste Discharge Units under Hisense HA in 2022³

Indicators	Pingdu Refrigerator Factory	Pingdu Air- Conditioner Factory
Non-methane hydrocarbon in exhaust gas (kg)	1,193	96
Exhaust particulate matter (kg)	152	/

³Hisense HA strictly abides by and complies with national and local laws and regulations on environmental protection such as the Wastewater Quality Standards for Discharge to Municipal Sewers (GB16297-1996), and there is no excessive discharge or illegal discharge. In 2022, the two factories under the Company were included in the key pollutant discharge units in Shandong Province, and their air pollutant emissions are shown in the table.

◆ **Case: Hisense HA optimizes the emission treatment process of volatile organic compounds in the exhaust gas**

To further reduce the emission of VOCs generated in the degreasing and drying process of the production and assembly of air conditioners, Qingdao Hisense Hitachi Air-Conditioning System Co., Ltd. invested 13.6 million RMB in selecting environment-friendly degreasing and drying ovens and adding 5 regenerative waste gas treatment equipment (RTO) responsible for collecting and disposing exhaust gas from 18 degreasing and drying ovens. The Company comprehensively uses technologies such as exhaust gas thermal decomposition, ceramic heat exchange technology, centralized disposal of exhaust gas emissions, and natural gas combustion after concentration, which minimizes the environmental pollution caused by exhaust gas.



Qingdao Hisense Hitachi Air Conditioning VOCs Exhaust Gas Emission Treatment Demonstration Project

Wastewater Management

The Company strictly abides by the requirements of relevant laws and regulations in China and other places where its subsidiaries are located and has formulated internal management measures and standards such as wastewater management and control procedures to strictly prohibit the discharge of oil, acid, alkali or highly toxic waste liquid into water bodies. Hisense HA carries out wastewater management based on the principle of source reduction, process control, and end treatment. The Company has established a wastewater recycling and treatment station to actively promote the recycling of process wastewater nearby and of process wastewater in the factory area and continuously reduce new water consumption. Meanwhile, a standardized sewage outlet has been established and the wastewater is discharged in compliance after being collected and treated to meet the standard. The wastewater disposal and discharge data is shared with the environmental protection department and real-time online monitoring and warning are around the clock.

Wastewater Discharge of Hisense HA⁴

Indicators	2022	2022	2022
Wastewater discharge (10,000 m ³)	173.4	130.0	108.1
Wastewater emissions per unit of revenue (m ³ /million yuan)	23.4	19.2	22.3

Solid Waste Management

The Company classifies, collects, and stores wastes by the national and local government’s requirements on solid waste pollution control and the industry’s management regulations, standards, and requirements on recycling and disposing of waste electrical and electronic products. A mixed collection, storage, transportation, and disposal of hazardous wastes of incompatible nature and without safe disposal are prohibited and hazardous wastes and general solid wastes (including domestic refuse, and general non-recyclable waste) are for qualified units to dispose of. All specialized corporations and factory areas producing industrial solid wastes shall regularly make statistics and sort out relevant data on the output, flow direction, storage, and disposal of industrial solid wastes, and report them to the local environmental protection administration. Meanwhile, the Company strictly complies with the requirements of the Regulations on Safe Management of Hazardous Chemicals to properly transport, load and unload and store hazardous chemicals and oil products to prevent environmental pollution accidents. Hazardous waste warning signs shall be set up in the places where hazardous wastes are collected and stored in each factory.

Reduce emissions

- Reduce the quantity and volume of solid waste through comprehensive utilization, and continuously improve the manufacturing techniques to reduce solid waste
- Dispose of waste into harmless one. Engineering treatment is used to make it meet the standard of no harm to human health and reduce secondary pollution

Recycling

- Continuously help dispose of waste into resources and recover useful components and energy from solid waste to reduce resource consumption and accelerate resource recycling

Key Performances

In 2022

32,762.2 tons

The total recycled waste reached

56.1%

The increase of recycled waste compared with 2021 reached

⁴Hisense HA is improving its data statistics year by year starting from 2021 in order to improve environmental management benefits. For wastewater discharge, data from the Sanden Company was included for the first time in the second half of 2021, and data from Hisense HA' Mexico plant was included for the whole year of 2022.

Hisense HA Waste Discharge⁵

Indicators	2022	2022	2022
Total waste (tons)	14,299.5	12,382.0	10,393.2
Total waste production per unit of revenue (tons/million yuan)	0.2	0.2	0.2
Total non-hazardous waste ⁶ (tons)	13,339.4	11,616.0	10,052.4
Total non-hazardous waste production per unit of revenue (kg/million yuan)	180.0	171.9	207.7
Total hazardous waste ⁷ (tons)	960.1	766.0	340.8
Total hazardous waste production per unit of revenue (kg/million yuan)	13.0	11.3	7.0

Noise Management

Following the requirements of the *Law of the People's Republic of China on Noise Pollution Prevention and Control* and other relevant laws and regulations, the Company gives priority to the purchase of low-noise equipment and regularly repairs and maintains the equipment to ensure that the equipment operates in good condition, thereby reducing noise. The Company strictly controls the noise harmful to the human body, which is generated in the manufacturing process with the loudest emission noise being lower than the national emission standards. Besides, the Company researched and developed a variety of low-noise, vibration-damping, and silent-performance products through technological innovation and optimization to create a quiet and comfortable environment for users.

Energy Management

Hisense HA has built a digital EMS energy management center, which can collect and monitor energy consumption data. The Company conducts centralized and flat dynamic monitoring and digital management on the production, transmission, distribution, and use of energy media such as electricity, water, gas, and heat by using modern computers and network technologies, which realizes energy data information. The Company provides accurate, real-time and clear energy analysis for management departments by using real-time database technology, data analysis, and prediction technology to improve energy consumption management efficiency.

⁵Hisense HA is improving its data statistics year by year starting from 2021 in order to improve environmental management benefits. For waste discharge, data from the Sanden Company was included for the first time in the second half of 2021, and data from Hisense HA' Mexico plant was included for the whole year of 2022.

⁶Non-hazardous waste includes domestic waste generated during the production and operations of the Company.

⁷Hazardous waste is defined in accordance with the *National Catalogue of Hazardous Wastes (2021 Edition)*.

Besides, the Company advocates low-carbon operations, reduces energy consumption, and continuously improves energy efficiency in production by formulating rules and regulations such as the *Regulations on Energy Management of the Company* and conducts refined management of energy consumption and transformation of energy-saving equipment. For example, thermal insulation facilities are equipped with the equipment involved in heating, such as the injection molding machines, degreasing oven, and steam pipeline. Infrared heating, and high-efficiency combustion machine are adopted to reduce heat dissipation and power consumption. The Company vigorously researched, and introduced automation projects, and applied advanced control technologies such as frequency conversions, servo and microcomputer control to a large number of device drivers to reduce consumption and improve efficiency.



Digital EMS Energy Management Center

◆ Case: Key energy-saving improvement project of Hisense HA refrigerator factory

During the reporting period, Hisense HA refrigerator factory installed an intelligent control system on the chilled water system and transformed the chilled water circulation system to enable the refrigerator to automatically control the outlet water temperature of the chilled water and cool the foaming material with the outdoor cooling capacity. Thus, better energy conservation and consumption reduction of the products are realized. After the project transformation, 384,700 kilowatt-hours could be saved, a decrease of 18%.

Energy Consumption of Hisense HA⁸

Indicators	2022	2021	2020
Comprehensive energy consumption ⁹ (tons of coal equivalent)	97,726.6	84,331.2	52,671.9
Comprehensive energy consumption per unit of revenue ¹⁰ (tons of standard coal per million yuan)coal equivalent	1.3	1.2	1.1
Electricity consumption (10,000 kWh)	59,782.7	50,077.6	34,239.6
Millions of revenue outsourced power consumption (MWh/million yuan)	8.1	7.4	7.1
Diesel consumption (tons)	755.1	631.0	112.9
Diesel consumption per unit of revenue (kg/million yuan)	10.2	9.3	2.3
Natural gas consumption (10,000 standard cubic meters)	1,635.6	1,566.0	718.6
Natural gas consumption per unit of revenue (standard cubic meters per million yuan)	220.7	231.8	148.5
Gasoline consumption (tons)	105.6	121.0	60.1
Gasoline consumption per unit of revenue (kg/million yuan)	1.4	1.8	1.2
Consumption of LPG (tons)	725.8	502.0	456.0
LPG consumption per unit of revenue (kg/million yuan)	9.8	7.4	9.4

⁸Hisense HA is improving its data statistics year by year starting from 2021 in order to improve environmental management benefits. For energy management, data from the Sanden Company was included for the first time in the second half of 2021, and data from Hisense HA¹ Mexico plant was included for the whole year of 2022.

⁹Including the converted comprehensive energy consumption of electricity, steam, gasoline, diesel oil, natural gas and other energy consumption. The conversion coefficient comes from:GB/T 2589-2020 *General rules for calculation of the comprehensive energy consumption*.

¹⁰Comprehensive energy consumption per unit of revenue (tons of standard coal per million yuan)= Comprehensive energy consumption converted (ton of standard coal) / unit revenue (million yuan).

Green Energy Use

The Company continues to promote the use and substitution of green energy and build a low-carbon and environmentally friendly green production park. The photovoltaic power generation projects of several subordinate factories have gradually released “low carbon dividends”. The Company will continue to increase the scale of photovoltaic power. It is estimated that the total installed capacity of photovoltaic power will reach 40MW in 2023 and the annual power capacity will reach 38 million kWh. Such power will account for over 12% of the total electricity consumption of the Company.

Key Performances

In 2022

33.8 million kWh

The total photovoltaic power generation of the Company reached

36%

The subordinate industrial park in Guangdong directly purchased nuclear electricity through electricity transactions. The percentage of this kind of green power accounted for

Address Climate Change

Facing the “double-carbon” strategy and aiming at the technological development oriented toward health, intelligence, and energy conservation, Hisense HA actively explores new paths for green development and strengthens scientific and technological innovation to lead the green transformation of the home appliance industry with intelligent and green manufacturing. In 2022, regarding the initial framework of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time, the Company explored the path of identifying and managing climate risks and opportunities, which laid a foundation for the Company to organically integrate its carbon neutrality strategic layout into its corporate strategy and culture and strive for a low-carbon future.

Greenhouse Gas Emissions of Hisense HA¹¹

Indicators	Unit	2022	2022	2022
Total GHG Emissions ¹² (Scope 1 + Scope 2)	Tons of CO ₂ e	381,146.2	323,288.0	212,689.8
GHG emissions per unit of revenue (Scope 1 + Scope 2)	Tons of CO ₂ e/million yuan	5.1	4.8	4.4
Direct Emissions (Scope 1) ¹³	Tons of CO ₂ e	40,205.4	37,695.4	17,421.4
Indirect emission (scope 2) ¹⁴	Tons of CO ₂ e	340,940.7	285,592.6	195,268.4

Identify and Manage Climate Risks and Opportunities

Climate change will bring both potential risks and opportunities to the Company’s production and operations. In the process of low-carbon transformation, the Company actively responds to changes in policies, laws, technologies, and markets and tries to avoid negative impacts on finance and reputation. For physical risks related to physical impacts such as direct asset losses and supply chain terminals caused by climate change, the Company strives to create more opportunities while mitigating and adapting to relevant risks by improving resource efficiency, strengthening its emergency response capacity and business resilience.

Physical Risk

In 2022, the Company took the lead in exploring the physical risk analysis in the four major areas of sudden drought, water shortage, coastal floods, and river floods with four subsidiaries of Hisense HA in Guangdong Province, Shandong Province, Zhejiang Province, and Sichuan Province as pilot projects. For different types of climate disasters, the Company evaluated the degree of climate disasters by taking the exposure degree¹⁵ and vulnerability degree of assets¹⁶ as¹⁷ the key analysis indicators, which laid a foundation for the Company to analyze 13 kinds of physical risks for all operating units and their impact on the Company's finance.

