Hisense

Hisense HA Environmental, Social and Governance Report

2023

/ Winning Together for the Good
Intelligent Manufacturing for a Green Future /

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A Letter to Our Stakeholders

In 2023, the home appliance industry' s internal and external environment continues to undertake the pressure. Meanwhile, the advent of AI was catalyzing the evolution of home appliances towards intelligence, sustainability, and convenience. Consequently, competition within the industry was escalating in complexity and intensity. Hisense HA aligns with the contemporary developmental trajectory, adeptly navigating the surge in domestic demand and the echo of overseas restocking needs. The Company introduces smart and premium-quality home appliances designed around user-centered experiences, underpinned by cutting-edge technology, and fueled by innovation. This strategic approach allows Hisense HA to seamlessly adapt to the evolving landscape and demands of the home appliance industry, showcasing robust growth and brand influence globally. In 2023, the Company realized an operating income of RMB 85.60 billion, marking a substantial 15.5% year-on-year increase. The net profit stood at RMB 2.84 billion, reflecting an i 97.7% year-on-year growth, underscoring the Company's remarkable performance strides.

Adhering to the long-term vision and striking a balance between change and constancy has empowered Hisense HA to maintain its momentum.

Technology serves as the foundation, and innovation as the core essence. Hisense HA upholds manufacturing as a crucial pillar, embedding "leading advanced manufacturing with intelligentization at its core" into its corporate DNA, thereby establishing a solid groundwork for sustained and stable development. With a profound understanding of user experience pain points and segmented market demands, guided by a long-term strategic approach, we consistently bolster R&D investments in core technologies, enhance the manufacturing capacity of cutting-edge equipment, and expedite the intelligent upgrade and digital transformation of the manufacturing sector. Our commitment has led to the creation of a range of pioneering and market-acclaimed products centered on health, intelligence, and energy efficiency, culminating in the strategic positioning of the immersive intelligent household experience covering settings, scenes, and homes. We have successfully introduced innovative products such as the Hisense AR Intelligent Transparent Screen Refrigerator, Hisense Radiance 509 Vacuum Magic Cube Pro Refrigerator, Hisense Roman Holiday Series Laundry, and Hisense Radiance Artist Set Kitchen and Bathroom, redefining the standards of quality of life through technology. These innovations have been honored with prestigious accolades such as the German iF Design Award, the AWE Award, and other renowned accolades both locally and globally.

We prioritize quality management and have established an effective and replicable "Hisense HA Path" amid high-quality development.

Over the past year, Hisense HA has implemented changes in corporate governance and top-level design, focusing on long-term capacity building to enhance the Company's internal development momentum. This strategic shift has led to significant enhancements in efficiency, capacity, and operational quality. We have bolstered the transparency and robustness of our operations, aligning with our commitment to maximize environmental, social, and economic values. Simultaneously, we have formulated comprehensive strategies in the green and low-carbon domain, encompassing technology research and development, manufacturing, and supply chain management. Our continuous exploration of innovative technologies, processes, and products positions us as industry leaders in green advancement. The Company has achieved significant milestones in establishing a clean, low-carbon, and high-efficiency energy system, with a total installed photovoltaic capacity of 48.6 MW and an anticipated annual power generation capacity of 47.76 million kWh. Photovoltaic power generation now constitutes over 12% of the Company's total power consumption. Additionally, we have prioritized the harmless, reduced, and resourceful disposal of end-of-life products by launching the pioneering "Internet + Recycling" platform. This platform facilitates the recycling of air conditioners, refrigerators, TVs, and washing machines, promoting the adoption of green consumption practices among our widespread user base. Recognized for our exceptional governance practices and commitment to low-carbon environmental initiatives, the Company was included in the 2023-2024 Hang Seng (China A) Corporate Sustainability Benchmark Index and became consecutive wins of the Carbon Neutral Enterprise at the ESG Leadership Summit.

Adhering to the ethos of ethical behavior, Hisense HA fosters integration and development among multiple stakeholders through an altruistic and mutually beneficial business model.

Over the preceding year, Hisense HA has streamlined its organizational structure, enhanced its talent strategy, recruited key personnel effectively, and successfully implemented the second phase of the Employee Stock Ownership Plan. These actions not only signify the Company's confidence in its future trajectory but also vitalize employee engagement, fostering a stronger sense of shared interests and common destiny between the employees and the organization. This initiative establishes a robust talent foundation to support the realization of long-term strategic objectives. Functioning as the orchestrator of the smart home appliance industry chain, we not only propel related industries to complete the regional industrial chain layout but also reinforce the dedication of our partners toward social responsibility. We are dedicated to expanding the scope of environmentally conscious and accountable business practices across the entire industry chain. This commitment has led to a 100% adoption rate of the *Corporate Social Responsibility Agreement* and *the Code of Conduct for Supply Chain* by our partners. Additionally, we actively engage with the local community and society

to cultivate a narrative of "beauty and harmony" through initiatives supporting equitable education, environmental conservation, and community development. Our contributions include over 5,000 hours of voluntary service, and successfully won the China ESG Golden Awards 2023- Best Social Responsibility Award.

In navigating the future, Hisense HA will embody the principles of craftsmanship, maintain its original ethos, and uphold sincerity.

The Company staunchly rejects the lure of short-term gains through cut-throat competition for mere survival; instead, we steadfastly adhere to independent technological innovation. By consistently surpassing user expectations to demonstrate contemporary value and harmonize with the zeitgeist, Hisense HA aims to contribute to a brighter future. The organization remains dedicated to fortifying its brand identity, fostering a global outlook, and advancing the integration of localized research, production, and sales. This strategic approach includes expanding into international markets and diversifying its business portfolio. By championing brands that epitomize "human-centered technology" and "supreme quality," and catering to personalized, intelligent service scenarios, the Company will convey the accountability and dedication of the home appliance industry to global consumers. Hisense HA is committed to embodying the epitome of national brand excellence in overseas markets.We firmly believe that we will continue to move forward on the road of high-quality and sustainable development through goodwill and win-win cooperation, and we invite all stakeholders to join us in looking forward to a greener and better future for Hisense Home Appliances.

——the Board of Hisense Home Appliances Group Co., Ltd.

4/24/2024

About Hisense

Established in 1984 and listed on the main boards of the Hong Kong Stock Exchange (stock code: 00921) and the Shenzhen Stock Exchange (stock code: 000921) in 1996 and 1999 respectively, Hisense Home Appliances is a global company focusing on the manufacturing of home appliances, which mainly engaged in the research and development, manufacturing, and marketing of electrical products such as refrigerators, household air conditioners, central air conditioners, freezers, washing machines, kitchen appliances, as well as molds, automotive air conditioner compressors, and comprehensive thermal management systems. The company provides a full-scenario smart home solution centered around the upgrade of home appliances to smart devices. The company's product range includes eight major brands: “Hisense” “Ronshen” “KELON” “HITACHI” “YORK” “gorenje” “ASKO” “SANDEN”, with a rich brand lineup, excellent brand reputation, and a solid market foundation.

The Company enhances its global R&D, production, and sales infrastructure, aiming to foster synergy among these functions and expand its customer base in the global market. The Company actively develops high-end, intelligent, and home-oriented products to bolster its product competitiveness and diversify its business landscape.

The Company is committed to being a technology-based company and follows the principle of "leading advanced manufacturing with intelligentization at its core." It has consistently focused on overall innovation and the capacity for change within the industrial chain, while continuously driving technological upgrades and product iteration. The Company has deep roots in the manufacturing industry and prioritizes long-term capacity building, actively pursuing digitalization, intelligence, and green transformation to enhance its product, brand, marketing, and manufacturing capabilities to foster the high-quality development of both the Company and the home appliance industry. With a focus on market demand for intelligence, integration, and scenarios, the Company has been implementing the "Smart New Life" strategy, offering users comprehensive and high-quality smart life solutions through the upgraded Hisense Smart Home and Smart Cloud Platform.

Furthermore, the Company actively embraces ESG principles and fulfills its social responsibility for low carbon and environmental protection. This commitment encompasses the entire technological research and development process, manufacturing, and supply chain management, as the Company continually strives for lower carbon emissions. By promoting educational equity, environmental protection, public welfare, and community construction, the Company effectively fulfills its social responsibilities and contributes to shared development fruits.

Corporate culture

Vision	Build a century-old Hisense and become the most trusted global brand
Mission	Committed to technological innovation, leading advanced manufacturing centered around intelligence, and bringing happiness to millions of families with high-quality products and services
Development Strategy	Technology-driven enterprise, stable operation
Corporate Spirit	Respect, Dedication, Innovation, Efficiency
Core Values	Honesty and integrity, pragmatism and innovation, customer first, sustainable management

Business performance

85.6 billion yuan Operating income	**2.84** billion yuan Net profit attributable to shareholders of the listed company	**13.58** billion yuan Net assets attributable to shareholders of listed companies
15.5% Year-on-year revenue growth	**65.95** billion yuan Total assets	**2.08** yuan Basic earnings per share

Honors in 2023

In 2023, Hisense Home Appliances won multiple famous awards in the fields of branding, manufacturing, research and development, and ESG, and received recognition and recognition from the market and industry for its all-round and multi-dimensional development achievements.

Awards and Honors
Leadership
• Received an A from the Shenzhen Stock Exchange for information disclosure rating for three consecutive years • Outstanding Listed Companies with Value in the Industry 2023 • Top 500 Brands of Chinese Listed Companies in 2022, Most Socially Responsible Brand • Best Value for Investment in 2023 • Phoenix Star Hong Kong Stock "Most Promising Listed Company" in 2023 • "Most Influential Account" in 2022 Royal Flush Annual A-share Business Account List • Ranked 4th in China's Top 100 Light Industry Enterprises • Ranked 47th in the "Top 500 Business in Guangdong", 19th in the "Top 100 Manufacturer in Guangdong", and 2nd in the "Top 100 Business in Foshan"
Innovation
• "Based on Research and Industrialization of Comfort Air Conditioner Intelligent Temperature and Humidity Split Control Multi-Scenario Air Supply Technology", the Company won more than 10 awards including the First Prize of Science and Technology Progress Award of China National Light Industry Council in 2023, China Patent Award, Science and Technology Progress Award of China National Light Industry Council, Science and Technology Progress Award of Shandong Province, and Science and Technology Progress Award of Qingdao City • Hisense dishwasher won the "CES Innovation Award" • Hisense Air Conditioning won "the Eighth Nanshan Award for China Air Purification Scientific and Technological Innovation Product" • Won the "Technology Excellence Award" and "Innovation Excellence Award" • Ronshen Refrigerator was awarded the "Leading Brand in the Integrated Development of Home Appliances in China" • Won two first prizes in the 2nd Light Industry Innovative Products and Intelligent Health Solutions for the Elderly Competition • Ronshen Refrigerator was awarded the "Leading Brand in the Integrated Development of Home Appliances in China" • "Household Frequency Conversion Controller Engineering Research Center" was recognized as Shandong Province Engineering Research Center • Won 2 product innovations, 1 design innovation, 1 technological innovation and 1 standard innovation at 2023 (the 19th) China Home Appliances Innovation Promotion • Won 7 AWE awards at the China Appliance & Electronics World Expo (AWE Show) • Inverter Air Conditioner Comfort Key Technology Research Team was awarded 2023 Outstanding Innovation Team by *Journal of Appliance Science & Technology* • 2023 China Cooling & Heating Intelligent Manufacturing Product Award Household Cooling & Heating Products, "2023 China Cooling & Heating Intelligent Manufacturing Brand Award - Top Intelligence Award", "2023 China Cooling & Heating Intelligent Manufacturing Brand Award - Golden Intelligence Award"
ESG Leadership
• Selected for the first time in the Hang Seng (China A) Corporate Sustainability Benchmark Index • Obtained MSCI rating for the first time • Best Practice Case and the Best Practice of the Board of Directors of Listed Companies in 2023 • 100 in The First ESG - Golden Bull Awards • Selected as excellent case of Social Responsibility Blue Book for Qingdao State owned Assets and Enterprises • Won the China ESG Golden Award 2023 • Hisense Home Appliances won the "Carbon Neutral Exemplary Enterprise Award" • The Company' s Subsidiaries Hisense Hitachi won the "Outstanding ESG Development Case of the Year". • Ronshen Refrigerator was awarded the "2023 Green Sustainability Contribution Award", "ESG Practice Innovation Award" and "ESG Development Model Case of the Year". • Won the first Green Brand Demonstration Enterprises in 2023

The Board's ESG Statement

The highest authority for the ESG strategy and management at Hisense Home Appliances is the Board of Directors. It is responsible for coordinating and deploying ESG efforts, overseeing ESG activities, establishing ESG management policy and strategy, reviewing ESG objectives, and identifying, assessing, and managing ESG-related risks and opportunities. The Board of Directors emphasizes the alignment and integration of ESG concepts with the Company's development strategy and closely monitors the overall performance of the Company's ESG governance, while continuously enhancing the ESG management mechanism.

The Board of Directors places significant emphasis on meeting the demands and expectations of stakeholders. It mandates the ESG Committee to dynamically reassess ESG materiality issues in conjunction with the Company's development strategies and plans, production and operation conditions, and stakeholder communication outcomes. This is done to comprehensively identify ESG-related risks and opportunities and to promptly optimize and adjust ESG management policies and strategies, ensuring ESG management practice' s alignment with contemporary standards. The most recent stakeholder survey, conducted in February 2024, was presented to the Board of Directors in March 2024 for review and confirmation.

The Board of Directors regularly receives updates on the Company's ESG strategies and targets, assessing progress and proposing enhancements in product quality, safety, occupational health, emissions management, and resource consumption. These improvements contribute to the overall business and are intended to drive continuous advancements in ESG performance.

In 2023, the Board of Directors addressed several ESG-related matters during meetings:

In April 2023, the *Rules of Work of the Environmental, Social, and Corporate Governance (ESG) Committee* were deliberated and adopted.

This report provides a detailed disclosure of Hisense Home Appliances' ESG initiatives in 2023, which was thoroughly reviewed and adopted by the Board of Directors on 24/02/2024.

Hisense

01

Business ESG Governance

Hisense HA has enhanced and standardized its decision-making processes regarding environmental, social, and corporate governance. This has led to the gradual internalization of the ESG governance system as a crucial pillar supporting the Company's management and operations. The Company has clarified the responsibilities and authorities within each level of the ESG governance structure. Furthermore, the Company now comprehensively evaluates environmental, social, and economic factors in its business decision-making process to continuously fortify its operational foundation, enhance asset quality and operational efficiency, and guide the sustainable creation of comprehensive value.

+ SDGs responded in this chapter

+ Material sustainable issues involved in this chapter

- Corporate Governance
- Stakeholder Communication

ESG Governance Structure

In April 2023, Hisense HA formally established a three-tier governance structure to advance the integration of ESG concepts into corporate governance. The structure comprises a board-level ESG Committee, an ESG Leadership Team, and an ESG Promotion Department.

ESG Committee

Led by the Chairman of the company, the ESG Committee, consisting of directors, is responsible for formulating ESG strategic plan, identifying and evaluating ESG risks and opportunities, monitoring the progress of ESG initiatives, and reviewing ESG-related disclosure documents and other pivotal matters. The ESG Committee convenes at least once a year, and its endorsed proposals are presented to the Board of Directors for deliberation and decision-making.

ESG Leadership Team

Comprising the heads of all major departments, the ESG Leadership Team is tasked with identifying ESG risks and issues, fostering ESG initiative implementation, and reporting to the ESG Committee semi-annually.

ESG Promotion Department

The Company has established nine ESG working groups for technological innovation, supply chain integration, etc., with each group headed by a designated key function lead and a frontline management team. These teams collaborate to promote work on vital ESG issues, ensure the integration of ESG concepts across all facets of the Company's operations, and promote the implementation of the concept of sustainable development. The outcomes of their efforts are reported to the ESG Leadership Team quarterly.

Decision makers — ESG Committee

Frequency of Communication

At least once a year

Key Responsibilities

- Research and develop ESG vision, goals, strategy and structure.
- Identify and advise on ESG materiality issues, ESG related risks and opportunities.
- Follow up on ESG implementation and review ESG related disclosure documents.

Leadership — ESG Leadership Team

Frequency of Communication

At least two communications a year

Key Responsibilities

- Identify and report on ESG risks and issues to the ESG Committee.
- Review and assess the work of the working groups and other ESG work products.

Promotion Department

- Business for Good
  - Risk Management Group
- Technology for Good
  - Technology Innovation Group
  - Quality Assurance Group
- Smart Manufacturing for Good
  - Green Manufacturing Group
  - Warehousing and Logistics Group
- Partnership for Good
  - Employee Rights & Benefits Group
- Eco-Friendly Environment for Good
  - Sales/Recycling Group
  - Supply Chain Integration Group
  - Social Welfare Group

Frequency of Communication

At least four communications a year

Key Responsibilities

- Regularly report on the progress of ESG work and fulfillment of KPIs.
- Build ESG risk control system, standardize ESG data management system, formulate ESG KPI management process, and clarify ESG performance calculation methodology to be implemented in all relevant departments.

ESG Governance Structure and Communication Mechanism at Hisense HA

ESG Value Proposition

As a global leader in home appliances, Hisense HA's significant production capacity reflects its ability to adapt to new industry missions and requirements in the new era. Hisense HA is deeply entrenched in the manufacturing sector and advocates for the extension of a responsible philosophy across its value chain. This philosophy centers on treating users well with products, treating employees well with operations, and treating society well with charity. In its mission to lead advanced manufacturing with intelligence as the core, Hisense HA continues to prioritize "for good" in environmental, governance, and social aspects, by integrating ESG concepts into the collective and autonomous behaviors of every facet within the enterprise, striving for mutual benefit.

Hisense HA regards "for good" as a fundamental driving force, leveraging the sustainable development potential of the five ESG action pillars: technology, business, partnerships, smart manufacturing, and eco-friendly environment. By emphasizing technological innovation, green manufacturing, risk management, warehousing and logistics, employee rights & benefits, and quality assurance, as well as supply chain integration, social welfare, sales and recycling, the Company achieves ESG life cycle management with comprehensive business coverage in all scenarios. Furthermore, in alignment with the 17 United Nations Sustainable Development Goals and national strategies such as "dual-carbon" and "rural revitalization," Hisense HA actively contributes to sustainable development, promoting the ecological evolution of a more low-carbon and responsible home appliance industry.

Hisense HA ESG Value Model - Consolidating Development Momentum for Good and Win-Win

01 / Business for Good: Robust Governance

Establish a standardized corporate governance structure with defined authorities and responsibilities, openness and transparency, integrity and efficiency, and strengthen standardized operations.

02 / Technology for Good: Innovation Leadership

Focus on innovative technology research and development, empower product strength with intelligent innovation, and lead the green and low-carbon transformation of home appliances.

03 / Smart Manufacturing for Good: Industry Benchmark

Build a clean, low-carbon and high-efficiency energy system and integrate green concepts into all aspects of the value chain to reduce negative environmental impacts throughout the life cycle.

04 / Partnership for Good: Facilitating Employee Growth

Build a fair and inclusive workplace, protect employee rights and benefits, and establish an all-round, multi-level talent training system and innovation mechanism to strengthen the talent pool.

05 / Eco-Friendly Environment for Good: Value Sharing

Carry out the concept of responsibility to the entire value chain and the public, and work with stakeholders to build a value-sharing ecosystem.

Stakeholder Communication

Hisense HA prioritizes the expectations and demands of its stakeholders and consistently engages in frequent communication with them. During the reporting period, the Company prepared the *Management Rules on Information Disclosure* to enhance the regulation of information disclosure practices. This was done to guarantee the veracity, accuracy, and completeness of the information disclosed, and to prevent any false records, misleading statements, or material omissions. Concurrently, the Company continued to refine its communication channels and methods, consistently maintaining two-way, open, transparent, and efficient communication with stakeholders. This ensured that both internal and external perspectives were integrated into the Company's business production and operations.

Stakeholder	Expectations and Concerns	Methods of Communication and Response
Government and regulators	Compliant operation Tax payment Anti-corruption Product liability	Seminar On-site interviews and research Work report
Investors and shareholders	Corporate governance Compliant operation Risk management Information disclosure Business ethics Shareholders' equity	General meetings Investors exchange meeting On-site research Conference call Email and online interactive platform Financial reports ESG reports
Customer /Consumer	Product quality and safety Product and service accessibility Information and privacy protection Concept of responsible consumption	Online customer service hotline Social media platforms User feedback User satisfaction survey
Employees	Protection of employee' s Salary and benefits Equal employment Employee training and development Employee safety and health	Trade union Employee symposium Employee training Daily interviews Employee satisfaction survey Employee feedback platform
Business partners	Intellectual property protection Sustainable procurement Green products and packaging Product quality and safety Business ethics	Working meetings 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 employee' s rights and benefits 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

Stakeholder Communication Mechanism at Hisense HA

Material Issue Management

Hisense HA considers the analysis of material issues as an important reference for preparing the annual ESG report, collecting its ESG management KPIs system and formulating its ESG management goals. In 2023, Hisense HA re-evaluated its material issues in accordance with the materiality issues assessment process of "Issue Screening - Impact Analysis - Issue Research - Analysis of Results" in order to effectively track the changing trends of ESG issues and better respond to stakeholders' expectations, and further strengthen the science and effectiveness of its ESG governance.

01 Material Issue Screening

Based on the guides of the Hong Kong Stock Exchange, IFRS S2, GRI, SASB, SDGs and other international standard frameworks, the Company benchmarked the identification of issues against its peers, referred to the recommendations of ESG rating agencies, and discussed with the relevant personnel of the internal ESG governance structure, and finally formed the Hisense HA Material Issues Pool, which consists of 30 issues.

02 Material Issue Research

Based on business characteristics and operations, an online survey was conducted with core stakeholders, including government and regulatory agencies, shareholders/investors, suppliers and distributors, charitable organizations and industry associations, media, employees, and Hisense HA' s management. A total of 352 valid questionnaires were collected.

03 Material Issue Analysis

Drawing from the impact assessment results of stakeholder significance research, consolidating internal and external recommendations for adjusting the significance of each issue, 8 issues with high materiality were identified. These materiality issues were further confirmed by the ESG Committee as the reference guidelines for the key responses disclosed in this year's report.

The Evaluation Process of Material Issues at Hisense HA

Materiality Matrix

The Company drew a materiality matrix of 30 environmental, social and governance issues in two dimensions, "importance to the Company's sustainability" and "importance to external stakeholders", to differentiate environmental, social and governance issues by different colors. In 2023, the Company identified a total of 8 issues with high materiality, which served as a guideline for the key response of this report accordingly, clearly presenting the concerns of stakeholders on each issue.