¹¹Hisense HA is improving its data statistics year by year starting from 2021 in order to improve environmental management benefits. For Greenhouse Gas Emissions, data from the Sanden Company was included for the first time in the second half of 2021, and data from Hisense HA Mexico plant was included for the whole year of 2022.

¹²Scope 1 GHG emissions + Scope 2 GHG emissions = Carbon dioxide emissions (tons)* Global Warming Potential (GWP)

¹³Scope 1 Greenhouse gas emissions refer to the greenhouse gas emissions generated by the consumption of diesel and gasoline, natural gas and liquefied petroleum gas by Hisense HA and its subsidiaries’ own vehicles. The emission calculation coefficient refers to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions issued by the National Development and Reform Commission.

¹⁴Scope 2 Greenhouse gas emissions refer to the greenhouse gas emissions generated by the consumption of purchased electricity by Hisense HA and its subsidiaries. The coefficient for the current year is the average grid emission factor of 0.5703 tCO₂/MWh published by NDRC.

¹⁵The asset exposure degree focuses on the asset stock exposed to a disaster. The greater the asset quantity and value, the higher the exposure degree and the greater the risk.

¹⁶Vulnerability degree determines the resilience of a region, which is determined by both regional sensitivity (regional social development and ecosystem self-regulation) and industry sensitivity.

¹⁷The physical risk analysis framework model is derived from the Miotech Climate Risk Solutions (<https://www.miotech.com/zh-CN>).

Based on TCFD Recommendations Framework, the Company has adopted two representative concentration paths (RCPs) of the Intergovernmental Panel on Climate Change (IPCC), namely RCP4.5 (low carbon emission scenario) and RCP8.5 (high carbon emission scenario), to identify the potential physical risks of the four factories in the short term (2030), medium term (2050) and long term (2080). It was found that sudden drought and water shortage were the main physical factors for the four pilot factories and water shortage risk was more likely to have medium and long-term negative impacts on Hisense HA. The Company preliminarily explores countermeasures based on the assessment results and the details are as follows:

Hisense HA Physical Risks and Countermeasures of Climate Change

(Take the analysis of four subordinate factories in Guangdong Province, Shandong Province, Zhejiang Province and Sichuan Province as an example)

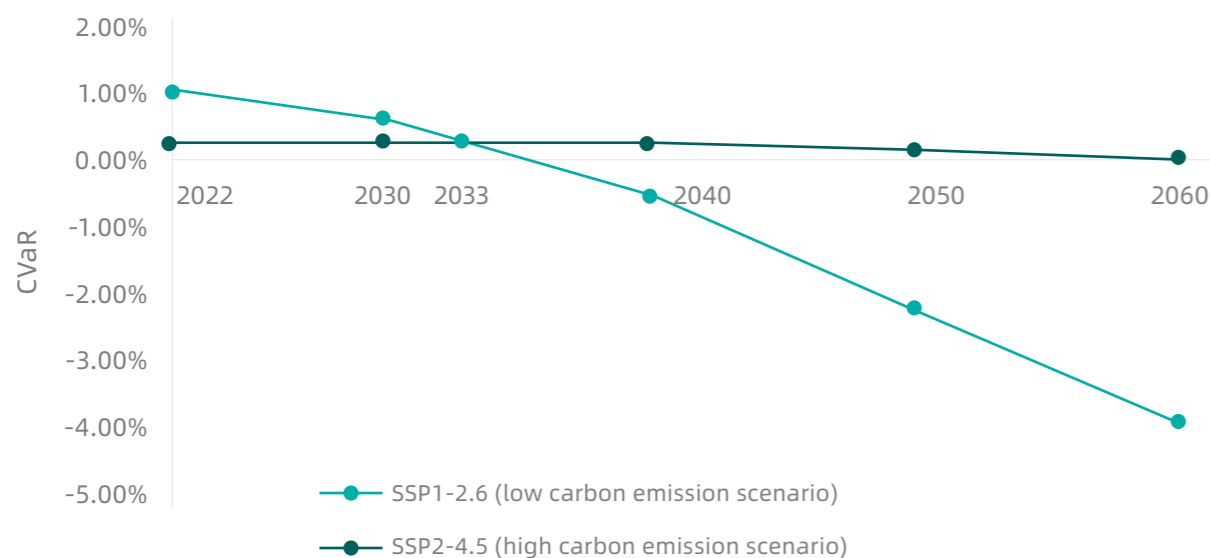
Types of Risk/ Opportunity	Potential impacts	Risk level	Countermeasures
Sudden drought	<ul style="list-style-type: none"> Sudden drought accompanied by extremely hot temperatures leads to the need for more refrigeration equipment, which increases operating costs Sudden drought leads to short-term water supply difficulties, which affects the stability of production and operations 	Middle	<ul style="list-style-type: none"> Formulate emergency response plans for natural disasters and constantly improve the emergency response mechanism for such disasters Develop and install water storage facilities in advance to avoid sudden drought affecting production and operation efficiency
Water shortage	<ul style="list-style-type: none"> Long-term drought may cause insufficient water supply and affect operational stability Long-term water shortage and drought bring about additional costs for water pipes and infrastructure 	Middle	<ul style="list-style-type: none"> Develop more efficient water utilization equipment Scientifically arrange production plans, carefully deploy production organizations to improve water efficiency Avoid building factories in areas at high risk of water shortage and go on promoting water conservation
Coastal floods	<ul style="list-style-type: none"> Damage factories, office buildings and equipment, which results in asset losses Water resources contaminated by coastal floods lead to freshwater shortages and decreased productivity Affect stable production due to equipment damage, employee failure to work properly, transportation interruptions 	Low	<ul style="list-style-type: none"> Provide adequate flood control articles and facilities to resist the negative impact of floods Optimize facilities of water supply, drainage and wastewater treatment to resist coastal flood risks Regularly carry out flood control emergency drills to improve flood response capacity Avoid building factories in areas with high risk of coastal floods

Types of Risk/ Opportunity	Potential impacts	Risk level	Countermeasures
River floods	<ul style="list-style-type: none"> • Damage factories, office buildings and equipment, which results in asset losses • River floods increase the pressure on short-term wastewater treatment, which increases the external discharge and water pollution risk • River floods accompanied by natural disasters such as landslides endanger production safety • Affect stable production due to equipment damage, employee failure to work properly, transportation interruptions 	Low	<ul style="list-style-type: none"> • Provide sufficient flood control articles and facilities to resist the negative impact of floods • Optimize facilities of water supply, drainage and wastewater treatment to resist coastal flood risks • Regularly carry out flood control emergency drills to improve flood response capacity • Formulate flood disaster management plans and focus on real-time flood risk warning information

Transformation Risk

Under the strategy of double-carbon and in the process of Hisense HA’s transformation to a green and low-carbon economy, the requirements of compliance policies of the government and regulatory authorities becomes increasingly strict, which causes increasing investment in green energy-saving technology, continuously improved expectation of collaborative emission reduction in supply chain and external expectation of building the Company’s green and low-carbon brand image. This brings many potential risks to the Company’s business model and technological innovation.

To better explore the impact of new policies and market order on enterprise value, the Company adopts two shared socio-economic paths (SSPs) of the Intergovernmental Panel on Climate Change (IPCC), namely SSP1-2.6 (low carbon emission scenario) and SSP2-4.5 (high carbon emission scenario) for scenario analysis. It is found that when the timeline is gradually extended, transformation risks will bring more cost pressure than opportunities to the production and operations of Hisense HA. Therefore, we have preliminarily formulated measures to deal with transformation risks.



Changes in Climate Value at Risk (CVaR) of Hisense HA before 2060¹⁸

Hisense HA Climate Change Transformation Risks and Countermeasures

Types of Risk/ Opportunity	Potential impacts	Countermeasures
Policy and law	<ul style="list-style-type: none"> • The government enacts stricter policies and regulations to mitigate climate change, which increases the compliance of business operations and may increase related lawsuits or claims • The implementation of carbon pricing mechanism in China's carbon emissions trading increases business operating costs 	<ul style="list-style-type: none"> • Set aspiring conversational goals, develop net-zero emissions paths for the whole company and reduce operational GHG emissions • Closely monitor changes in environmental laws, regulations and policies, and participate in pilot initiatives in regional carbon trading and carbon pricing
Technology	<ul style="list-style-type: none"> • Investment failure in low-carbon technology R&D • Failure to identify and apply low-carbon technologies in a timely manner, which results in transformation to low-carbon products left behind industrial peers 	<ul style="list-style-type: none"> • Improve the R&D capability of the Company through measures such as talent training and retention • Continue to research and apply low-carbon technologies, actively conduct industry cooperation and lay out R&D of industrial energy-saving technologies and negative emission technologies in advance
Market	<ul style="list-style-type: none"> • Failure to effectively meet consumers’ demand for green low-carbon white goods • Uncertainty in electricity prices, brings about higher short-term energy costs 	<ul style="list-style-type: none"> • Integrate the green concept into product design and actively develop green low-carbon products to meet consumers’ demand • Build a smart energy cloud platform to forecast prices and monitor and analyze energy use, to improve energy control capabilities • Actively carry out energy conservation and emission reduction to increase the proportion of clean energy
Reputation	<ul style="list-style-type: none"> • Regulatory authorities, investors and other stakeholders have increasingly stringent requirements for public disclosure of climate risks and low-carbon products. Improper response to expectations may lead to reputation damage, brand value reduction, blocked financing, and risks to business operations 	<ul style="list-style-type: none"> • Improve information transparency to actively respond to stakeholders’ climate concerns about the Company, strictly refer to the HKEX Climate Information Disclosure Guidance and TCFD framework and disclose information and build brands of green and low-carbon products through Hisense HA’s own propagation matrix and official reports

¹⁸Climate Value at Risk (CVaR) represents the percentage of Hisense HA’s cost from carbon price in current enterprise value within a specific time frame. The assessment result comes from Miotech(<https://www.miotech.com/zh-CN>), which assumes that carbon emissions increase by 1% per year and makes an estimate accordingly.

Green Office Operation

Hisense HA continued to carry out the activities of increasing revenue and expenditure, reducing costs and efficiency, and implementing the concepts and measures of the economy, green and environmental protection in daily office operation scenarios. The Company has launched a digital human resources management platform and an electronic signature system to achieve fully digital human resources data and process management, thereby promoting a paperless office.



Institutional Aspect

Formulate rules and regulations such as the Energy Management Regulations of the Company and the Water Management Regulations to regulate the reasonable use of water, electricity, and office consumables



Management Aspect

Carry out energy-conserving inspections and adopt various means to monitor the use of water and electricity to discover abnormalities in water and electricity use on time



Equipment Aspect

Regularly maintain equipment and facilities to promote the upgrading of energy-conserving equipment such as LED lights to improve energy efficiency. The steam condensate water of the workshop is applied to the office heating system transformation



Action Aspect

Promote remote communication, online meetings, paperless office, double-sided printing of documents, recycling of usable paper, and public transportation by employees. The Company has established specifications for the use of electric appliances in the office to save electricity



Publicity Aspect

Green office promotion activities are conducted through various channels such as communication subscription accounts, WeChat public account of the Company, and billboards(slogans)

Key Performances

In 2022

124,800 kWh

The upgrading of energy-saving equipment such as LED lamps was promoted, and the energy conservation realized by this way was

487.8 tons

The office heating was transformed and the steam condensate water of the foaming workshop was used for heating, and the steam consumption reduced by this way throughout the year was



04

Resilience · Support Employees' Development

Protection of Employees' Rights and Interests

Realization of Employees' Value

Safeguarding Employee Health

Creation of an Inclusive Culture

One of the core spirits of Hisense HA is "Respect for People". As the Company regards human resources as an important strategic resource, it pays attention to the development of its employees and the protection of their rights and interests. The Company has established an innovative comprehensive and multi-level talent training system, which provides a healthy, safe, inclusive and open working environment and a solid foundation for recruiting, retaining, using and cultivating talents. The Company is continuously improving the resilience of its employees, and delivering the fruits of sustainable development of the company to its employees.