Hisense HA' s Materiality Matrix

List of Sustainability Issues for Hisense HA in 2023

Environmental issues

- Energy consumption management and clean energy utilization*
- Green products and packaging*
- Response to climate change
- Product carbon footprint management
- Biodiversity
- Waste disposal and comprehensive utilization of resources
- Green operation
- Water resource management

Social issues

- Product quality and safety*
- Customer experience and satisfaction*
- Sustainable procurement*
- Intellectual property protection*
- Employees' safety and health*
- Product development and innovation
- Customer information and privacy protection
- Protection of employees' rights and interests, and compensation and benefits
- Job creation and equal employment
- Employees' career growth and training
- Promoting the concept of responsible consumption
- Accessibility of products and services
- National and local economic contribution
- Conflict minerals
- Community engagement and investment
- Public welfare and volunteer service

Governance issues

- Corporate governance*
- Compliance operation*
- Business ethics
- Risk management and control
- Responsible tax principle
- Stakeholder communication

*This issue was identified as an issue with high materiality by Hisense HA in 2023

Statement for changes in material issues for Hisense HA in 2023

Material Issues	Adjustments	Reasons for the Adjustments
Biodiversity	New issue	The government and regulatory agencies place a strong emphasis on the protection of biodiversity in business operations, leading to the addition of the "biodiversity" issue. Hisense HA actively cooperates with external stakeholders to achieve sustainable operations throughout the supply chain, minimizing the impact on the ecosystem.
Sustainable procurement	Adjusted from moderate materiality to high materiality	Hisense HA fully integrates the concept of sustainability into the procurement process, evaluateing the social and environmental risks across the supply chain and striving to improve social and environmental performance.Therefore, this issue has been adjusted to an issue of high materiality.
Waste disposal and comprehensive utilization of resources Product development and innovation Accessibility of products and services Customer information and privacy protection Protection of employees' rights and interests and compensation and benefits Employee safety and health Risk management and control	Adjusted from issue of high materiality to issue of moderate materiality	The importance of certain issues has been adjusted based on the results of the survey in 2023 and the current management of the Company. At present, the Company has mature management of waste disposal and resource utilization, and sound information privacy security and risk control measures; the Company has improved its management system of employee rights protection and compensation and benefits and occupational safety and health; the Company has vigorously carried out product research and development and innovation, and steadily strengthened the accessibility of its products and services. Therefore, in 2023, the Company mainly increased the importance of the other issues that stakeholders pay attention to in the survey, which resulted in a relative decrease in the importance of the above issues.

ESG Highlights

Business for Good

33% are independent directors

11% are female directors

100% of employees are covered by business ethics (including anti-corruption) training (including contractors and part-time employees)

Technology for Good

In 2023, Applied for patents **4,051**

with patents approved **2,390**

cumulatively applied for patents **24,996**

with patents approved **16,393**

comprising invention patents **1,684**

among invention patents **837**

comprising invention patents **10,624**

among invention patents **4,330**

In 2023,Led revisions of standards **25**

engaged in revisions **55**

cumulatively led revisions for standards **110**

participated in revisions **529**

Over the past five years, R&D expenditure has exceeded **10** billion yuan

with a compounded annual growth rate of over **22%**

and issued rewards to a total of 1,337 people **1,337**

Invested for patent reward incentives with an increase **78.8%** year-on-year

In 2023,5 technological achievements were deemed "Internationally Leading" by the China National Light Industry Council experts **5**

manufacturing factories obtained ISO 9001 quality management system certification. **100%**

No product recalls due to safety and health problems. **0**

Smart Manufacturing for Good

35 factories obtained ISO 14001 environmental management system certification

Obtained 7 national "Green Factory" certifications, 2 national "Green Supply Chain" certifications, and 5 national green design demonstration companies for industrial products

Saved 7,369 tons of standard coal

Had a 48.6 MW installed capacity of photovoltaic with an annual power generation capacity reaching 47.76 million kWh

Partnership for Good

0 cases of illegal employment

Invested RMB 46,667,200 in employee training and development, with a total of 56,240 employees trained

Supported 759 employees to participate in leadership training

Supported 40 employees in upgrading their education and qualifications

Provided occupational health checkups for 4,728 employees exposed to hazardous work

0 work-related fatalities

0 days lost due to work-related injuries

Eco-Friendly Environment for Good

The participation rate of the customer satisfaction survey reached 100%, and the customer satisfaction score reached 98%

The customer complaint rate remains below 0.5%, achieving a 100% resolution rate for customer complaints

100% of suppliers signed the *Code of Conduct in Supply Chain* and *Corporate Social Responsibility*

0 conversational procurement incidents

The total length of public service exceeded 5,000 hours, with more than 100,000 participants

Hisense

02

Business for Good: Robust Governance

Hisense HA integrates sustainable development into all aspects of corporate governance, improving the performance of the Board of Directors and the Board of Supervisors through a clearly defined corporate governance structure. The Company consistently reinforces ethical awareness and seeks to establish a fair competitive business environment. Additionally, The Company enhances the development of compliance and risk control systems, strengthens information security defenses, promotes the standardization of corporate governance practices, improves the Company's risk identification and resistance capabilities, and facilitates the development of clean and efficient corporate governance as the catalyst for promoting ethical business practices and fostering stable enterprise value creation.

+ SDGs responded in this chapter

+ Material sustainability issues involved in this chapter

- Corporate Governance
- Business Ethics
- Compliant Operation
- Principle of Responsible Tax
- Risk Management

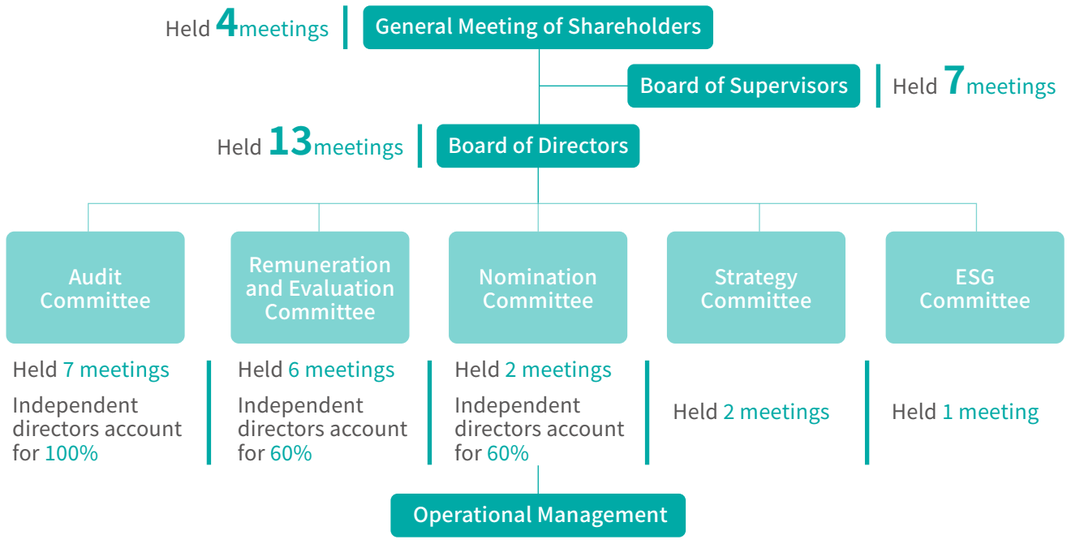
Corporate Governance

Sound corporate governance is the cornerstone of a company' s sustainability practice. Hisense HA is committed to integrating the concept of sustainability into its operation and management. This involves strengthening standardized operations, optimizing the composition of the Board of Directors and special committees, and enhancing the operational efficiency of the Board of Directors. Additionally, the Company maintains open communication with investors and protects the legitimate rights and interests of stakeholders through transparent communication and voluntary disclosure.

Governance Structure and Mechanism

Hisense HA strictly complies with 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*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and other relevant laws, regulations and supervisory requirements. Hisense HA has established a management structure comprising the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the Operational Management. In 2023, to improve the corporate governance structure and enhance the effectiveness and quality of investment decision-making, as well as develop and implement ESG initiatives, the Company formed a new board-level Environmental, Social, and Governance (ESG) Committee in addition to the existing board-level Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategy Committee. These changes aimed to clarify authority and responsibility and create synergy in governance practices.

During the reporting period, the Company revised its *Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors*, and *Rules of Procedure for the Board of Supervisors* to strengthen the internal supervisory mechanisms, clarify the rights and obligations of shareholders and the responsibilities of directors, supervisors and senior management, and safeguard the legitimate rights and interests of the Company, the shareholders, and the employees. The general meeting of shareholders holds the highest authority, being responsible for deciding on business policies, and investment plans, electing, replacing, and dismissing directors and supervisors on behalf of shareholders, and determining matters related to their remuneration. The Company attaches importance to the protection of shareholders' rights and interests by providing an internet-based voting platform for their participation in meetings and separately counting and disclosing the votes of small and medium-sized investors on resolutions affecting their interests. Additionally, the Company stipulates that controlling shareholders and de facto controllers do not restrict or impede the voting rights of small and medium-sized investors, as mandated by law and shall not jeopardize the legitimate rights and interests of the Company and small and medium-sized investors. Shareholders have the right to seek the revocation of resolutions that violate the Articles of Association within the specified time limit.



Hisense HA Governance Structure

Diversity and Independence

The diversity and independence of the Board of Directors are important factors in safeguarding the stable development of the company and the interests of shareholders. The Company is committed to building a diverse and professional board of directors. In the process of selecting board candidates, Hisense HA comprehensively considers various factors such as gender, age, educational background, skills, professional knowledge and experience. This approach ensures that board members offer diverse perspectives and capabilities while also possessing the ability to integrate sustainability concepts into the enterprise's strategy and operations. This strategic approach allows the Company to proficiently address developmental challenges and provide robust support for informed decision-making.

The Board of Directors of the Company operates independently and the controlling shareholders do not influence the independence of the Company's operation and management in any way. During the reporting period, the Company updated the *Working System for Independent Non-executive Directors* in accordance with the requirements of laws, regulations and rules such as the *Management Rules for Independent Directors*

of Listed Companies. The independent directors performed their duties in strict accordance with the requirements of the above rules, leveraging their professional experience and expertise, and performed their duties independently to offer independent judgment and advice on significant matters. The number of independent directors concurrently holding positions in other companies is less than three, which is in compliance with the independent director regulations of the CSRC and the Stock Exchange.

Key Performance

independent directors	accounting for	female directors	accounting for
3	33%	1	11.1%

Compensation Incentives and Appraisals

The Board of Directors of Hisense HA has established a Remuneration and Appraisal Committee. This committee is tasked with formulating evaluation criteria for the Company's directors and senior management, as well as devising and reviewing remuneration policies and programs for the Company. The remuneration and incentives provided to directors and senior management are determined through a combination of performance evaluations and remuneration allocation policy. These factors are closely linked to various ESG KPIs, including safety performance, environmental impact, employee development, customer satisfaction, and business ethics etc. Correspondingly, the relevant ESG indicators are integrated into the appraisal system for frontline employees based on their specific roles. To effectively motivate directors and senior management to improve work performance, in aligning with shareholders' long-term interests and mitigating potential business risks, the Company plans to progressively explore sustainable remuneration incentives, along with remuneration deferral and recovery mechanisms. This strategic move aims to enhance the awareness of compliance, competence, and ESG expertise among directors and senior management, ultimately ensuring the Company's enduring and stable development.

Related Party Transaction Management

Hisense HA follows the principles of honesty, equality, voluntariness, equal value, compensation and avoidance of related parties, and executes related party transactions between the Company and its related parties in strict accordance with the listing rules of the Shenzhen Stock Exchange and the Hongkong Stock Exchange, as well as the Company's *Articles of Association*. The Company has formulated the *Management Rules for Related Party Transactions* and complied with general commercial terms to ensure that related party transactions are conducted in a fair, just and open manner without jeopardizing the interests of the Company and its independent shareholders.

Before entering a specific transaction, the Company' s Business Department compares the price with at least three randomly selected independent third parties or quotations obtained from them. In line with the principles of fairness and reasonableness, specific transactions can only be conducted with related parties to ensure the fairness of the prices of continuous related party transactions and the overall interests of the Company and independent shareholders, while ensuring that the prices of such related party transactions are not less favorable to the Company than those provided by independent third parties. The Company's Securities Department and Business and Financial Management Department review the necessity and reasonableness of the related party transaction and examine the transaction's compliance. If shareholder approval is required for the related party transaction, the Company will establish an Independent Directors' Committee and appoint an independent financial advisor in accordance with the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. The independent financial advisor and independent directors' committee of the Company provide independent opinions and voting recommendations on the maximum limit of the related party transaction and whether it is fair to safeguard the fairness of the related party transaction prices and the overall interests of the Company and independent shareholders. For related party transactions, the Company adheres to strict requirements and the principle of simultaneous disclosure in two places to ensure timely information disclosure to shareholders and protect the rights of minority shareholders.

Investor Communication

Hisense HA has established the *Hisense HA Group Investor Relations Management System* in accordance with the *Guides for Investor Relation Management of Listed Companies, Rules for Listing of Stocks on the Shenzhen Stock Exchange*, and other pertinent regulations. This system aims to define the objectives and scope of investor relations management, as well as the responsible management department and its duties, with the goal of standardizing the Company's investor relations management. The Company's securities department is the investor relations management department, headed by the chairman of the board of directors, is responsible for managing relevant matters. The Company operates in accordance with the principles of compliance, equality, proactivity, honesty, and trustworthiness.

The Company communicates with investors through a variety of channels, including interim reports, shareholders' meetings, the Company's website, investor briefings, new media platforms, phone calls, mailboxes, investor education platforms, and the China Investor Network. The Company actively fulfills its disclosure obligations, elucidating financial performance, business segments, future strategies, channel development, R&D investment, and technological advantages, aiming to enhance investors' understanding. It also welcomes and takes into account investors' opinions and suggestions to continuously improve corporate governance.

*For more information related to corporate governance and detailed information on the members of the Board of Directors, please refer to Hisense HA Annual Report 2023.

Compliant Operation

Hisense HA continuously improves the compliance and risk control system, strengthens internal control, prevents and resolves risks, and effectively guarantees compliant operation. The Company continues to upgrade its information security management system, forming a closed-loop full-life-cycle data security management and comprehensively preventing the risk of data leakage.

Responsible Tax

Hisense HA adheres to the principles of integrity and transparency, actively promotes tax self-examination, complies with tax regulations, fulfills its tax responsibilities, continuously strengthens tax management, avoids tax risks and ensures tax compliance. The Company pays taxes in accordance with the law, declares and pays taxes accurately and punctually, and ensures that there is no tax evasion, tax dodging and refusal to pay taxes and other illegal behaviors. The Company establishes a tax compliance system with defined management processes and standards to ensure financial and accounting compliance and avoid negative impacts from tax risks. The Company strengthens its internal management by implementing a robust internal audit system, enhancing the financial management system, standardizing reimbursement management, and preventing false accounting to ensure tax compliance and improve overall internal management. Additionally, regular tax risk assessments are conducted to identify and address tax compliance issues promptly, thus avoiding negative impacts from tax risks. Furthermore, the Company places importance on building a tax compliance culture, including conducting tax compliance publicity, creating a tax compliance exchange platform, and establishing tax compliance rewards to enhance tax compliance awareness.

The Company has maintained an A-class taxpayer credit rating for consecutive years, and some of its subsidiaries have received high-tech enterprise certificates and enjoy tax incentives. During the reporting period, the Company did not commit any tax violations.

证书编号：A4406202309816

纳税信用A级荣誉证书

海信家电集团股份有限公司：

经评定为2022年度纳税信用A级纳税人。

出具机关（盖章）

出具时间：2024年03月15日

备注：本证书不做任何法定承诺，一旦均以上管税老机关最终确认的纳税信用评价信息为准。

A-class Taxpayer Credit Rating Certificate at Hisense HA

Internal Control Compliance

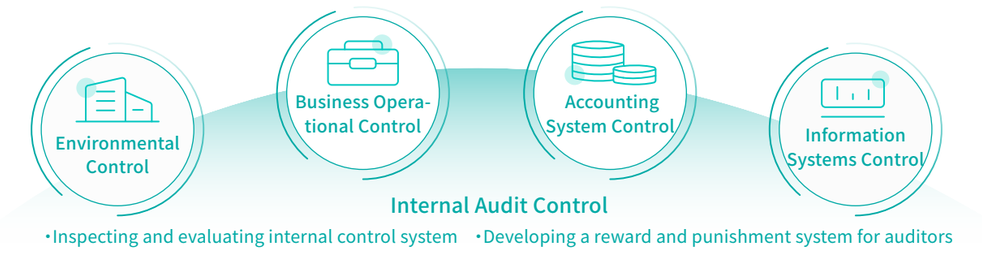
Hisense HA continuously strengthens internal management to provide guidelines for the safety of operation and management and the reliability of its financial information, so as to reasonably ensure that the Company's operation and management are lawful and compliant and to guard against and mitigate related risks.

Enhance the internal control system

The Company has developed internal control manuals for research and development, operating capital management, procurement management and sales management to align with the key risk areas of its major business processes, as stipulated by the *Basic Standard for Internal Control of Enterprises* and related guidelines. These manuals contribute to enhancing the Company's operational and managerial standards while fortifying risk mitigation. the manuals establish control standards covering internal control organization, internal environment, risk assessment, control activities, information and communication, and internal supervision. Additionally, the Company has implemented *Internal Control Management Measures for Authorization and Approval* to regulate approval and authorization requirements, thereby preventing risks associated with improper authorization, unclear authority boundaries, insufficient authorization, and unauthorized responsibilities.

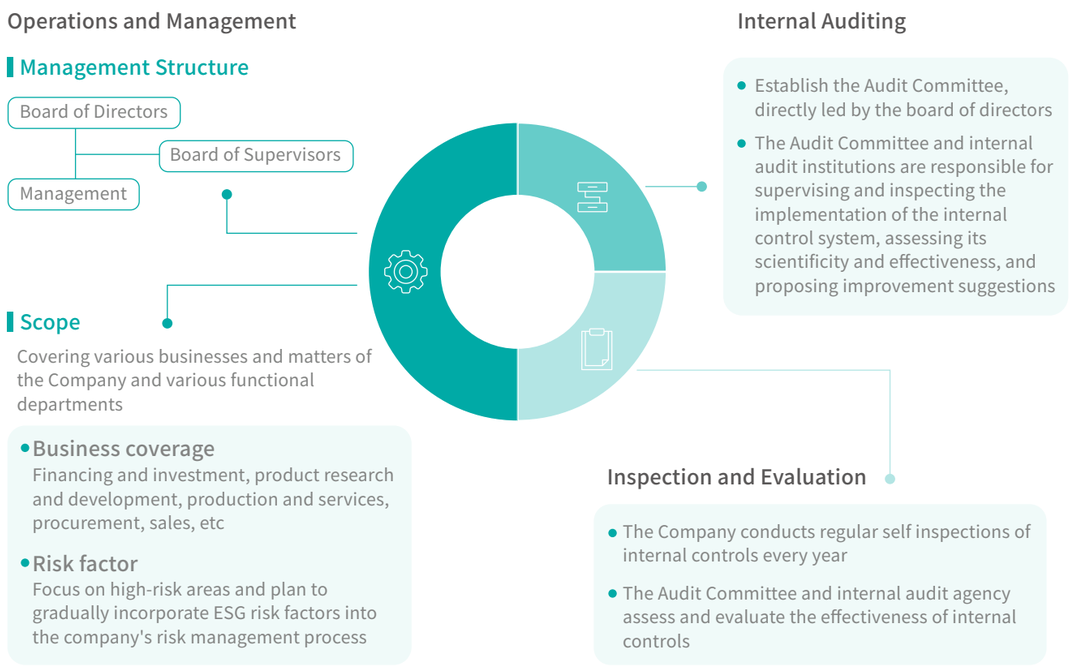
Establish Sound Internal Control Processes

The Company has established an internal control framework, with the Board of Directors assuming full responsibility for implementing, improving, and overseeing and assessing the internal control system. The management is responsible for organizing and leading the daily operation of internal control, while the Board of Supervisors oversees the internal control structure. The Company adheres to internal control principles encompassing comprehensiveness, significance, checks and balances, adaptability, and cost-effectiveness, and conducts internal control assessments pertaining to the Company's environment, business operations, accounting systems, electronic information systems, information communication, and internal auditing. The Audit Committee and internal audit organization are accountable for supervising and checking the implementation of the internal control system, evaluating its effectiveness, and providing recommendations for enhancements.



Hisense HA Internal Control Initiatives

Meanwhile, the Company delineates the responsibilities of the Board of Directors, the Board of Supervisories, and the management, establishes a structured approach to internal control responsibilities, appoints a dedicated role for overseeing internal control implementation, and promptly addresses reported issues to ensure methodical and evidence-based internal control processes. Additionally, the Company conducts annual internal control self-assessments, with the audit committee and its internal audit organization evaluating the effectiveness of the Company's internal control across five key aspects: control environment, risk assessment, control activities, information and communication, and supervision. Currently, the Company's existing internal control system is robust, encompassing all levels and processes of its operations, facilitating effective risk management efforts.



Internal Control Process at Hisense HA

Strengthening Risk Response Capabilities

Hisense HA has established a risk management process comprising "risk identification, risk assessment, and risk response" to identify and categorize various risks. The Company evaluates and analyzes the transmission pathways of identified macroeconomic fluctuation risks, cost increase risks, market risks, exchange rate fluctuations, and other operational risks. The Company develops response strategies to ensure their controllability, thus promoting the healthy and stable development of the organization. Concurrently, the Company has integrated ESG factors into the existing risk management framework and strengthened risk response across the entire value chain.

Creating a Culture Of Internal Control and Compliance

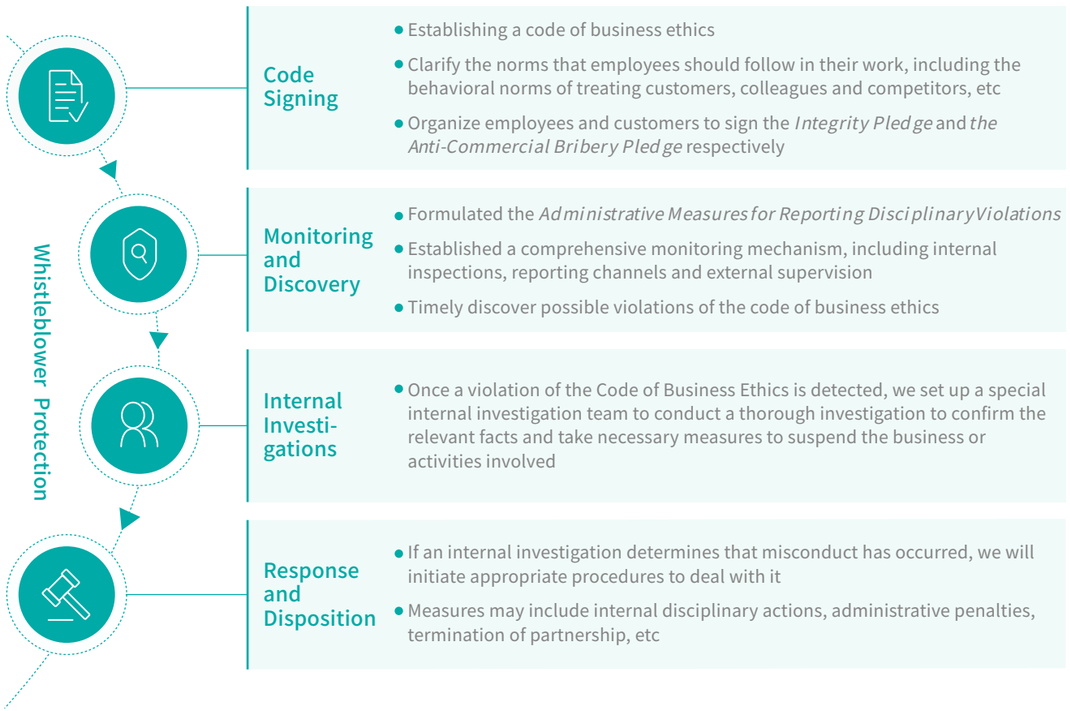
Hisense HA actively fosters a culture of internal control and compliance tailored to its specific circumstances, ensuring that risk awareness and internal control principles permeate the organization, leading to every employee embracing compliance with internal control requirements as a conscious action. This approach helps employees acquaint themselves with job requirements, understand and master the key tenets of internal control, and diligently identify and mitigate problems and risks to ensure the healthy development of diverse business operations. Presently, the Company has established an internal control environment characterized by "working with goals, acting with guidelines, and advancing with motivation."