SDGs responded in this chapter



Material sustainable issues involved in this chapter

- Job creation and equal employment
- Protection of employees' rights and interests, and compensation and benefits
- Employees' safety and health
- Employees' career growth and training

Protection of Employees' Rights and Interests

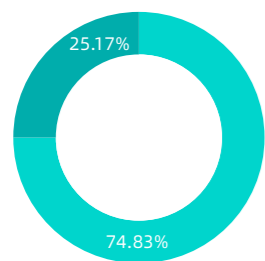
Hisense HA operates in full compliance with the *Company Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women* and other applicable laws, regulations and policies. The Company is committed to legal employment, protecting the rights and interests of its employees in accordance with the law.

Legal and Equal Employment

Hisense HA insists on equal employment and localized operation. The Company has established a fair, democratic, competitive and merit-based selection and employment mechanism, providing equal opportunities for employees in terms of employment, remuneration and promotion and eliminating inequality and discrimination due to factors such as gender, age, ethnicity, religion, region, physical characteristics and hobbies, so as to create a fair and loving working environment for its employees.

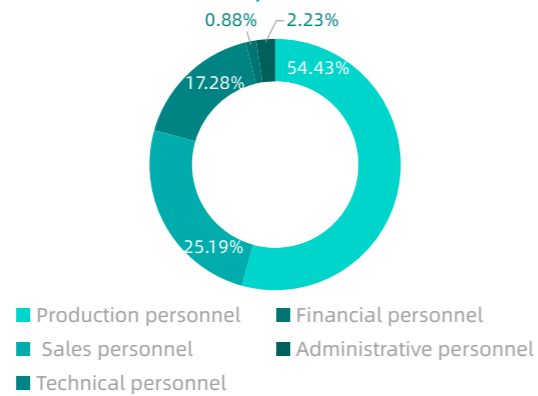
During the reporting period, Hisense HA has a total of 49,367 employees, with a 100% of labor contract signing rate. All dispatched employees have signed labor contracts with dispatch companies, and all temporary employees have signed contracts in accordance with the law. The company is not involved in any illegal employment.

Hisense HA Employee Composition



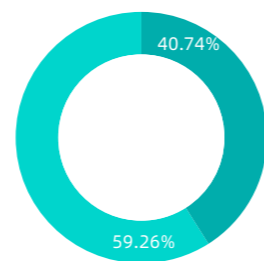
■ Regular Employees
■ Dispatched Employees

Hisense HA Employee Professional Composition



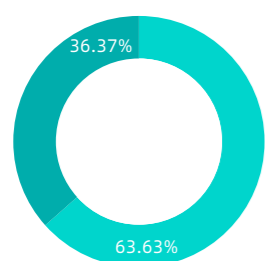
■ Production personnel ■ Financial personnel
■ Sales personnel ■ Administrative personnel
■ Technical personnel

Hisense HA Employee Age



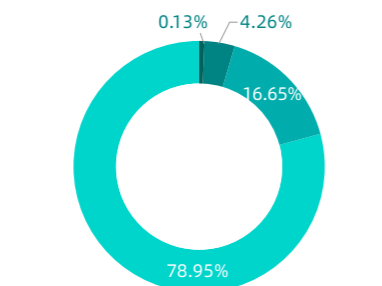
■ Under 30 ■ Over 30

Hisense HA Employee Gender Composition



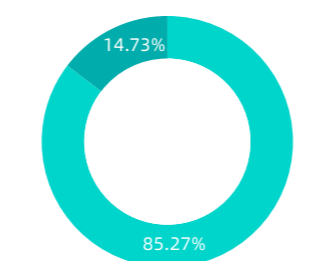
■ Male ■ Female

Hisense HA Employee Education Background Composition



■ Less than a bachelor's degree ■ Bachelor ■ Master ■ Doctor

Hisense HA Employee Geographical Composition



■ Within China ■ Outside China

Hisense HA Employee Structure in 2022

Hisense HA Employee Turnover Rate in 2022

Employee Category	Employee Turnover Rate (%)
Cumulative turnover rate of key employees	6.92%
Cumulative turnover rate of employees in service less than three years	3.99%

Equitable Remuneration System

In the process of signing, renewing and terminating labor contracts with employees, Hisense HA strictly abides by the legal procedures and ensures that the relevant processes are transparent and equitable, so as to protect the legitimate rights and interests of its employees. In addition, the Company insists on equal pay for equal work and creates a competitive remuneration, benefits and performance review system for employees. Wages and related welfare are paid on time, and there have been no occurrences of default in their payment.

Elimination of Illegal Employment at Source

Hisense HA strictly reviews all aspects of recruitment every year to ensure that resume filtering, offer reporting and approval are in line with the company's requirements. The Company requires new employees to follow the *Hisense HA Employee Onboarding Management Measures* for the onboarding process and to fill out the onboarding registration form truthfully. The Company arranges for personal information review to prevent the occurrence of child labor and other illegal employment.

Fair Treatment for Female Employees

Hisense HA strictly implements the leave system of marriage leave, maternity leave, breastfeeding leave and parental leave and pays the corresponding remuneration according to the law to ensure equal employment and treatment for female employees. What's more, the Company provides gynecological examination programs for female employees every year and sets up baby care rooms for female employees to take a break or breastfeed during pregnancy and lactation, taking care of female employees with practical actions.

Strict Prevention from Forced Labor

Hisense HA has clear requirements and regulations on "working hours" and "leave taking" in the *Measures for Management of Labor Contract*, the *System for Management of Leave Taking and other internal systems*, and has formulated the *Measures for Management of Employee Attendance*, which set up a strict monitoring mechanism to strictly implement the legal holidays and avoid forced labor.

Realization of Employees' Value

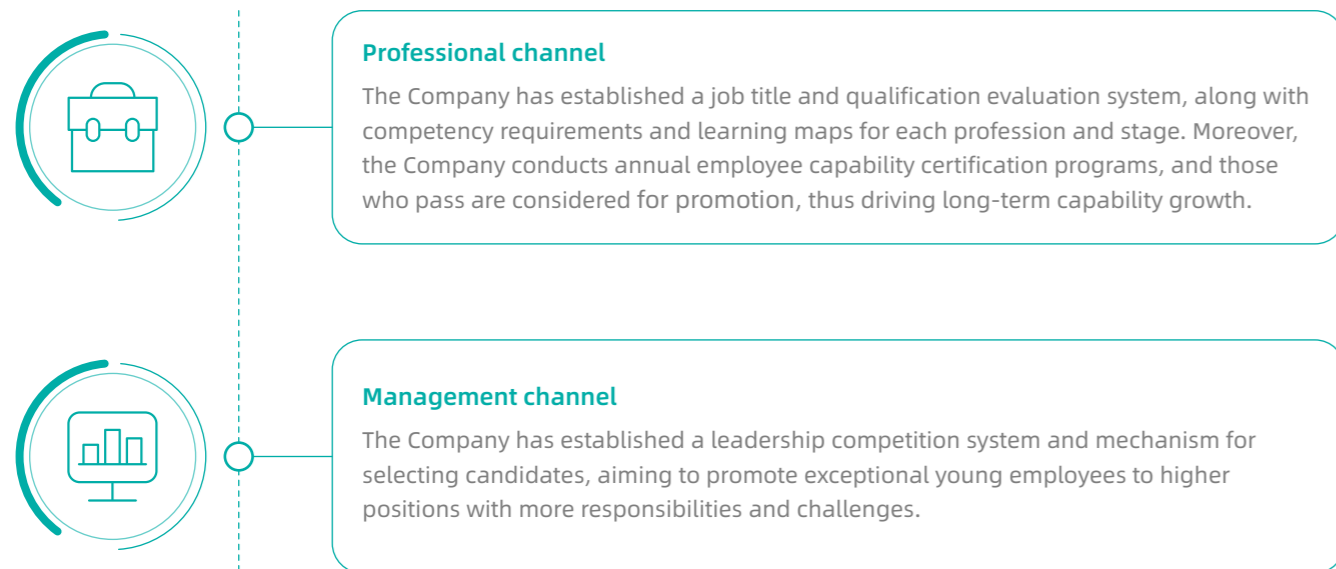
Hisense HA adheres to the people-oriented and merit-based employee management principle. The Company has provided a platform of multiple development opportunities for employees and established an employee incentive mechanism to enable its employees to choose their career path based on their own abilities, characteristics and interests, supporting their personal growth. In the process of fixed-channel development and transfer development, the opportunities to develop are equally offered to employees through standards establishment, position transfer mechanism and other means.

Employee Career Development Facilitation

Hisense HA attaches importance to the development of employees. Under the employee management principle of "selection-recruitment-cultivation-promotion-retention" and the two main tasks of "competency enhancement" and "talent echelon construction", the Company systematically carries out employee training and development programs, so as to help employees make great progress and achieve self-development. In this way, both the overall employee quality and team capability are improved.

Establishment of Dual Career Advancement Channels

The Company has built a dual career advancement channel consisting of the professional channel and the management channel, which provide employees with a variety of career paths and meet their different growth needs, so as to stimulate their potential and creativity and help them realize their personal value.



Hisense HA Dual Career Advancement Channels for Employees

Construction of the Three-level Training System

Hisense HA takes training as the driving force to improve the quality and career development of employees and has built a three-level training system of "company-factory-workshop" to implement staff training responsibilities at each level. The Company provides high-quality learning resources to different professions and levels of employees ranging from front-line production, marketing and other basic employees to management, and conducts training courses and knowledge and skill competitions for comprehensive quality, theories and practices, so as to facilitate their career development and optimize the construction of internal talent echelon. In this way, the value of both employees and the Company is greatly increased.

Leadership

- For leadership, a training system covering the basic-level, middle-level and functional management has been built to reshape their values and improve their leadership. 123 leaders has been cultivated.

Talent reserves

- For talent reserves, selection and interviews are conducted based on their leadership attributes, and offline training is provided for selected employees, which accelerates the growth of the leadership reserves.

New employees

- For new employees, a systematic training, including mentorship, "rotational internship", "fixed-position internship" and both common and professional skills training, is offered to assist them in quickly gaining essential job skills adapt to the corporate culture.

Existing employees

- For existing employees, specific training is provided to address departmental and individual weaknesses. The Company's training models include "internal and external training", "project and topical exercises", "job rotation" and others, under which are programs such as corporate management, production quality, corporate culture, production and manufacturing, and technology R&D.

Special-post employees

- The company insists on implementing the Administrative Measures for Personnel Rotation in Special Positions and arranges personnel rotations for key positions such as purchasing, quality control and finance, ensuring that employees understand the requirements of various job positions.

Hisense HA Training System for Employees

Key Performances

During the reporting period

Over **1,170,000** hours of training
The Company has provided

Over **600,000**
The number of employees trained by the Company

The Person-time of Employees Completing Their Training in 2022

Employee category	Person-times
Management/Marketing/Production Managers (Non-front-line)	52,529
R&D/Technicians	21,030
Front-line production employees	64,366
Front-line sales employees	469,367



Hisense HA Series of Employee Training Activities

Employee Incentive and Appraisal

In order to improve employees' loyalty and work motivation, Hisense HA conducts monthly assignment reviews, as well as quarterly and annual performance appraisals, the results of which will be conveyed to employees by the heads of their departments in a timely manner. Moreover, the Company plans to implement the 2022 Hisense Home Appliances Group Co., Ltd. A-share Restricted Stock Incentive Plan (Draft) in 2023. The underlying shares involved in this employee share ownership plan are under 11.7 million shares, accounting for about 0.86% of the company's total share capital, which is aimed at the company's middle management and key employees. This plan will help motivate employees and improve operational efficiency.

Safeguarding Employee Health

Hisense HA pays attention to the health of every employee, as the Company abides by the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other laws and regulations related to occupational health and safety. Following the approach of modern scientific management, the Company has established and effectively operated the occupational health, safety and environment (HSE) management system to authorize important positions of HSE management. By promoting the standardization of safe production, the Company ensures that human resources and specific skills, infrastructure, and technical and financial resources are in place and that the whole process of production and operation meets the standards, thus creating a healthy and safe working environment for all employees.

Prevention and Treatment of Occupational Diseases

Hisense HA continues to strengthen the prevention and treatment of occupational diseases, constantly improves relevant systems, and has successively formulated occupational health management systems and specifications including the *Occupational Disease Prevention Management System*, the *Occupational Hazard Prevention and Control Equipment and Facilities Management System*, the *Management Standards for Dust and Poison Prevention Facilities* and the *Management Standards for Labor Protection Supplies*. All relevant management personnel is required to receive training and obtain the qualification certificate of occupational health management before starting their jobs.

For employees in positions with occupational hazards, the Company issues the *Notice of Positions of Occupational Disease Hazard* before they start their jobs, and strictly implements the whole process of occupational disease physical examination before, during and after their service. The Company regularly conducts occupational health assessments for relevant employees, transfers employees who are not suitable for the position, and invites qualified third-party institutions to inspect harmful work sites to promote the company's rectification, so as to reduce health hazards to employees.

Key Performances

In 2022

Nearly **3,100**

The number of employees exposed to hazardous work received occupational health checks was

2,697

The number of hazardous work sites inspected by external third parties was

96.17%

The overall compliance rate was

Creation of a Safe Working Environment

Hisense HA's policy is safety first, and it prioritizes prevention and comprehensive governance. The Company enforces safety across its production and operational activities and adopts a double prevention mechanism of hierarchical risk control and potential hazard identification and governance to ensure that safety responsibility, management, investment, training and emergency rescue are in place.

Furthermore, the Company insists that the CPC committee and administration share the same responsibility, one post undertaking multiple responsibilities, sharing of management responsibilities, and accountability for dereliction of duty, intending to keep business management, production and operation management, and technology management safe. As a result, the Company has built a solid line of defense for safe production.



Hisense HA Successfully Passed the First Audit on the Occupational Health and Safety

Key Performance

In 2022

94,131,300 RMB

The total investment in production safety, environmental protection and occupational health was

Construction of Safety Management System

The Company has formulated the *Standards for Evaluation of Occupational Health and Safety and Environmental Responsibility Target*, the *Standards for Rewards and Penalties Management*, the *Standards for Safety and Environmental Responsibilities of Personnel at All Levels* and other standards related to safe production. The safe production system and procedures are strictly implemented following those standards, so as to improve employees' health and safety performance.

Safe production accountability

The Company's system of production safety accountability applies to all employees. The CEO and other executives are responsible for the Company's safe environment. The principal officers of each group company take full responsibility for the production safety of their respective units, while managers at all levels are the first responsible persons for the safety of their respective responsibility areas. Safety accountability agreements are signed at all levels to clarify safety responsibilities.

Safe production Standardization

The Company promotes safety production standardization and continuously strengthens the basic management of safe production to improve the safety level of equipment and facilities.

Highlights

In 2022, two subsidiaries of the Company, Hisense Air-Conditioning Co., Ltd and Qingdao Hisense Hitachi Air-Conditioning System Co., Ltd, maintained their national certificates for level 2 enterprises on safe production standardization.

Another two subsidiaries, Hisense Ronsheng (Yangzhou) Refrigerator Co., Ltd. and Hisense (Chengdu) Refrigerator Co., Ltd., successfully passed the on-site assessment of national certificates for level 1 enterprises on safe production standardization (to be announced).

Hisense HA Employee Health and Safety KPI

Indicators	2022	2021	2020
Number of work-related injuries	34	71	77
Number of work-related deaths	0	1	0
Injury rate per 200,000 working hours	0.26	0.22	0.10
Number of near misses	161	157	121
Working days lost due to injury related to work	232	415	361

Prevention and Investigation of Safety Risks

Hisense HA continues to promote risk assessment, prevention and investigation of safe production and has formulated multiple standards such as the *Standards for Identification and Evaluation of Sources of Hazards and Environmental Factors*, the *Standards for Dangerous Chemicals Management and the Standards for Dangerous Operation Approval and Management*, aiming to reduce safety risks in operations. In addition, through regular investigation of potential safety hazards, encouraging employees to report safety issues, integrating informatization into safety production work and many other measures, the Company effectively improves the intrinsic safety level and makes every effort to prevent and resolve major safety risks.

Safety hazard investigation

Safety hazard investigations are carried out across every level, area and category throughout the year to ensure that safety risks are controlled and safety hazards are found and rectified completely.

Safety hazard supervision

Employees are encouraged to play a safety supervision role through channels such as safe production supervision mailboxes, company-level safe work WeChat groups, reporting lines, and QR codes for reporting safety improvement suggestions. After safety improvement suggestions or safety hazard reports are received, timely on-site confirmation is carried out to complete the rectification and eliminate potential safety hazards.

Safe production informatization

The manufacturing plants of the subsidiaries are required to complete the construction and launch of the video network management platform, which realizes the real-time monitoring of the safe production situation of each plant by the headquarters or other branches, and enables them to quickly identify potential safety hazards on site.

Key Performances

In 2022

120

The number of safety inspections conducted by the Company was

1,200

The number of potential safety hazards found by the Company was

0

Major safety hazards was

100%

The rectification completion rate of safety hazards reached

◆ Case: Hisense Hitachi took the lead in initiating digital transformation to promote the reform of safe production management

At the end of 2022, Hisense Hitachi spearheaded a safe production management platform, with functions such as identification function by AI cameras and safety status monitoring for the gas system. The platform realizes the integration of various safety functions such as hierarchical risk control, potential hazard identification, and governance, dangerous operation management, fire management, early warning information processing, etc., which is convenient for relevant personnel to implement monitoring in the cockpit panel, major hazard source panel, and fire protection panel. It plays an important role in promoting the realization of basic goals such as reducing energy consumption, improving efficiency, real-time monitoring, strengthening management, dynamic management, and curbing accidents.

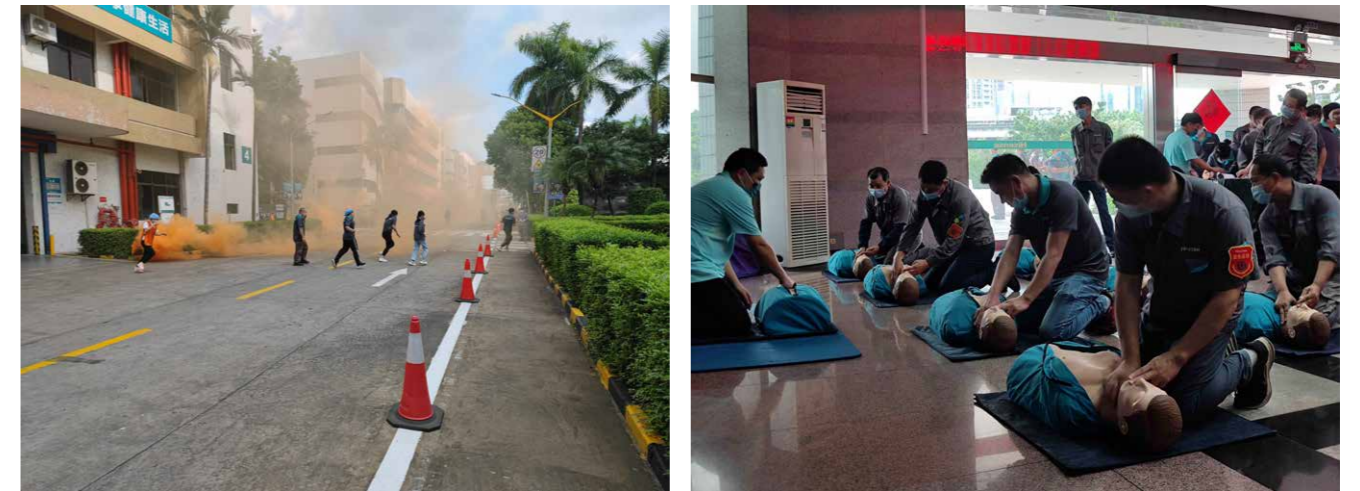


Hisense Hitachi visualization panel of the safe production management system

Construction of Safety Culture

In order to avoid safe production risks and strengthen the ability to deal with emergencies, Hisense HA carries out safety culture construction and emergency drills, which comprehensively enhance employees' safety awareness and create a safe production atmosphere where everyone is the first responsible person.

- ◆ Through government-enterprise cooperation or cooperation with the Safety Supervision Office and Emergency Response Office, activities such as "Fire Safety Fun Games", "Safe Production Month" and "119 Fire Consultation Month" were carried out to publicize the core concept of "safety first" and stimulate employees' motivation for safe production.
- ◆ The company has established an emergency rescue team composed of the emergency command department, emergency rescue group, vigilance and evacuation group, as well as mini fire stations to strengthen the emergency response capabilities of relevant parties in each park.



Hisense HA Emergency Drills

Hisense HA Employee Health and Safety KPI

Indicators	2022	2021	2020
Fire drill (number)	29	28	33
Fire drill participant (person-time)	26,535	29,699	31,785
Safety training participant (number)	25,389	27,984	30,625
Average training hours per person (hour per person)	1.17	1.22	1.25

Creation of an Inclusive Culture

Hisense HA creates an open and inclusive culture and a development platform with equal opportunities for its employees. The Company encourages employees to speak up and respect each other, supports them to balance life and work, and enables them to be listened to and respected in their work, so as to continuously improve their sense of belonging and integration.

| Democratic Management and Communication

Hisense HA is active in protecting the democratic rights of employees. The Company has established online and offline feedback channels for employees. It strengthens the communication with employees through multi-channel, multi-form and all-round communication and feedback, actively listens to the suggestions of every employee, and encourages them to offer suggestions, so as to continuously gather the strength of every employee to promote the reform and sustainable development of the Company.

Designation of Dedicated Employee Care Administrators

Hisense HA has designated employee care administrators in each group company to handle and give feedback on employees' opinions and suggestions in a timely manner. In 2022, the Company carried out employee engagement surveys and employee engagement improvement special action to evaluate the consistency of employee development direction and company development expectations and to understand pain points that affect employee engagement. The score was 4.35 (out of 5), indicating that employees have a high degree of recognition of Hisense HA. Improvement targeting those pain points is underway.

Union and Collective Consultation

Through equal consultation and the collective contract system, Hisense HA protects the legitimate rights and interests of employees. The Company convenes at least two democratic forums every year, invites employees to participate in democratic management and democratic supervision, and listens to and reflects on the opinions of employees. The Company's union was founded in 2004, with 14 union branches at home and abroad and a total of 14,470 union members. In 2022, 15 president and CEO luncheons and tea breaks were held, becoming an important platform for employees to communicate face-to-face with the company. Moreover, the union is equipped with in-house lawyers to provide employees with legal consultation, legal aid and labor dispute mediation support, so as to effectively protect the rights and interests of employees.