Code of Business Conduct

Abiding by business ethics is the basic guarantee for the long-term stable development of a company. Upholding the core values of "honesty and integrity, pragmatism and innovation, customer-first, and sustainable management," the Company has revised the *Guidelines for Employee Business Relationships, Guidelines for Business Relationships with Hisense Partners*, and other systems and norms. By imposing high standards within its business ethics management system, the Company aims to regulate the conduct of its employees, suppliers, and other partners, fostering a clean and equitable business environment conducive to efficient and standardized business operations and cooperation.

Business Ethics

Hisense HA strictly follows the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Interim Provisions on the Prohibition of Commercial Bribery*, and other laws and regulations and norms, and formulates relevant systems and guidelines to regulate the behaviors of its employees and suppliers and other partners. In 2023, the Company revised the *Guidelines for Employee Business Relationships* to refine the requirements related to honest and clean practices and resolutely prohibit any form of bribery, extortion, fraud and money laundering. In terms of anti-bribery, the Company has made strict regulations on business reception, gift giving and supplier management to avoid any form of commercial bribery. In addition, in order to ensure the implementation of anti-corruption, Hisense HA has formulated a process to monitor and dispose of business ethical behaviors, and monitors behaviors that violate the code of business ethics through a variety of ways, including internal inspections, reporting channels, and external supervision. Once discovered, the Company will carry out internal investigations through specialized teams to correct and dispose of misconduct in a timely manner. The Company conducts internal business ethics audits such as integrity checks every year to inspect all business and operational aspects, and the Board level Audit Committee guides the relevant supervision and inspections.



Business Ethics Behavior Monitoring and Disposal Process at Hisense HA

Scope of Application

- All employees of Hisense HA Group

Business Activities Coverage

- Offering and Accepting Bribes
- Business Entertainment
- Managing Suppliers
- Gifts and Premiums
- Conflicts of Interest
- Fair Competition
- Confidentiality of Information
- Record Keeping
- Signing Cooperation Agreements
- Business Collaboration

Inspection and Violation Handling Initiatives

- System Implementation and Inspection
  - Orientation and Training
  - Appraisal and Tests
  - Daily Inspection
  - Specialized Inspections
  - Annual Review
- Handling of irregularities
  - Notification and Criticism
  - Warning
  - Yellow Card Warning
  - Demotion
  - Salary Reduction
  - Dismissal
  - Termination of Labor Contract
  - Recorded in the File
  - Prosecution of Legal Responsibility
- Whistleblower Protection and Reward
  - Personal Information Confidentiality
  - Confidentiality of the Content of the Report

Overview of the *Guidelines for Employee Business Relationships*

The Company regularly carries out regular training sessions to promote a culture of ethical conduct among all employees, including part-time workers and contractors. These training sessions cover various aspects of business ethics such as anti-bribery, anti-corruption, anti-extortion, anti-fraud, and anti-money laundering. The aim is to enhance employees' understanding and awareness of the ethical boundaries in business through the use of case studies.

Overview of business ethics training of Hisense HA

Key Performance

Conducted business ethics (including anti-corruption) training **4** sessions	business ethics training per capita **8** hours	participation of directors, management and employees (including part-time employees) **100%**
Conducted 12 integrity inspections **12**	corruption lawsuits **0**	business ethics accountability issues **1**
being held accountable **6** persons	rectification rate (and issued internal warnings) **100%**	

Fair Competition

Hisense HA is dedicated to upholding a fair and equitable market competition environment. The Company strictly adheres to the *Anti-Unfair Competition Law of the People's Republic of China*, the *Model Provisions on the Protection Against Unfair Competition*, and other relevant laws, regulations, and standards. Hisense HA emphasizes that its employees must abstain from engaging in activities that disparage competitors or violate any laws and regulations during business operations. Additionally, the Company emphasizes the importance of prompt reporting by employees to their supervisors or the legal affairs and intellectual property department of the Group Company in the event of unfair competition by competitors to take timely legal measures to address such issues.

Preventing Conflict of Interest

Hisense HA has developed the *Guidelines for Employee Business Relationships*, requiring employees themselves, their relatives, or other parties with common interests to refrain from establishing any business relationships with companies that compete with the Company and its subsidiaries or have business dealings with them, and to avoid any engagement in any form of association, whether through employment, transactions, or other means, with such competing companies. The Company has also developed the *Guidelines for Business Relationships* with Hisense Partners, which requires suppliers and other partners to avoid engaging in borrowing, hiring, investing, being invested, or engaging in any other form of interest relationships with internal employees of the Company.This is to ensure compliance in their business operations, refrain from using unfair means to compete, and collaborate with the Company to maintain a business environment that is clean and compliant.

Appeal and Reporting Mechanism

Hisense HA has formulated the *Administrative Measures for Reporting Disciplinary Violations,* which strictly govern the acceptance and handling of reports in accordance with established procedures. The Company encourages all employees and external stakeholders to supervise and report any instances of irregularities and disciplinary misconduct. To incentivize reporting, the Company has established a reward mechanism. Regarding reports of bribery and corruption, the Company provides certain rewards to individuals who report such cases once they have been verified and depending on the specific circumstances. In cases where employees voluntarily report violations of disciplinary conduct or expose similar situations, the Company may consider mitigating or exempting punishment, based on the circumstances.

However, deliberately fabricating facts, making false accusations, engaging in retaliation against others, or misusing the reporting system for personal reasons such as venting personal anger is strictly prohibited. The Company takes violations and disciplinary cases seriously in such instances. Individuals involved in serious false accusations, insults, libel, or other criminal behavior will be subject to appropriate disciplinary measures, and those suspected of engaging in criminal activities will be referred to the judicial authorities for further investigation and processing.

Reporting Process at Hisense HA

Complaints and reporting channels:

Reporting phone number: 0532-80877393
Report e-mail: hxjdjiwei@hisense.com

The Company has taken measures to protect the rights and interests of whistleblowers and ensure their safety and legal protection when reporting matters. The Company strictly maintains the confidentiality of whistleblowers' personal information, including their name, unit, address, contact information, and the content of their report. It is strictly prohibited for any individual or organization to obstruct, suppress, or retaliate against whistleblowers. The Company will thoroughly investigate each report, promptly inform the whistleblowers of the investigation results, and take appropriate remedial measures to ensure the fairness and transparency of the investigation process.

Information Risk Prevention

Hisense HA continuously improves its information security management structure, and implements the Group's requirements and governance processes for data management, network security, and personal information protection in a proactive manner. The Company have established a sound internal control review mechanism for information security compliance, and promptly investigated and disposed of potential security risks and management loopholes through internal review. The Company plans to comprehensively update the Group's information security management system, and complete the construction of the desensitization platform and the data security control platform for key application systems in 2024.

Data Security Lifecycle Management	• Formulate the Data Security Classification and Control Standards, *Data Security Risk Assessment Guidelines*, and other institutional documents to carry out the full life cycle management of data security, covering the collection, storage, processing, distribution and deletion of data
Data Leakage Prevention	• Formulate confidentiality and network security management plans, adopt multiple technical means such as firewalls, anti-virus software, and intrusion detection systems, carry out self-inspection of data leakage, and conduct data leakage monitoring of links and equipment involved in handling highly confidential data to strictly prevent leakage of core data
Data Security Emergency Response	• Formulate an emergency response plan for accidents and clarify the information and responsibilities of the incident reporting process, emergency response team members and emergency contacts
Information Security Publicity	• Set up strict access control and monitoring mechanisms for user information, and require all personnel who may have access to customers' personal information to strictly fulfill their confidentiality obligations • Carry out privacy protection awareness training for all employees and suppliers, as well as special training for personnel in information-related positions to strengthen employees' awareness of information security • Organize data security incident drills on a regular basis to test the effectiveness of the emergency response plan, identify problems in a timely manner and make effective improvements

Hisense HA Key Measures for Information Security Management

Hisense

03

Technology for Good: Innovation Leadership

Taking high-quality products and services as the core competitiveness and adhering to the development strategy of "being a technology-based company and seeking robust growth", Hisense HA deeply integrates the innovation chain, industrial chain, capital chain and talent chain to promote the continuous industrialization of innovation achievements. Based on the new exportation trend of intelligent, high-end and branded home appliances, the Company drives product iteration and enhancement through innovative technology, comprehensively improving product safety and service experience life, thus creating a smarter, more environmentally friendly and healthier living space for users.

+ SDGs responded in this chapter:

+ Material sustainable issues involved in this chapter:

- Product quality and safety
- Product development and innovation
- Intellectual property protection
- National and local economic contribution

Product Innovation and Incentives

Hisense HA adheres to the brand concept of "the essence of home appliances is home", optimizing the user experience with intelligent technology, empowering the low-carbon transformation of the industry with green innovation and strengthening the scientific and technological base with health and safety. By comprehensively consolidateing the research and development resources both domestically and internationally, the Company is creating the industry-leading innovative technology ecosystem to realize the synergistic development of technological innovation and quality service.

Innovative Investment and Incentives

Attaching great importance to the culture construction of innovation and intellectual property protection, Hisense HA continuously increases investment in scientific research and technology, establishing R&D centers in the Middle East, Europe, and the ASEAN region, alongside centers in the United States and Japan. This globalized R&D framework propels advancements in technology and upgrades. The Company continues to develop forward-looking and innovative products and services through technological innovation and upgrading and shape a strong brand reputation and international influence.

Establishing joint laboratories	Established 15 joint labs with partners, optimized management mechanism and deepened innovative cooperation through technology exchange, collaborative project implementation and technical support
Conducting technological exchanges and cooperation	Organized a total of 470 technical exchange sessions, engaged in technology exchange with diverse partners such as universities and research institutions through the "bringing in and going out" approach
Enhancing cooperation on production, education and research	Leveraged the technological capabilities and resources of higher education institutions and research institutions to strengthen the translation of technological achievements into practical applications, signed 16 new projects with universities and completed 23 collaborative projects
Boosting supplier coordination and innovation	Hosted the global supply chain summit to collaborate with suppliers on themes of "green and low-carbon" and "energy efficiency", organized technology exchange days and joint innovation events with the supply chain to enhance the effectiveness of technological innovation

Hisense HA Diversified Innovation System

Research and Development and Innovation Incentives

In order to improve the initiative of employees to innovate, Hisense HA has developed a comprehensive patent incentive system. By increasing investment in patent awards and establishing a series of awards such as patent application awards, patent authorization awards, government-funded patent project awards, etc., the Company honors R&D personnel who achieve patent recognition, further enhancing the proactiveness of employees to innovate. Additionally, to strengthen employees' awareness and ability of intellectual property rights protection, the Company has carried out various promotion activities with regard to intellectual property rights and scheduled systematic intellectual property rights training with examination components.

Key Performance:

Patent

Over the past five years, R&D expenditure has exceeded **RMB 10 billion**

with a compounded annual growth rate of over **22%**

Invested for patent reward incentives with a year-on-year increase of **78.8%**

Issued rewards to a total of **1,337** employees

In 2023, applied for **4,051** patents in 2023, comprising **1,684** invention patents;

2,390 patents were approved in 2023, among which **837** were invention patents.

Cumulatively applied for **24,996** patents, with **10,624** applications being for invention patents;

among the approved **16,393** patents, **4,330** were invention patents.

Owned **464** brands and **70** copyrights

Organized **32** patent filing publications and trainings with **1,750** employees attended

Standard

In 2023, Led revisions of **25** standards

engaged in revisions for **55**

cumulatively led revisions for **110** standards

participated in revisions for **529** standards

In 2023, **5** technological achievements were deemed "Internationally Leading" by the China National Light Industry Council experts

Case: Sanden Company organized activities for the promotion of intellectual property right

Hisense HA not only encourages employees to innovate, but also fully respects and protects the intellectual property rights of developers. In 2023, Sanden Company revised its patent management system and introduced a new patent incentive system that aligns with the global development system, further stimulating the initiative of employees to innovate. Sanden Company has set up a specialized "Technical School" and a comprehensive training system for technical personnel, providing regular intellectual property education to employees within their first three years of employment. In 2023, Sanden Company held a total of 8 intellectual property educational seminars in response to R&D needs and developer requirements, extensively disseminating knowledge on patents, intellectual property, and related laws and regulations to foster an atmosphere conducive to R&D innovation.