A New Online Platform for Communication

Hisense HA established an online platform named "House of Trust" in 2022, with the purposes of "expressing unique views based on the facts", "sharing successful experience in the industry with an open and progressive

mind", and "initiating management improvement discussion based on mutual respect". Employees are encouraged to express their opinions and suggestions in 8 major sections, including "Change and Reform", "I Have Appeal", "I Want to Discuss" and "Growth Sharing".



Hisense HA "Home of Trust"

| Employee Benefits and Care

Hisense HA adheres to people-oriented management. The Company has established an employee care management system, providing employees with multiple benefits and organizing diversified cultural and recreational activities to relieve employees' work pressure. The Company cares about the physical and mental health of its employees and motivates them with love, building a warm and caring environment to promote the development of both its employees and the Company.

Employee Benefits

On top of protecting the basic rights and interests of employees, Hisense HA provides its employees with multiple benefits ranging from welfare, holidays, and logistical support to health management, so as to help them keep a work-life balance and enhance their satisfaction level.

Holidays

- The company added parental leave, elderly care leave, and extended paternity leave in 2022.
- The Company offered escort leave for children's education to employees whose children are set to take the Gaokao, meeting the demands of employees to accompany their children at important moments in their lives.

Health management

- The Company has established a staff physical examination center and arranged staff physical examinations regularly. The Company concerns employees' health and will trace the condition of those employees who are detected with abnormal indicators and health issues.

Logistical support

- During the winter and summer vacations, the Company provides child care services for employees, to satisfy both the needs of the employees and their children.
- During the Spring Festival travel rush, the Company sends special buses to send and pick up employees in remote areas, and provides employees who stay in the factory with New Year's Eve, so that employees can truly feel the care from the company.

Welfare

- In traditional festivals such as Spring Festival and Lantern Festival, as well as major holidays such as the International Women's Day, the Company organize activities and distribute gifts to employees.
- The Company organizes birthday parties regularly to help employees integrate into the Hisense HA family.



Hisense HA Celebrated the Children's Day



Hisense HA "Happy Childcare Camp" for Employees' Children



Hisense HA Holiday Celebration



Hisense HA Provides Childcare Services for Employees' Children



Hisense HA Flower Arrangement Activity on the International Women's Day

Employee Care

Hisense HA regards its employees as the cornerstone of company development and prioritizes employees' physical and mental health and happiness. The Company continues to increase employee care investment in employee health and welfare through continuous changes in working methods, so as to secure employees' physical, social, psychological and other aspects of health, and enhance their motivation, work efficiency and loyalty. Focus on key groups such as core talents, key positions, and expatriate employees, the Company implements targeted improvement initiatives for those employees to improve the health and agility of company operations.



Improve the physical fitness of employees

The Company has built a "Health Management Group" to regularly organize team sports such as basketball, badminton, shuttlecock, etc., to attract and persuade employees to play sports.



Urge employees to pay attention to their health

The Company has set up a system of employee health records, will organize regular physical examinations to monitor the health status of employees. It hires professional nutritionists for overweight and chronically ill employees, provides scientific and healthy diet plans and life guides, and helps employees understand and improve their physical condition in time.



Hisense HA Employee Basketball Activities



Hisense HA Employee Birthday Parties



05

Beauty · Co-building of Reciprocal Relations

- Facilitating Industry Development
- Improving Supply Chain Management
- Community Participation and Development

Hisense HA believes that cooperation can bring win-win results, and establishing reciprocal relations is necessary for the sustainable development of enterprises. The Company actively integrates various resources, strengthens cooperation and exchanges in the industry, consolidates win-win relationships with suppliers, and voluntarily participates in various public welfare undertakings, striving to fulfill its social responsibility while promoting social development.

SDGs responded in this chapter



Material sustainable issues involved in this chapter

- Sustainable procurement
- Conflict minerals
- Community engagement and investment
- Public welfare and volunteer service
- Stakeholder communication

Facilitating Industry Development

As one of the largest manufacturers of home appliances in China, Hisense HA attaches great importance to cooperation and communication among industries. Focusing on the status quo and future opportunities of industry development, the Company promotes standardized construction with high quality and efficiency, contributes to and shares standardization results, and promotes the high-quality development of the home appliances industry.

Participating in Industry Summit

The Company actively participates in various industry summits and forums, continuing to make efforts in promoting the practice of ESG concepts, the upgrade of product standards, intelligent technology innovation and other acts in the industry. The Company is committed to leading a new trend of development in the global home appliance market while providing users with a better-quality life.

Case: Hisense HA participated in the 2022 International Green-Zero Carbon Festival/ ESG Leaders Summit and won two awards

In September 2022, the 2022 International Green Zero-Carbon Festival/ESG Leaders Summit, with the theme of "The Road to Carbon Neutrality" was held in Beijing. As a representative of the industry, Hisense HA attended the summit, actively showcasing its achievements in pursuing the "dual carbon" goals and sharing cutting-edge technologies, products and services of low-carbon innovation and green production, so as to lead the industry towards a sustainable future.

At the summit, Hisense HA won the honorary title of "2022 Carbon Neutrality Model Enterprise" for its good performance in low-carbon actions and environmental protection in R&D, production and other links. In addition, Ronshen Refrigerator, one of the Company's brands, won the "2022 Excellent Green and Quality Manufacturer Award". This award represents an affirmation of Hisense HA's practices in implementing the "dual carbon strategy", achieving sustainable development, and leading the green transformation of the industry, and demonstrates the Company's increasing strength in low-carbon technological R&D, green production and manufacturing.



Hisense HA Won the Honorary Title of "2022 Carbon Neutrality Model Enterprise"



Ronshen Refrigerator Won the "2022 Excellent Green and Quality Manufacturer Award"

Case: Hisense Fresh Air Air-Conditioner scooped multiple industry awards, representing a new model for air conditioning purification in the industry

In August 2022, the 2022-2023 China Air Conditioner Industry Summit Forum was held in Harbin. With continuous efforts in the field of the fresh air system, Hisense Fresh Air Air-Conditioner stood out among many brands and scooped three awards, including the "Leading Fresh Air Brand in China's Air-Conditioner Industry", the "Star of Fresh Air in China's Air Conditioner Industry" and "Excellent Channel Performance Product Award".

Moreover, in the 2022 Air Conditioner Industry Summit Forum co-hosted by China Household Electric Appliance Research Institute (CHEARI), www.cheari.com website, and *Household Appliances* magazine, Hisense Fresh Air Air-Conditioner TRESOR C200 won the "Oxygen-Introduction Pioneer" award for its excellent performance and was recognized by the industry for focusing on the field of the fresh air system, representing a new model for air conditioning purification in the industry.



Hisense Fresh Air Air-Conditioner Scooped Three Industry Awards

◆ Case: Hisense Refrigerator won the honorary title of "Excellent Brand of Smart Preservation", promoting the development of the preservation level in the refrigerator industry

In July 2022, under the guidance of CHEARI, the "2022 China Refrigerator Industry Summit Forum" was co-held by CHEARI (Beijing) Certification & Testing Co., Ltd., China Light Industry Healthy Home Inspection and Testing Center, www.cheari.com website, and *Household Appliances* magazine. At this forum, Hisense Refrigerator won the honorary title of "Excellent Brand of Smart Preservation". Its smart preservation solution provides valuable examples for industry and consumption upgrading.

In recent years, driven by technological innovation, market demand and policies, Hisense Refrigerator has seized the opportunity of intelligent development. Based on the strategy of "taking the intelligent upgrading of home appliances as the core and leading a smart new life", it has continued to delve into intelligent products, achieving leapfrog development, while facilitating the optimization and upgrade of the industry and providing users with a better life.



Hisense Refrigerator Won the Honorary Title of "Excellent Brand of Smart Preservation"

Engaging in Standards Formulation

In order to implement the national standardization development plan and quality improvement plan, the Company gives full play to the leading role in the industry by actively participating in the standardized construction of the industry. The Company continues to support the high-quality development of the home appliance industry while promoting the Company's technological innovation and development. During the reporting period, the Company's subsidiaries led or participated in the formulation and release of multiple standards, playing a leading role in the high-quality development of the industry.



Hisense Hitachi

- By the end of the reporting period, Hisense Hitachi had participated in the formulation of 16 national standards, 12 industry standards, 2 local standards, and 61 group standards. Among them, in 2022, it participated in the release of 2 national standards, namely the *Quality Safety of Household Electrical Appliances—Guidelines for Monitoring and Evaluation in the Manufacturing Process* and the *Survey-evaluating Method of Energy Utilization for Refrigeration Test Systems*, and participated in the release of 11 group standards.



Hisense Air-conditioner

- During the reporting period, Hisense Air-conditioner presided over and participated in the release of 26 national, industry and group standards, including 4 group standards such as *the Test and Evaluation for Artificial Thermal Environment Comfort-Part 4: Room Air Conditioners Controlled to Generate Different Temperature Zones* and *the Technical Specification for Aluminum Tube Fin Heat Exchanger for Room Air Conditioner*. Besides, it participated in 3 IEEE standard working groups for national and group standards in fields like green manufacturing and low-carbon, to respond to national policies. Hisense Air-conditioner won the second prize of Science and Technology Award for Organizations by the Shandong Association of Standardization.



Hisense Refrigerator

- During the reporting period, Hisense Refrigerator led or participated in the formulation and release of 36 external standards, including 3 national standards, 2 industry standards, 1 local standard and 30 group standards.
- By the end of the reporting period, Hisense Refrigerator led or participated in the formulation and revision of 163 standards, including 3 international standards, 42 national standards, 30 industry standards, and 3 local standards. Besides, it was a member in the expert group of IEC/TC SC59M WG4 Working Group (International Standard for Refrigerator Preservation) and IEC/TC61/SC61C/WG5 Working Group (International Standard for Refrigerator Safety).

Hisense HA's Participation in the Formulation of Industry Standards

Improving Supply Chain Management

Adhering to the philosophy of integrity, mutual trust, and cooperation for mutual success, the Company has formulated open, transparent and clean procurement policies. The Company continues to pay attention to issues such as supplier environmental and social responsibility, conflict mineral management, and collaborative development of the industrial chain. Through continuous improvement of supply chain management, collaborative innovation with suppliers, and responsible procurement, the Company leads its suppliers to put ESG concepts into practice and make their products and services meet the requirements of sustainable social development, so as to build a harmonious industrial ecosystem and promote the sustainable development of the industrial chain.

Key Performances

By the end of 2022

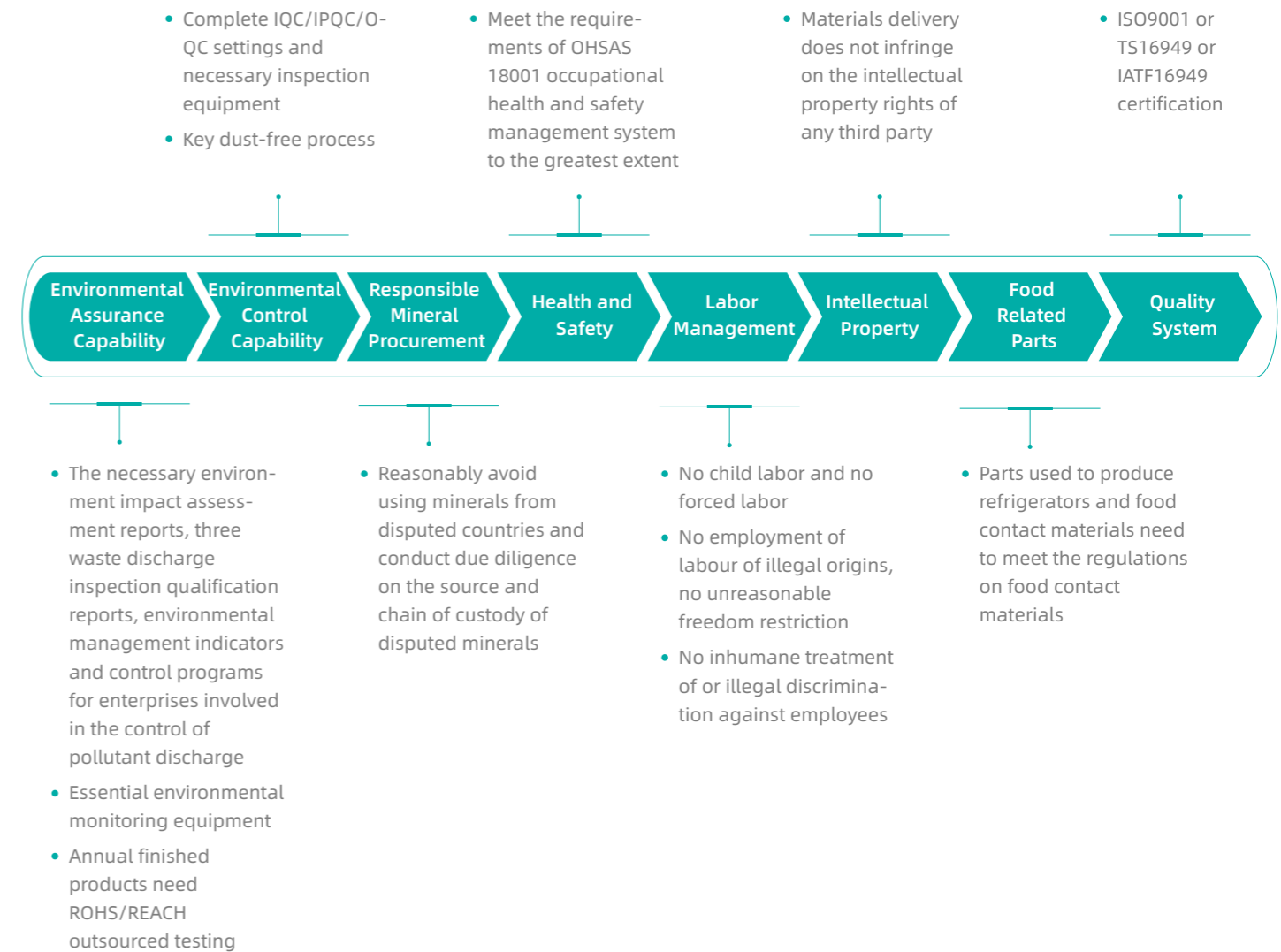
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The number of subsidiaries of the Company that had won the honorary title of "Model Enterprise for Green Supply Chain Management" was

Supplier Adoption

The Company has formulated the *Raw Material Bidding Management Measures*, the *Potential Supplier Management Measures* and the *Supplier Selection and Accreditation Management Measures* and other regulations to standardize supplier audit and management. ESG management-related documents including the "Safety and Environmental Protection Agreement", the "Anti-commercial Bribery Commitment", the "On-site Personnel Management Agreement" and the "Corporate Social Responsibility Agreement" are included in the attachments of the annual procurement contract, which are subjected to mandatory signing, and the Company's EHS policy is also included, so as to regulate, audit and evaluate suppliers from multiple perspectives such as environmental protection and safety, labor, occupational health and safety, and business ethics.

In 2022, the Company introduced a total of 180 new qualified suppliers.



Hisense HA' Basic Requirements for Suppliers in Terms of Environmental protection and Quality

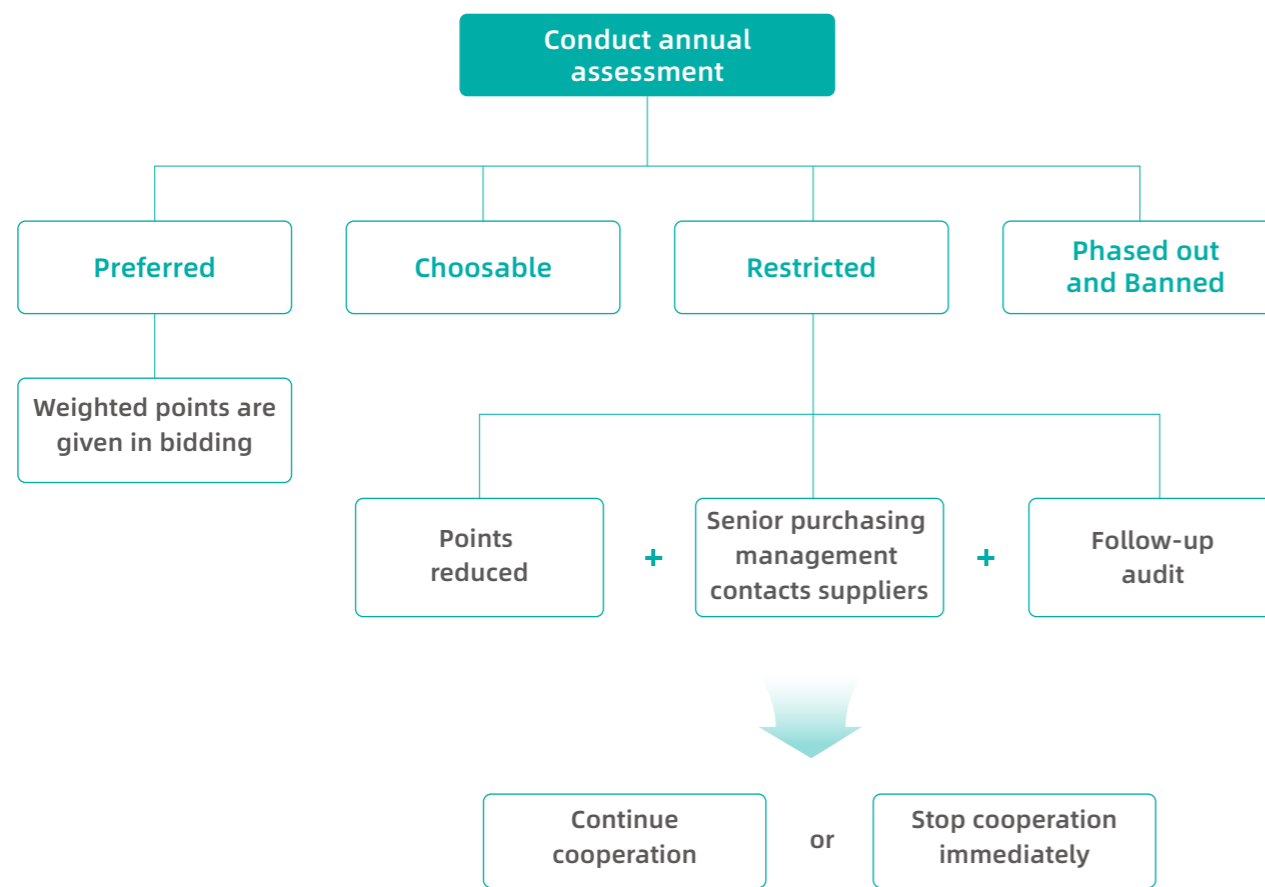
Currently, the Company has a total of 2,600 suppliers around the world, of which 2,585 suppliers have got the certification of ISO 14001:2015 environmental management system and other systems. The geographical distribution of suppliers is as follows:

Region	Quantity
Total	2,600
Within China	2,113
Outside China	487

Supplier Audit and Management

The Company actively promotes the digitalization of the supply chain. It carries out supplier management procedures such as supplier sourcing, identification, bidding and inquiry, performance evaluation and so on in the Hisense Procurement Sharing Platform, and also releases material arrival demand and procurement forecasts to suppliers on this platform, so as to coordinate and optimize the whole supply chain. This is conducive to establishing and maintaining long-term and close partnerships with suppliers and creating a win-win enterprise management model.

The Company conducts on-site audits of suppliers every year. New suppliers are required to pass quality system audits and social responsibility audits, while old suppliers are supposed to undergo annual spot checks in a certain proportion. In addition, the Company monitors the risks of suppliers from the perspectives of financial risks, business risks, legal risks, and internal control risks every year, and reduces supplier supply risks by developing alternative suppliers, reducing business share, stopping new product-related cooperation, and terminating risky cooperation.



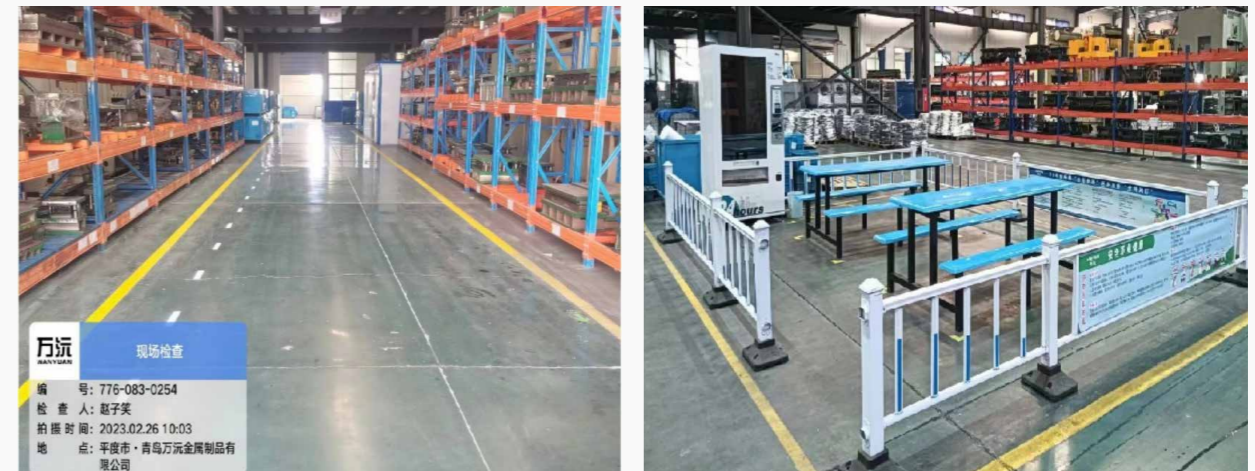
Hisense HA's Evaluation of Supplier Sustainability Performance

Supplier Empowerment

Hisense HA convenes a supplier conference every year, and carries out exchanges and cooperation with suppliers through strategy communication meetings, quality review meetings, thematic cooperation, daily business cooperation and communication meetings, etc., to achieve long-term cooperation with suppliers and seek common development. In 2022, the Company cooperated with suppliers to promote the healthy, low-carbon and high-quality development of the home appliance industry by providing assistance to improve the quality management level of suppliers in the refrigerator business line, promoting the use of more environmentally friendly materials and recycling and reusing waste materials with pellet suppliers, building laboratories with suppliers to jointly promote the application of new technologies, and establishing innovation days with core suppliers.