Intellectual Property Right Protection

Strictly abiding by the *Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, Patent Law of the People's Republic of China* and other intellectual property laws and regulations, Hisense HA always establishes and perfects its intellectual property rights management system and protection mechanism, so as to protect the intellectual property rights of the employees and the Company from infringement while cultivating the awareness of employees in regards of intellectual property rights and stimulating their enthusiasm of innovation. In addition, to ensure the compliance of the Company with the laws and regulations and promote the prosperity of the home appliance industry, the Company actively practice the principle of fair competition, cooperation and mutual benefit, advocate healthy competition in the industry and respect third-party intellectual property rights.

Patent Management

Integrating patent risk assessment into the R&D process of new products, implementing risk stratification management to minimize patent infringement risks, and simultaneously taking multiple measures such as patent applications, patent layout management, patent infringement risk control, patent operations, and litigation to effectively safeguard patent security

Trademark Protection

In response to combating trademark infringements and unfair competition practices, employing various rights protection measures such as trademark objections, invalidity declarations, rejection and reexamination, administrative and legal litigation, e-commerce platform complaints, and complaints to administrative departments to steadfastly safeguard the rights and interests of the Company and employees

Product Innovation and R&D

For actively responding to the development trend of green consumption and grasping the opportunity of information technology reform, Hisense HA closely integrates the concept of sustainable development with the spirit of product innovation to continuously promote the implementation and application of innovative achievements. In 2023, the Company continued along the innovative development path of high-end, intelligence and greenness, focusing on the development of innovative products and technologies in product lines such as air conditioners, refrigerators, washing machines, kitchen appliances, compressors, etc., while committing itself to leading the reform of the industry.

High-end Product Development

In the face of consumers' escalating demands of home aesthetics, Hisense HA has attached great importance to the collision of aesthetics and modern technology in the process of product design and development to increase the beauty of harmony between the product and the environment, thus bringing customers aesthetic, comfortable and beautiful experience.

ASKO and gorenje, as the Company's high-end brands, has been put in a special position to manifestation its style. Relying on the perfect combination of aesthetics and science and technology, gorenje by Starck Master Series of artistic appliances, with its superb sense of planning and quality, has won the 2023 "AWE Award of Excellent Design".

Hisense TRÉSOR high-end sets launched a full set of home appliances of all categories, all scenes and all intelligent interconnection, with its appearance design, intelligent experience, and service integration unified extremely, perfectly meeting the needs of high-end users for quality of life. In 2023, Hisense TRÉSOR series have covered 7 categories, 3 sets, 5 scenes, 78 high-end products, to provide users with a full range of scenario of high-end intelligent home appliance solutions from the artist, intelligent home to the user-centered home scenarios.

Intelligent Product R&D

Hisense HA has deeply laid out its smart home business and upgraded the intelligence of its products to meet customers' needs for scenes and services, such as smart kitchen, smart energy, smart service, smart air purification, smart washing and care, etc., to achieve comprehensive home product intelligence breakthroughs, and provide customers with multiple choices and enjoyable living environment for the future.

The Company's Hisense TRÉSOR Fully-Embedded Vacuum Refrigerator, equipped with AI intelligent ingredient management system, perfectly resolves the AI temperature control, intelligent ingredient management, one-click maintenance requests and other intelligent scenarios. It transforms the refrigerator into a household culinary assistant, resolving the dilemma of "What to eat every day".

Hisense HA's Water Villa VF high energy-efficiency central air conditioner provides users with full-dimensional air quality guarantee in the creation of a comfortable environment. Whether it is commercial office or home, villa or high-rise building, tailored air solutions are provided based on architectural variances and diverse functional zones.

The Company's Hisense Kitchen and Bathroom 527 Suite sees an intelligent upgrade with the HS527i range hood and B527i gas stove, integrating Bluetooth connectivity, automatic sensing, and synchronization for swift and convenient operation, delivering a seamless kitchen lifestyle experience to users.

Green and Low-carbon Technology

In the process of science and technology and product innovation, Hisense HA not only applies the energy efficient technology, environmentally friendly materials, intelligent control and other advanced technologies, but also successively launches the whole-house home appliance products and solutions with environment friendly characteristics, injecting green energy to the life.

Equipped with proprietary variable frequency drive core technology and intelligent control technology of the refrigeration system, the Company's Hisense Fresh-air Air Conditioning series of products adopt R32 eco-friendly refrigerant, further reducing the negative impact on the environment in all aspects. This produce has been recorded in the China Refrigeration Association's energy-saving and eco-friendly products directory.

海信空调有限公司：

贵单位的"海信微正压、大流量高效混合新风空调系列产品"已被收录进《2022年度中国制冷学会节能与生态环境产品目录》。

特发此证

The Company's Hisense ECO-B intelligent building management system aims to reshaping the intelligent, green and healthy urban space of the future, constructing a "green life community" between humans and the environment, and realizing the green and sustainable development of the whole life cycle of buildings. It also utilizes new-generation information technologies, such as IoT, big data, artificial intelligence, and 5G to provide intelligent building solutions for the whole space, whole scene, and whole cycle.

Instead of petroleum-based materials, the Company's Rongsheng Refrigerator BCD-454WP1NWF1R1C/HC4(H) product adopts bio-based materials to equip the refrigerator with high-strength structural parts, which creates an industry precedent for the application of bio-based materials and increases the proportion of recycled materials. After then, the proportion of recycled materials in the whole machine is as high as 27%. Combined with green manufacturing and high-efficiency technology, as audited by TÜV SÜD -- the international authoritative certification body, the carbon emissions of the product are reduced by 33%. The relevant technology also has been evaluated by the experts of China National Light Industry Council, and has been recognized as internationally advanced.

Product Carbon Footprint Verification Statement

With the advantages of strong adaptability of washing algorithms, high motor efficiency and low standby power consumption, etc., the Company's Hisense environmentally-friendly and low-carbon washing machine product has its whole machine's energy efficiency reaching the level of A-20% of the European standard. Meanwhile, the low-carbon materials, green packaging design and the automatic detergent-adding function with the precision of 0.1ml have been applied for this product, which effectively avoids detergent waste and helps the Company to successfully pass the TÜV Rheinland Product Life Cycle Carbon Footprint Verification.

CERTIFICATE

Product Quality and Safety

In order to fully implement the Company's quality culture and strategy, Hisense HA consistently improves its own quality management system, emphasizes the identification and control of quality and safety risks, and adopts life-cycle quality supervision and enhancement measures for the processes of product research and development, manufacturing, transportation, and sales, so as to practically promote the implementation of the quality assurance work and provide customers with smarter, more reliable, and safer products.

Robust Quality Management Mechanism

Adhering to the business policy of "Quality First", Hisense HA always follows the *Product Quality Law of the People's Republic of China*, REACH and other laws and regulations, formulates management documents, such as *Quality Manual*, *Management Measures for Quality and Safety Responsibility*, *Emergency Management Measures of Mass Incident*, and *Management Measures for Product Recall and Return*, etc. in accordance with the ISO 9001 Quality Management System Certification Standard and the RoHS Directive, sets up the Quality and Safety Leading Team and Working Team, clarifies the responsibilities of relevant departments in product quality, and prepares the management mechanism for the quality performance indexes and assesses the fulfillment of the quality indexes regularly, while connecting the assessment results with the remuneration of the Company's management personnel in order to supervise and urge the employees at all levels to perform their own duties of the product quality and safety objectives.

For improving the quality risk management system, each responsible department is required by the Company to conduct regular risk investigation based on their different responsibilities and make risk evaluation and classified management according to the product quality risk list, so as to take timely measures for the safety risks found during the assessments and achieve a full range of risk assessment, management and control covering the product, the production process, the market and other aspects.

1.REACH, with the full name of Registration, Evaluation, Authorization and Restriction of Chemicals, is the laws and regulations of European Union on the mandatary requirements for the registration, evaluation and authorization and the implementation of all chemicals entering into the European Union market and the implementation of safety supervision.
2.RoHS, or Restriction of Hazardous Substances Directive, is an environmental directive in force in the European Union.

Obtain Quality Management Certification

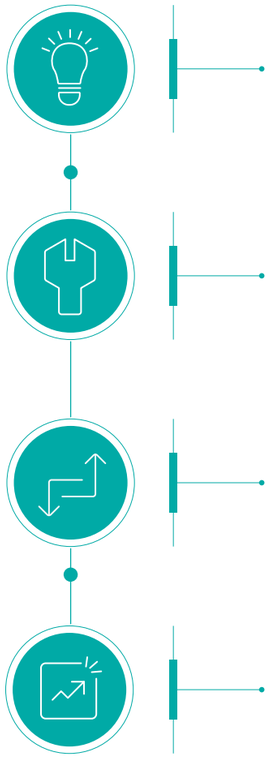
Hisense HA is committed to building a strict quality management system and actively carries out ISO 9001 Quality Management System Certification. The central air conditioner business, home air conditioner business, refrigerator, washing machine and kitchen business, and other factories subsided to the Company have all passed ISO 9001 certification，achieving a certification coverage scope of 100%. The Company was the pioneer in the industry, which firstly adopts the IATF 16949:2016 quality management system for the automotive industry, and the Shunde plastic product facotry of mold business and Pingdu household air conditioner factory of Hisense HA were certified to this system, effectively enhancing the competitive advantage of its products in the automotive field.

ISO 9001 Quality Management System Certification for Central Air Conditioner, Automotive Air Conditioning Compressor and Integrated Thermal Management

IATF 16949 Certificate of Shunde Plastic Product Factory of Mold Business

Implement Closed-loop Quality Management System

For ensuring that products meet the market demand, Hisense HA focuses on the needs of customers to strictly formulate annual quality improvement plans and continuously optimize product quality management and control processes. In addition, the Company also takes a serie of measures related to the product quality testing, monitoring and improvement while strictly enforcing the whole process of product quality management to guarantee the delivery quality of products and customer experience.



Research and Development Phase

Regularly organizing user behavior and scenario surveys to continuously optimize design solutions through summarizing and reviewing; establishing a scientifically rigorous evaluation system to enhance product evaluation standards, ensuring product quality and safety

Production Phase

Adhering strictly to quality system standards and control measures, enhancing product testing efficiency through personnel training and application of automated detection systems; coordinating component quality supervision and improvement activities to continually elevate the quality management

Logistics Phase

Utilizing technologies such as the Internet of Things and video surveillance to achieve visualized storage and transportation status, ensuring real-time tracking of logistics service data, and effectively allocating transportation resources during production and delivery processes to mitigate logistics losses

Sales Phase

Conducting market research and competitive analysis to understand customer needs, disseminating product information through product promotion and dealer conferences, proactively refining the aftersales service process to enhance customer satisfaction

Hisense HA' s Life Cycle Product Quality Management

Key Performance:

0

The number of products recalled due to the incidents related to safety and health

For the purpose of improving the awareness and level of the internal quality management, the business lines of the Company consistently strengthen the construction of digital management systems, conduct special training on quality management and promote product testing and energy-efficiency certification to create a top-down quality improvement atmosphere.

Central Air Conditioning Business Line

Enhancing internal quality management capabilities | Establishing digital and intelligent quality control system

- Completed the integrity management system audit for the first time this year, conducted 41 external quality audits and 15 internal process audits, leading to the identification and enhancement of 96 process issues; 1392 QC group activities were carried out, with a year-on-year increase of 17%
- Implemented more than 10 quality tools, achieving outstanding results of 10 employees obtaining Rheinland certified supplier quality engineer (SQE) status and 19 employees gaining recognition as the first batch of Six Sigma Black Belts; 9 new registered external auditors were incorporated, effectively improve internal quality management capabilities
- Advanced the digitalization of quality management, introduced digital upgrades to systems such as Quality Management System (QMS), Machine D-lab, Process MES/IOC, and Component LIMS.; developed and launched automation systems for multi-air conditioning unit products' enthalpy difference assessments, stress testing, and central controller software testing. These initiatives improved overall machine testing efficiency by 15%, shorten software testing cycle by 15%, thereby significantly enhancing product testing efficiency

Household Air Conditioning Business Line

Executing comprehensive quality enhancement | Advancing product testing and energy efficiency certification

- Established a quality and safety leadership group and working group, clarifying the responsibilities of each member; implemented a quality officer system, with management representatives participating in the quality officer training in Qingdao and successfully obtaining qualifications for the position; fostered the concept of comprehensive quality improvement, carried out various forms of quality improvement activities such as QC,to elevate the employees' appreciation for quality
- Completed CNAS certification for the laboratory, conducted random sampling testing of products based on assessments; the quality control department simulated and replicated faults based on experimental testing reports, conducted specialized analyses and improvement for quality issues
- Thoroughly implemented multiple national production standards and strictly filed energy efficiency records to ensure product quality and energy efficiency meet national requirements

Refrigerator Business Line

Enhancing scrutiny of new product research and development | Facilitating synergy between the factory and the market

- Focused on compliance review of new product projects, promoted closed-loop management of common product issues and new product development management methods; established 53 new management platforms throughout the year, carried out 162 major renovation projects, completed 99 new product evaluations, and achieved no quality accidents in new product batches; completed new product testing planning and identification of "four new" technologies, developed 10 new technical standards through benchmarking, research, and review, and revised 15 standards
- Proactively managed production materials by forming control tables for 9 high-risk material categories; monitored procurement through online platforms, implemented material risk classification management for 175 suppliers based on VOC/VOP, effectively reducing material defect rates
- Based on customer concerns, improved high-end product audit standards, carried out cross departmental special improvement activities in production, logistics, and sales to significantly enhance user delivery quality

Quality Improvement Priorities of Hisense HA' s Business Lines

During the reporting period, Hisense HA' s business lines obtained a series of domestic and international quality and energy efficiency-related product certifications. The Company's quality management efforts achieved significant results, effectively supporting the development of product markets.

Central Air Conditioning Business Line

- The new generation of top-down wind products have obtained two industry-leading quality certifications, namely "Excellent Quality" and "Panoramic Scenarios"
- Obtained the industry's first batch of "Internet of Things Product Network Security and Personal Information Protection" certification issued by the China Quality Certification Center
- The low-temperature heat pump product AHW-160HEDS1 for the European market has been awarded the prestigious VDE certification by a globally renowned accreditation institution

Household Air Conditioning Business Line

- The current range of products, including room air conditioners, packaged units, air handling units, VRF systems, and data center cooling solutions, fully adhere to national energy efficiency standards. Each product has undergone energy efficiency registration, encompassing 100% of the product revenue share
- The Company was awarded the "First Three-Star Carbon Label Product Certification in China's Air Conditioning Industry" with cutting-edge low-carbon technology, and led the drafting of the "Industry's First Room Air Conditioner Group Carbon Label"

Refrigerator Business Line

- The refrigerator products have won the China CQC Energy Conservation Certification and have gained significant popularity in multiple overseas countries such as Canada, Malaysia, Saudi Arabia, and Brazil. The products have also obtained energy efficiency certifications from local authoritative institutions, including North American Energy Star, Canadian ATM, Malaysia ST, Saudi SASO, and Central American COC

Certification of Hisense HA' s Products

Honors and performance

Hisense HA’s centrals air conditioner project "Strengthening the Integrity Management System for High-quality Development of Enterprises" was successfully selected as one of the outstanding cases of social credit system construction in Qingdao, and was honored with the title of "National Model Enterprise for Product and Service Quality Integrity".

The honorific title for the quality of the central air conditioning product.and services

The refrigerator business of the Company won 4 gold awards and 8 silver awards at the conference of Guangdong Province Light Industry Excellent Quality Management Group Achievements, and won 1 first prize, 6 second prizes and 1 third prize in the research activities organized by Qingdao Quality Management Association, in which all 8 QC groups under the Company were honored as "Qingdao Outstanding Quality Management Groups".

Honorary awards won by refrigerator business division

Hisense

04

Smart Manufacturing for Good: Industry Benchmark

With the mission of green, low carbon and upgraded development, Hisense HA continuously explores new technologies, processes, products and management methods to lead the industry on a new green journey. The Company practices the sustainable development path of green, low carbon, energy-saving and high-efficiency by strengthening the management of emissions, accelerating the construction of a clean, low carbon and high-efficiency energy system, and actively exploring the harmlessness, minimization and resourcing of waste disposal, to reduce or avoid the negative impacts in the whole life cycle of its products on human health and the environment.

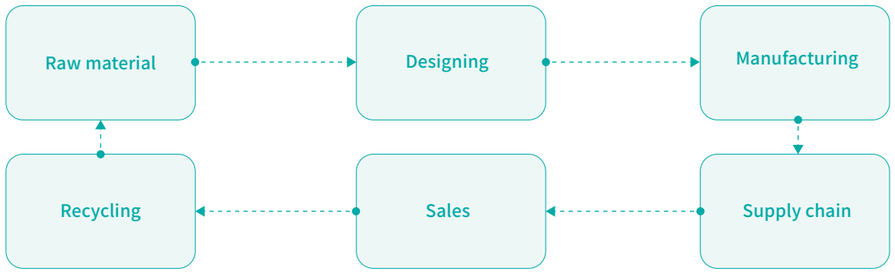
+ SDGs responded in this chapter

+ Material sustainable issues involved in this chapter

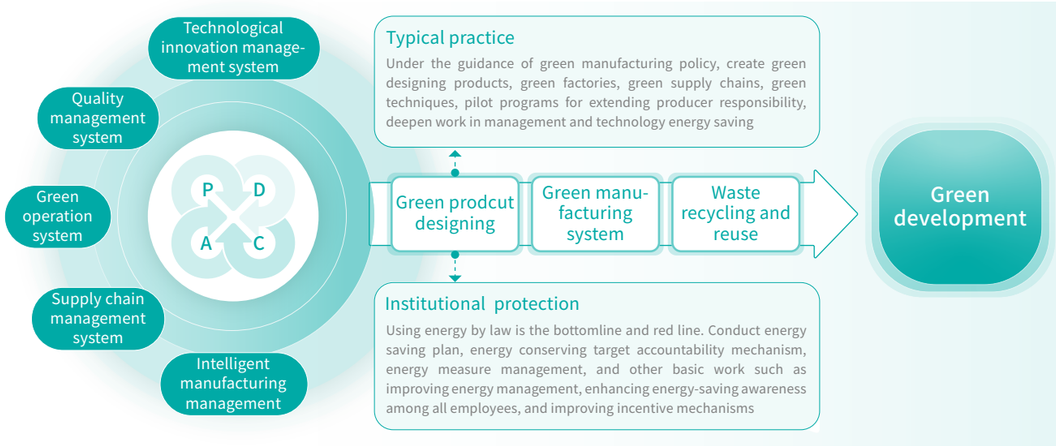
- Waste Disposal and Comprehensive Utilization of Resources
- Energy Consumption Management and Clean Energy Utilization
- Water Resource Management
- Green Products and Packaging
- Product Carbon Footprint Management
- Green Operation
- Response to Climate Change
- Biodiversity

Green Development and Commitment

Hisense HA fulfills its corporate commitment to green and low carbon development through continuous technological R&D and innovation. The Company has set up a green and low carbon production system covering the entire process of green low carbon production system, including material application, product design, supply chain, manufacturing, sales and after-sales service, recycling and comprehensive utilization, to practice the concept of green and low carbon development throughout the entire life cycle of its products and continuously improve its environmental management system. In addition, starting from design, purchasing, manufacturing, logistics, recycling, service end and others, the Company strives to promote innovative design, including promotion of product decarbonization, energy-saving in the process of production and utilization, and recycling after utilization, strengthen the supervision and constraint on the operation of the Company, and reduce the negative impact on the environment in the life cycle of products.



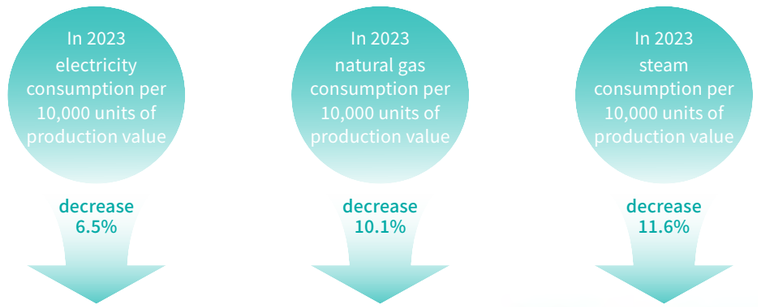
Greem Low Carbon Management in the Life Cycle of the Products



Hisense HA Green Development System

Setting Environmental Goals

Sticking to the bottom line of environmental safety, Hisense HA continuously optimizes environmental risk assessment and management, sets and reviews environmental performance targets for energy saving every year, consistently explores and quantifies performance targets based on its operating conditions and the industry's development trend, and regularly tracks the latest progress on environmental goals, consistently implements the ecological and environmental protection concept, and exceeds the targets in 2023.



Hisense HA 2023 Environmental Protection Targets Completion Progress

Perfect Environmental Governance

To respond to the national "double carbon" strategy and accelerate the structural optimization and green upgrading of the Company and its industries, Hisense HA strictly complies with the related 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,*while giving full consideration to environmental impacts in all aspects of production and operation. Besides, we also formulate plenty of 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 continually improve the environmental management system and prevent or mitigate adverse impacts on the environment.

Environmental Management System

In terms of environmental safety and health management, four-tier health, safety and environment (HSE) management system is comprised of "the highest management of the enterprise - the Safety and Environment Committee - the HSE management representatives at all levels - the safety and environmental protection departments at all levels" has been established by Hisense HA, aiming to implement the principles of hierarchical management and line responsibility and establishing a rigorous environmental safeguard system, including environmental target setting, operation and control, performance evaluation, internal auditing and other aspects. Thus, the Company can be legally compliant, safe and efficient in terms of environment.

The Company not only formulates and implements a series of systems such as the *HSE Key Performance Indicator (KPI) Responsibility Statement and the Assessment Criteria for Occupational Health and Safety and Environmental Responsibility Targets* , but also measures, monitors, tracks, evaluates and reviews the environmental performance of the whole Company based on the corresponding performance measurement and monitoring management standards. In addition, it also incorporates exhaust gas, wastewater, waste, noise, and emission compliance into the assessment system as a risk-negative item.

Indicators[3]	Unit	2023
Numbers of training on environmental and pollution prevention trainings	Numbers of training	54
Number of employees attending the environmental and pollution prevention trainings	Person	14,119
Total hours of trainings on the environmental and pollution prevention	Hours	88.5

Hi sense HA' s 2023 Environment-related Training

3. The statistical data was from Hisense HA' s other affiliated operating plants exclude Sanden.

To reinforce the professional environmental management ability, the Company schedules training for its employees on low carbon and environmental protection awareness, while encouraging all specialized companies to exchange HSE information with relevant parties and employees. Meanwhile, in addition to maintaining communication with external stakeholders to guarantee prompt inquiries and complaints from external partners on HSE issues within 15 days, we also actively communicate with affected parties and environmental authorities by phone, symposiums, or in writing to continuously improve the Company's ability to fulfill its environmental responsibilities.

Environmental Management Certification

Sticking to the minimum red line of emission standards for production enterprises, Hisense HA strictly implements the requirements of simultaneous design, construction and operation of environmental protection facilities with the main project (i.e. environmental protection "three simultaneous") during the construction project period, continuously strengthens the capacity of environmental management, and strives to realize the synergistic development of industry and ecological environment. The ISO 14001 environmental management system established by the Company has passed the re-certification audit by the certification organization, thus the certification remains valid. Meanwhile, several subsided factories have obtained GB/T23331-2020 and ISO 50001:2018 energy management system certifications. The Company actively explores and practices the concept of zero carbon factories and has successfully forged its first four-star zero carbon factory. The Company was awarded the Green Brand Evaluation Certificate by the Guangdong Cleaner Production Association in December 2023, becoming one of the first batch of green brand demonstration enterprises in Guangdong. In the future, the Company will promote each successful practice to a wider scope in the Company and set up a low carbon and zero carbon development benchmark for the industry. In 2023, the Company invested RMB 13.0665 million totally in environmental governance and protection, with no major environmental pollution incidents and no administrative penalties related to environmental issues.