Case: Hisense Refrigerator provided assistance to Wanyuan Company to improve the level of environmental and quality management

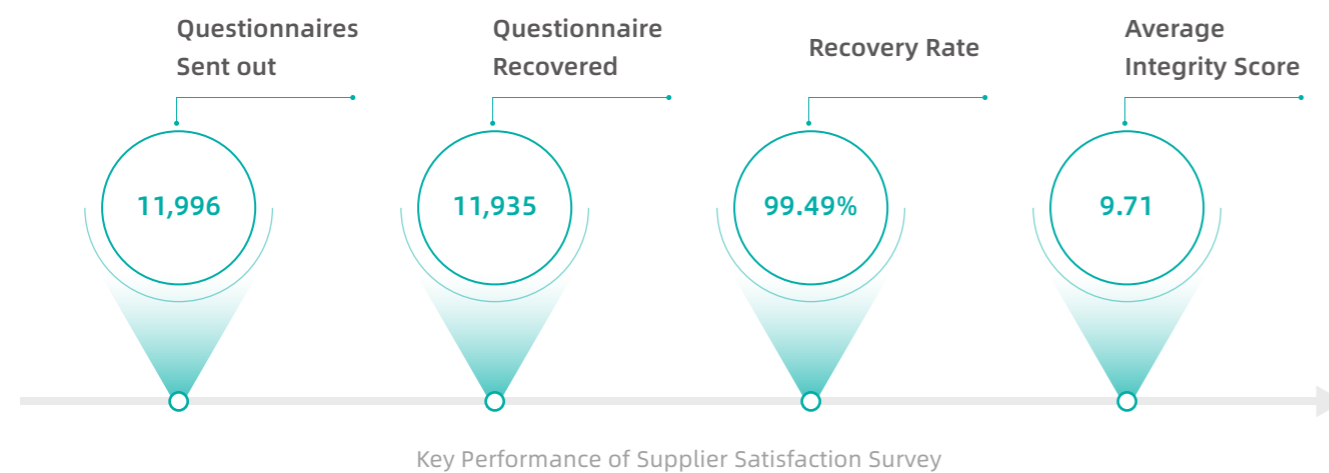
In 2022, Hisense Refrigerator carried out cognitive training for the management of Wanyuan Company and assisted Wanyuan Company to establish a CFT transformation team, which aimed to improve matters such as the disorganized operation sites, random placement of material containers, poor implementation of material dust prevention, etc. As a result, Wanyuan Company's operation sites, product quality and overall quality of employees were significantly improved.



The Improved Operation Site of Wanyuan Company

Supplier Satisfaction Management and Rights Protection

Suppliers are a crucial link in the supply chain, so suppliers' feedback, opinions, and suggestions are valuable for the company. The Company continues to pay attention to suppliers' feedback on their satisfaction with the Company's operation. The R&D and supply chain management department asked companies to carry out the "2022 Supplier Procurement Satisfaction Survey" through the SRM system or email. Based on the survey results, the Company carefully analyzed the problems existing in the management, formulated improvement plans, and conducted self-examination and evaluation of the improvement effects, which better improved the Company's supply chain management and helped to establish a stable supply chain system that matches the Company's operation and development and achieve win-win cooperation.



Furthermore, the Company attaches importance to the protection of the rights and interests of suppliers and encourages suppliers to report violations of relevant laws and regulations or company management rules in the process of business cooperation. During the reporting period, the Company did not receive any reported matters from suppliers.

Supplier reporting channels

- 1.Email: hxjdiwei@hisense.com
- 2.Mailing address: Donghai West Road, Qingdao City, Shandong Province
To Hisense Disciplinary Committee
Postcode: 266071
Contact number: 0532-55751516

Community Participation and Development

Amid steady development, Hisense HA always keeps in mind the social and environmental responsibilities that an enterprise should undertake. On the one hand, the Company continues to launch educational public welfare projects to promote education equity. On the other hand, the Company also pays attention to environmental protection issues, as it carries out environmental protection activities such as tree planting activity to implement ecological environmental protection. In addition, Hisense HA also actively participates in the construction of local communities to promote their development.

Promoting Education Equity

Hisense HA insists on doing its best to provide more children in rural areas with equal opportunities to study, promoting the balanced development of education. Since 2017, the Company has continued to work on the "Hisense Refrigerator · Yuchen Educational Public Welfare Project", and actively participated in social welfare by providing scholarships and education funds, donating to Hope Primary School, and subsidizing disadvantaged students and families.

Key Performances

By the end of 2022, the "Hisense Refrigerator · Yuchen Educational Public Welfare Project" has covered more than 10 provinces and cities,

With nearly **10,000** pieces of donated goods

About **100** online and offline classes

Nearly **100,000** people benefited

Case: Hisense Refrigerator cooperated with the local government to improve the education standard of the designated county

In 2022, in cooperation with the Supreme People's Procuratorate of the People's Republic of China, Qingdao Poverty Alleviation Office and other government departments, "Hisense Refrigerator · Yuchen Educational Public Welfare Project" launched education support activities in Dingxi City, Gansu Province and Xichou County, Yunnan Province.

Xichou County is one of the areas that has been aided by the Supreme People's Procuratorate to alleviate poverty for many years. According to the specific situation of local schools, the Hisense Refrigerator educational public welfare project plans to build the "Hisense Study Room", an integrated learning space for reading, teaching and activities, and equip the study room with books, TV and other teaching equipment, so as to create a better learning environment for students. In addition, the students are provided with psychological counseling rooms to protect their mental health, as well as washing facilities to improve their quality of life.

Dingxi City is a designated city for Qingdao City to help alleviate poverty. With the assistance of the Qingdao Poverty Alleviation Office, Hisense Refrigerator educational public welfare project selected four schools to provide help. It helped them improve their teaching and living environment by donating books, desks, chairs, household appliances and other supplies.



"Soul Station" in Yunnan Xichou County No. 3 Middle School



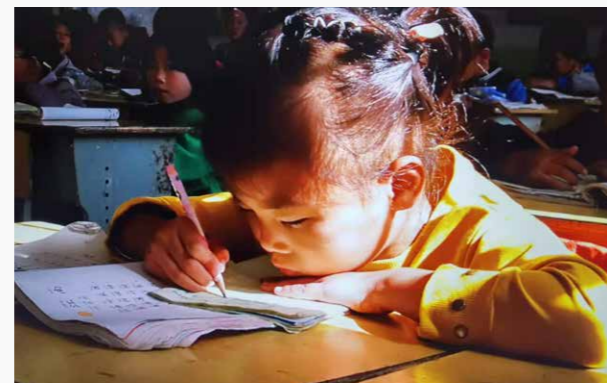
Child's Beds Donated to Mingde Kindergarten in Dingxi City

◆ Case: Hisense Refrigerator launched the "Hisense Study Room" project to support the development of diverse education

"Hisense Study Room" is an integrated learning space for reading, teaching and activities. It is designed to provide students more opportunities for extracurricular reading, which is different from the learning content in the classroom. The study rooms and courses are well-designed based on the different needs of different schools and local cultural features. In 2022, Hisense Refrigerator expanded the "Hisense Study Room" project by setting up study rooms successively in Tengzhou Xigang Gaomiao Primary School, Yunnan Maohe Primary School, Zaozhuang Qicun Central School, Gansu Dingxi Zhonghua Road Primary School, and Sichuan Chenjiaba Primary School, bringing warmth and inspirations to teachers and students in more remote areas.



"Hisense Study Room" in Tengzhou Xigang Gaomiao Primary School



◆ Case: Hisense Refrigerator continues to support long-term projects such as "Children's Day", "Reading, Seeing the Sea and the World", "Hisense Good Teenager"

In 2022, the Hisense Refrigerator education support team joined hands with more than 10 schools to hold an online Children's Day party on the Children's Day. The "Reading, Seeing the Sea and the World" activity was launched in Yunnan, helping schools to hold summer camps in the province. In addition, the Hisense Refrigerator education support team also held a selection activity for the "Hisense Good Teenager" in all the relevant schools to reward students with excellent character and grades; it also carried out "online teaching" activities and invited teachers to teach students calligraphy and painting.



Hisense Refrigerator "Reading, Seeing the Sea and the World" Activity



During the reporting period, at the "14th China High-end Home Appliance Trend Release & Red-Top Award Ceremony" held by the Red-Top Award Organizing Committee under the guidance of the China Household Electrical Appliances Association, Hisense Refrigerator won the "2022 Red-Top Welfare Award" for its active participation in public welfare. This award indicated that the Company was recognized for its extraordinary efforts to fulfilling social responsibility.



Hisense Refrigerator's "Red-Top Welfare Award"

Engaging in Environmental Protection Activities

In 2022, Hisense Hitachi actively fulfilled its environmental protection responsibilities. It cooperated with the Desert Post Office to carry out the Desert Date Public Welfare Forest project, and launched the "Healthy Nanshan Run" activity with CODOON. In this activity, running miles could be converted into "public welfare energy" to support the planting of saxauls in the Dunhuang area.

◆ Case: Hisense Hitachi cooperated with the Desert Post Office to cool down the desert

In July 2022, Hisense Hitachi and the Desert Post Office jointly launched the "Hitachi Desert Date Public Welfare Forest Project" to create the Hitachi Central Air Conditioner Public Welfare Forest in the Tengger Desert. This is also a continuation of a number of public welfare projects such as "Shangri-La Botanical Garden - Protecting Rosa praelucens Byhouwer" project and "Shenzhen Mangrove Forest - Protecting the Spoon-billed Sandpiper" project, aiming to further arouse people's attention to and encourage them to take actions for Alxa desert management and green public welfare undertakings.



Tree Planting Site of Hitachi Desert Date Public Welfare Forest

◆ Case: Hisense Hitachi launched the "Healthy Nanshan Run" activity to add greenery to the Dunhuang Public Welfare Forest

In 2022, Hisense Hitachi joined hands with CODOON, a sports social media platform, to launch the "Healthy Nanshan Run" activity, which was combined with the tree planting activity for Dunhuang Public Welfare Forest. The "public welfare energy" converted from the running miles was used to plant saxauls in the 666 hectares of public welfare forest in Dunhuang. The 2022 "Healthy Nanshan Run" was held in 26 places offline, with more than 2,000 offline participants and a running mileage of more than 10,000 kilometers. The online participants reached 260,000, and a total of 10,000 saxauls would be planted.



Hisense Central Air-Conditioner "Healthy Nanshan Run" Activity Site

Hisense Hitachi has been committed to the "dual carbon" strategy and unswervingly pursuing green and low-carbon development. In December 2022, Hisense Hitachi was awarded the honorary title of "2022 Industry Model for Corporate Social Responsibility" by the organizing committee at the 12th Philanthropy Festival, as it has set a good example in fulfilling social responsibilities with actions.



Hisense Hitachi Won the Title of "2022 Industry Model for Corporate Social Responsibility"

◆ Case Study: Sanden Company joined the "30 by 30 Alliance for Biodiversity"

In order to promote the realization of the goal of "protecting at least 30% of the land and sea by 2030" in the UN's Convention on Biological Diversity, Sanden Company participated in the "30 by 30 Alliance for Biodiversity", which was initiated by 17 organizations including the Ministry of the Environment of Japan. Besides, Sanden Company got the opportunity to be assisted by the Ministry of the Environment of Japan for the certification of "natural symbiotic locations" and to collaborate on test verification. The result of the evaluation trial indicated that Sanden Company's biodiversity conservation activities for over 20 years, the outcomes of its monitoring and research, and its preliminary "Green Legacy" certification from SEGES (Social and Environmental Green Evaluation System) were recognized again. In 2023, Sanden Company will continue its efforts to obtain a formal "Conformity" certification and will maintain an ecological environment similar to "SATOYAMA" ("sequentially harvested secondary forest") in the future to contribute to biodiversity conservation.

* Corporates that have received preliminary SEGES certification will be awarded the title of "Green Legacy" after passing three consecutive three-year renewal assessments.

Supporting Community Construction

Hisense HA also attaches importance to the participation and construction of local communities and actively promotes the harmonious development of the company and local communities. During the reporting period, the Company improved the quality of life of local communities by supporting local fire rescue operations and holding large-scale events to activate community functions.

◆ Case: Hisense Air-conditioner set up an emergency fire brigade to provide emergency assistance for local fire rescue

There is a shortage of firefighting water supplies in the fire station of Nancun Town, Qingdao City, Shandong Province. In 2022, Hisense Air-conditioner provided firefighting water supplies to the fire brigade over 210 times, with about 7,290 tons of water in total, offering strong support in water replenishment for firefighting in Nancun Town.

Furthermore, due to the frequent fires around the Nancun fire station, Hisense Air-conditioner emergency fire brigade actively responds to the government's fire safety actions. During the reporting period, a total of 16 fire rescues were conducted to provide emergency assistance for the station in a timely manner. In July 2022, Hisense Air-conditioner was honored as the "Advanced Unit" by the Qingdao Fire Safety Committee for its support of fire safety.

◆ Case: Hisense HA organized an offline football fan activity to promote community connection

In 2022, Hisense HA cooperated with SO BOOK, a local bookstore chain, to hold the second "Hisense Home Appliances · Qingdao International Football Fan Carnival". It provided the fans with an all-day sea view venue to watch football games, sharing football culture with the audience. The fans on the scene interacted and communicated with each other excitedly. During the carnival, Hisense HA also held multiple offline games watching activities and other activities to create a temporary entertainment space for local communities and promote cultural exchanges among local communities.



Hisense Home Appliances · Qingdao International Football Fan Carnival

About this Report

Introduction

This report is the seventh Environmental, Social and Governance Report (ESG Report) released by Hisense Home Appliances Group Co., Ltd., which aims to disclose the Company's management and performance in environmental, social and governance (ESG) aspects, and deepen stakeholders' understanding of the company's sustainable development strategies and actions. This report has been reviewed and approved by the Company's Board of Directors, with its content under supervision.

Scope of Report

Organizational scope of the report: This report pertains to Hisense Home Appliances Group Co., Ltd. and its controlled subsidiaries.

Reporting period: 1 January 2022 to 31 December 2022. Part of the report is beyond the reporting period in order to ensure its comparability and perspectiveness.

Preparatory Basis of Report

This report was 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 (HKEX), and in reference to the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) Standards, the United Nations Sustainable Development Goals (UNSDGs) and the Task Force on Climate-related Financial Disclosures (TCFD) framework recommendations.

Reporting Principles

This report follows the four reporting principles of Materiality, Quantitative, Balance and Consistency in the HKEX's ESG Reporting Guide. Hisense HA promises that this report does not contain any false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its content.

Materiality: The Company conducts stakeholder communications and material issue evaluations annually to identify material ESG issues and ensure that stakeholder concerns are responded to in this report.

Quantitative: The data contained in this report have been reviewed and analyzed to illustrate year-on-year changes. The criteria and methodologies used for the calculation of the KPIs in this report are explained where applicable.

Balance: This report provides an unbiased picture of the Company's work and performance on various ESG issues for objective review by stakeholders.

Consistency: Unless otherwise indicated, the methodologies used in this report are consistent with that of the past to allow for meaningful comparisons.

Description of References

For easy reference, in the report, "Hisense HA", "the Company" and "Company" refer to "Hisense Home Appliances Group Co., Ltd.", "Hisense Hitachi" refers to "Qingdao Hisense Hitachi Air-conditioning Systems Co., Ltd.", "Hisense Air-Conditioner" refers to "Hisense Air-conditioning Co., Ltd.", "Hisense Refrigerator" refers to "Hisense Refrigerator Ltd.", "Sanden Company" refers to "Sanden Holdings Corporation", and "the Group" refers to "Hisense Group Co., Ltd."

Publication of Report

This report is published in electronic format and is available in Chinese Simplified, Chinese Traditional and English. To get this report, please visit www.cninfo.com.cn, www.hkexnews.hk, or hxjd.hisense.cn.

Index of Indicators

HKEX ESG Index

Environmental

Aspect	Indicator No.	Indicator Content	Index
A1: Emissions		General Information on: (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.	P37-56
	A1.1	The types of emissions and respective emissions data.	P44-47
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P51
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P47

Aspect	Indicator No.	Indicator Content	Index
A1: Emissions	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P47
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P37、 P44-47
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P37、 P45-47
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note:Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P37-56
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P49-50
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P42
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P37、 P47-50
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P37、 P42
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P43
	A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.
A3.1		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P37-41
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P37-39、 P50-54
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P50-54

● Social

Aspect	Indicator No.	Indicator Content	Index
B1: Employment	General Disclosure	Information on: (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.	P57-58
	B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	P57
	B1.2	Employee turnover rate by gender, age group and geographical region.	P57
B2: Health and Safety	General Disclosure	Information on: (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.	P63-68
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P65
	B2.2	Lost days due to work injury.	P65
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P63-68
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note:Training refers to vocational training. It may include internal and external courses paid by the employer	P59-62
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P60-61
	B3.2	The average training hours completed per employee by gender and employee category.	P60-61

Aspect	Indicator No.	Indicator Content	Index
B4: Labour Standards	General Disclosure	Information on: (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.	P57-58
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P57-58
	B4.2	Description of steps taken to eliminate such practices when discovered.	P57-58
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P77-81
	B5.1	Number of suppliers by geographical region.	P78
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P77-79
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P77-79
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P77-79
B6: Product Responsibility	General Disclosure	Information on: (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.	P24-34
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P36
	B6.2	Number of products and service related complaints received and how they are dealt with.	P35-36
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P11-12

Aspect	Indicator No.	Indicator Content	Index
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	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P32-33
B7: Anti-corruption	General Disclosure	Information on: (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.	P08-09
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P09
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P08
	B7.3	Description of anti-corruption training provided to directors and staff.	P09
B8: Community Investment	General Disclosure	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.	P82-88
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P82-88
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P82

GRI Content Index

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	2-2 Entities included in the organization's sustainability reporting	P89
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	2-4 Restatements of information	N/A
	2-5 External assurance	N/A
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	2-7 Employees	P57
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	2-10 Nomination and selection of the highest governance body	P06
	2-11 Chair of the highest governance body	N/A
	2-12 Role of the highest governance body in overseeing the management of impacts	P05-07
	2-13 Delegation of responsibility for managing impacts	P05-07
	2-14 Role of the highest governance body in sustainability reporting	P13
	2-15 Conflicts of interest	P10
	2-16 Communication of critical concerns	P04
	2-17 Collective knowledge of the highest governance body	P04
	2-18 Evaluation of the performance of the highest governance body	P05-07
	2-19 Remuneration policies	P05-07
	2-20 Process to determine remuneration	P05-07
	2-21 Annual total compensation ratio	N/A

GRI Standard	Disclosure	Index
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	2-23 Policy commitments	P08-10
	2-24 Embedding policy commitments	P08-10
	2-25 Processes to remediate negative impacts	P10
	2-26 Mechanisms for seeking advice and raising concerns	P10
	2-27 Compliance with laws and regulations	P08-10
	2-28 Membership associations	P76
	2-29 Approach to stakeholder engagement	P14
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3-2 List of material topics		P17
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	201-2 Financial implications and other risks and opportunities due to climate change	P50-54
	201-3 Defined benefit plan obligations and other retirement plans	N/A
	201-4 Financial assistance received from government	N/A
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	P58
	202-2 Proportion of senior management hired from the local community	N/A
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	N/A
	203-2 Significant indirect economic impacts	P15

GRI Standard	Disclosure	Index
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	N/A
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	P08
	205-2 Communication and training about anti-corruption policies and procedures	P09
	205-3 Confirmed incidents of corruption and actions taken	P09
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P10
GRI 207: Tax	207-1 Approach to tax	P05
	207-2 Tax governance, control, and risk management	P05
	207-3 Stakeholder engagement and management of concerns related to tax	P14
	207-4 Country-by-country reporting	N/A
GRI 301: Materials	301-1 Materials used by weight or volume	P46
	301-2 Recycled input materials used	P46、P55-56
	301-3 Reclaimed products and their packaging materials	P22-23、P43
GRI 302: Energy	302-1 Energy consumption within the organization	P47-50
	302-2 Energy consumption outside of the organization	N/A
	302-3 Energy intensity	P49
	302-4 Reduction of energy consumption	P02、P47-48
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GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	P42、P45-46
	303-2 Management of water discharge-related impacts	P42、P45
	303-3 Water withdrawal	N/A

GRI Standard	Disclosure	Index
	303-4 Water discharge	P46
	303-5 Water consumption	P42
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P87
	304-2 Significant impacts of activities, products and services on biodiversity	P87
	304-3 Habitats protected or restored	N/A
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	P51
	305-2 Energy indirect (Scope 2) GHG emissions	P51
	305-3 Other indirect (Scope 3) GHG emissions	N/A
	305-4 GHG emissions intensity	P51
	305-5 Reduction of GHG emissions	P02
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	P44-47
	306-2 Management of significant waste-related impacts	P44
	306-3 Waste generated	P44-47
	306-4 Waste diverted from disposal	P45
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GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	P77-78
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GRI 401: Employment	401-1 New employee hires and employee turnover	P57
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P69-70
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GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	P63-67
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	403-3 Occupational health services	P63-68、 P70
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	403-5 Worker training on occupational health and safety	P68
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	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P63-68
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GRI 404: Training and Education	404-1 Average hours of training per year per employee	P59-61
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	404-3 Percentage of employees receiving regular performance and career development reviews	N/A
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GRI Standard	Disclosure	Index
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GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	P58
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	P82-88
	413-2 Operations with significant actual and potential negative impacts on local communities	P82-88
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	P79
	414-2 Negative social impacts in the supply chain and actions taken	P79-80
GRI 415: Public Policy	415-1 Political contributions	N/A
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	P24-28
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	P34
	417-2 Incidents of non-compliance concerning product and service information and labeling	N/A

GRI Standard	Disclosure	Index
	417-3 Incidents of non-compliance concerning marketing communications	N/A
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P32

TCFD Disclosure Recommendations

Scope	Recommended Disclosures	Index
Governance Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	P38-39
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	P38-39
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	P51-52
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	P52-53
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	P39、 P53
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	P50-54
	b) Describe the organization's processes for managing climate-related risks.	P50-54
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	P50-54
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	P50-54
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	P51
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	P38-39

SASB Content Index

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	CG-AM-250a.2	Discussion of process to identify and manage safety risks associated with the use of its products	n/a	P27
	CG-AM-250a.3	Total amount of monetary losses as a result of legal proceedings associated with product safety	Reporting currency	N/A
Product Lifecycle Environmental Impacts	CG-AM-410a.1	Percentage of eligible products by revenue certified to the ENERGY STAR® program	Percentage (%) by revenue	P19
	CG-AM-410a.2	Percentage of eligible products certified to an Association of Home Appliance Manufacturers (AHAM) sustainability standard	Percentage (%) by revenue	N/A
	CG-AM-410a.3	Description of efforts to manage products' end-of-life impacts	n/a	P23
Activity Metrics				
Annual production	CG-AM-000.A	/	Number of units	N/A

Feedback from Readers

Thank you for reading the Hisense Home Appliances Group Co., Ltd. 2022 Environmental, Social and Governance Report. In order to provide you and other stakeholders with more valuable information and to facilitate Hisense Home Appliances Group Co., Ltd. to improve its ESG management capabilities and standards, we sincerely welcome your comments and suggestions on the report and feedback to us through the following means:

✉ Email: hxjdzqb@hisense.com

1. Which of the following categories of stakeholders do you belong to?

- Consumers
- Community
- Media
- Public welfare organizations and industry associations
- Partners (suppliers and distributors)
- Other _____
- Government and regulatory bodies
- Shareholders and investors
- Employees

2. Do you feel that this report fully reflects Hisense Home Appliances Group Co., Ltd.' environmental, social and governance performance?

- Yes
- Fair
- No

3. Do you think this report has fully responded to the expectations and demands of Hisense Home Appliances Group Co., Ltd.' stakeholders?

- Yes
- Fair
- No

4. Do you think the quantitative information disclosed in this report is objective, true and effective?

- Yes
- Fair
- No

5. Do you consider the presentation of this report to be clear and easy to understand?

- Yes
- Fair
- No

6. Do you think the layout of this report helps you understand the relevant information?

- Yes
- Fair
- No

7. What other comments and suggestions do you have on Hisense Home Appliances Group Co., Ltd.' ESG management and ESG report?