Hisense HA' s
Green Brand Evaluation Certificate

4. The statistical data was from Hisense HA' s all its affiliated factories in operation.

Case: Rongsheng Plastic Product Co., Ltd. Passes the Certification of “Zero Carbon Factory”

Foshan Rongsheng Plastic Product Co., Ltd., a subsidiary of Hisense HA, was awarded the "Zero Carbon Factory" certificate on January 2, 2024, by Shanghai Ingeer Certification Co., Ltd. The factory, having all of its electricity generated from renewable energy sources to offset 100% of its remaining greenhouse gas emissions, scored 89 points in the "Zero Carbon Factory" evaluation system and was recognized as a "4-star Zero Carbon Factory", which demonstrates its outstanding environmental leadership in the plastics industry and sets a good example of sustainable development in the plastics industry.

“Carbon Neutral” Certification
& “Zero Carbon Factory” Certification

Key Performance

Patent

factories under Hisense HA have passed ISO 14001 environment management system certification
35

national "Green Factories"
7

national "Green Supply Chain"
2

provincial "Green Factories"
4

national Green Design Demonstration Enterprise for Industrial Products
5

subsidiaries accredited as First-Class Enterprises of Standardized and Safe Production in the machinery industry
3

- Rongsheng Plastic Product Co., Ltd. passed the certification of “Zero Carbon Factory”
- Hisense Air Conditioning Company selected in the List of Excellent Scenes of Intelligent Manufacturing
- Hisense Hitachi accedited with Fourth Grade Standarized Intelligent Manufacturing Maturity
- Hisense Hitachi selected for Intelligent Manufacturing Demonstration Factory ListIntelligent Manufacturing

Emergency Environment Management

To ensure the effectiveness of the emergency response plan, the Company formulates and continuously improves the emergency response plan for environmental incidents, files it in the local environmental protection department by the requirements of relevant national laws and regulations, and regularly carries out emergency response drills in terms of environmental emergencies. In addition, the Company also evaluates hazardous sources and environmental factors regularly, and carries out safety and environmental special inspections no less than 12 times a year. The Company determines its major environmental factors and general environmental factors based on the scoring performance in four aspects: compliance with laws and regulations, the number of pollutants or wastes generated or the amount of energy that can be saved, the scope of environmental impacts, and the frequency of occurrence, and takes the priority control and prevention measures for the main hazardous factors.

Pollution Prevention and Disposal

Focusing on the synergistic and balanced development of economic benefits and the environment, Hisense HA constantly improves its design, uses clean energy and raw materials, adopts advanced technology and equipment and improves the measures, such as management, comprehensive utilization and others, to reduce pollution from the source, thus increasing the efficiency of energy and resource utilization, reducing the generation and emission of pollutants and mitigating or eliminating the hazards to human health and the environment. The Company strictly abides by the laws, regulations and standards of the state and local governments at all levels regarding the management of emissions, carries out the management of emissions and strengthens the prevention and control of pollution, thus maximizing the reduction of the negative impact of pollutants on the environment. As well, the Company has formulated a series of control systems and monitoring plans for waste gas, wastewater, pollutant and noise emission, and employs qualified third-party organizations to regularly carry out tests to ensure that all pollutants discharged by the Company comply with the standards. In 2023, no excessive discharge or emission incidents in violation of laws and regulations happened in the Company.

Emissions Management

To improve the quality of the air environment, Hisense HA strictly complies with the Comprehensive Emission Standards of Air Pollutants and other applicable national, local and relevant industry exhaust emission regulations, ordinances and standards, and formulates and consistently implements the Management Procedures for Air Pollution Prevention and Control, and other internal air pollution prevention and control management methods and standards. The Company carries out comprehensive supervision and control over the whole process of air pollutant generation, pre-treatment, end-treatment and disposal in new construction, reconstruction and expansion of construction projects that directly or indirectly have an impact on the air environment.

Case: Hisense HA Focuses on the Waste Gas Control to Minimize the Burden of Environment

Sticking to the principle of source management, the Company, through the introduction of advanced waste gas treatment equipment, processes and technologies, enhances the efficiency of treating air pollutants generated in the course of production and operation, thus reducing emissions. Meanwhile, to ensure normal operation of emission facilities, each of the Company's factories being retrofitted with VOCs waste gas treatment facilities sets up VOCs online monitoring systems, and conducts weekly air duct cleaning and inspections. Besides, reducing the emission of air pollutants and improving the efficiency of energy, the Company maximizes the comprehensive utilization or recycling of waste gas and waste heat generated in the production process.

Hisense (Guangdong)	Hisense (Chengdu)	Hisense (Zhejiang)
• VOCs emissions: 660 kg	• Non-methane total hydrocarbon emissions: 936 kg	• VOCs emission: 793 kg • PM emission: 2,006 kg • Nitrogen oxide emission: 2,296 kg • Sulfur dioxide emission: 446 kg

Emissions of 3 Key Discharge Units of Hisense in 2023[5]

Water Pollution Management

Strictly complying with the laws, regulations and standards, such as *the Standards for the Quality of Sewage Discharged into Urban Sewers*, *Hisense HA* adheres to the principles of prevention-oriented, combination of prevention and control and comprehensive treatment to control the discharge standards of water pollutants through digitalized and intelligent methods, thus meeting the discharge standards. The Company also has formulated the Water Pollution Prevention and Control Management Procedures to carry out comprehensive supervision and control over the whole process of water pollutant generation, pretreatment, end treatment and disposal, etc. In addition, the Company has set up sewage treatment stations for the unified treatment of industrial wastewater. Industrial wastewater and domestic wastewater can be discharged in a compliant manner only if it is collected to meet the standard and monitored for 24 hours in real-time by the automatic sewage monitoring system. The Company has formulated emergency plans for water pollution accidents and carried out drills and assessments for water pollution accidents. At the same time, the Company also continues to promote process improvement, actively eliminating high water consumption processes and equipment, and actively promoting the recycling of process wastewater in the vicinity to constantly reduce wastewater generation and enhance the reuse rate of wastewater.

Indicators	2023	2022	2021
Emission of wastewater (10,000 m^3)	196.3	173.4	130
Wastewater emissions per unit of revenue (m^3/million yuan)	22.9	23.4	19.2

Hisense HA Wastewater Discharge and Recycling[6]

5.In FY2023, 3 of its subsidiaries, Hisense (Guangdong) Kitchen & Sanitary Systems Co., Ltd, Hisense (Chengdu) Refrigerator Co., Ltd and Hisense (Zhejiang) Air Conditioning Co., Ltd, which were included in the key discharging units announced by the relevant environmental protection ministry, their air pollutant emission data was shown in the table.

6.With regard to wastewater emissions, data from Sanden was included for the first time in the second half of 2021, and data was included all its affiliated factories in operation since 2022.

Indicators	Hisense (Guangdong)	Hisense (Chengdu)	Hisense (Zhejiang)
COD emission (kg)	3,172	2,220	3,303
Ammonium emission[8] (kg)	29	1,576	327
Suspended solids emission (kg)	/	1.900	/

Pollutants Emission from Water Bodies of the 3 Key Discharge Units Subsided to Hisense HA[7]

Waste Disposal

By the Law of the *People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes* and other requirements and industry regulations on the recycling and disposal of waste gas, electrical and electronic products, etc., Hisense HA has formulated the *Management Procedures for the Control of Solid Wastes* to classify, collect and store wastes, while prohibiting mixed collection, storage, transportation and disposal of hazardous wastes with incompatible natures and being not disposed of safely and entrusting the qualified units to dispose hazardous wastes and general solid wastes (including domestic garbage and general non-recyclable wastes). To prevent accidents involving hazardous chemicals, the Company has formulated chemical safety management-related regulations and organized regular drills in strict compliance with the requirements of the *Regulation on the Safety Management of Hazardous Chemicals, to standardize the whole management process for hazardous chemicals*, including purchasing, storing, loading and unloading, transporting, applying, discarding and accident handling. In addition, the Company sets up hazardous waste warning signs at the places where hazardous wastes are collected and stored in each factory.

Following the basic principles of "minimization, resource utilization and harmlessness" about solid waste, the Company minimizes generation and emissions of the waste, and carries out harmless disposal of waste. Besides, to promote the recycling of waste, the Company commissions third-party qualified institutions to recover useful components and energy from solid waste, thus reducing resource consumption and enhancing the recycling of resources.

The Company actively promotes "trade-in" through self-built recycling channels and cooperative recycling channels, and the number of home appliances recycled from Hisense Air-Conditioner and Hisense Hitachi etc. has increased significantly compared to previous years, while 100% of hazardous waste has been properly and reasonably recycled.

7.In FY2023, 3 of its subsidiaries, Hisense (Guangdong) Kitchen & Sanitary Systems Co., Ltd, Hisense (Chengdu) Refrigerator Co., Ltd and Hisense (Zhejiang) Air Conditioning Co., Ltd, which were included in the key discharging units announced by the relevant environmental protection ministry, wastewater pollutant emission data was shown in the table.

8.COD (Chemical Oxygen Demand), that is, Chemical Oxygen Demand emissions, are COD emissions in industrial wastewater, referring to the amount of oxygen required to oxidize organic pollutants in water with chemical oxidants.

Key Performance

Recycled waste volume of Hisense Air Conditioning reached

7,078.01 Tons

an increase from 2022

18.56%

Total recycling of recovered waste of Hisense Hitachi reached

975.45 Tons

an increase from 2022

8.9%

Indicators	2023	2022	2021
Total waste (tons)	44,642.4	14,299.5	12,382.0
Total waste production per unit of revenue (tons/million yuan)	0.5	0.2	0.2
Total non-hazardous waste (tons)[10]	43,862.3	13,339.4	11,616.0
Total non-hazardous waste production per unit of revenue (kg/million yuan)	512.1	180.0	171.9
Total hazardous waste (tons)[11]	780.2	960.1	766
Total hazardous waste production per unit of revenue (kg/million yuan)	9.1	13.0	11.3

Hisense HA Waste Discharge[9]

9.With regard to waste emissions, data from Sanden was included for the first time in the second half of 2021, and data was included all its affiliated factories in operation since 2022.

10.Non-hazardous waste included production and domestic waste generated in the course of the Company's production and operation.In 2023, the Company optimized its solid waste classification and statistical assessment methods during the year to ensure that the total waste emissions of its subsidiaries were effectively accounted for, and as a result, the data increased compared to the statistical results in 2022.

11.Refer to the National Inventory of Hazardous Wastes (2021 Edition) for hazardous waste.

Noise Pollution Management

To prevent noise pollution, safeguard the health of employees and stakeholders, and protect and improve the living environment, Hisense HA follows the requirements of the *Law of the People's Republic of China on Noise Pollution Prevention and Control* and other relevant laws and regulations and formulates and implements internal management procedures, such as the Noise Pollution Prevention and Control Management Procedures. The Company adheres to the overall planning, source prevention and control, and strict control of noise generated in the production process that may be harmful to human beings, to ensure that the maximum value of noise emissions is lower than the national emission standards. The Company effectively controls noise pollution in the manufacturing process through technological innovation and optimization, equipment replacement and other methods.

Noise monitoring	• Conduct environment noise monitoring and offer reports every quarter or when necessary • Examine noise on positions that may be damaging every year and update the career damage notice board in the workshop
Noise controling	• Control source, prioritize and promote low noise craft and equipment. Eliminate outdated craft and equipment with heavy noise pollution • Control process, put on earplugs and ear shields for employees and take other safety protection measures. Establish isolation area for noise-generating equipment and facilities, such as sound-proof houses, shields or other sound-absorbing gadgets nearby

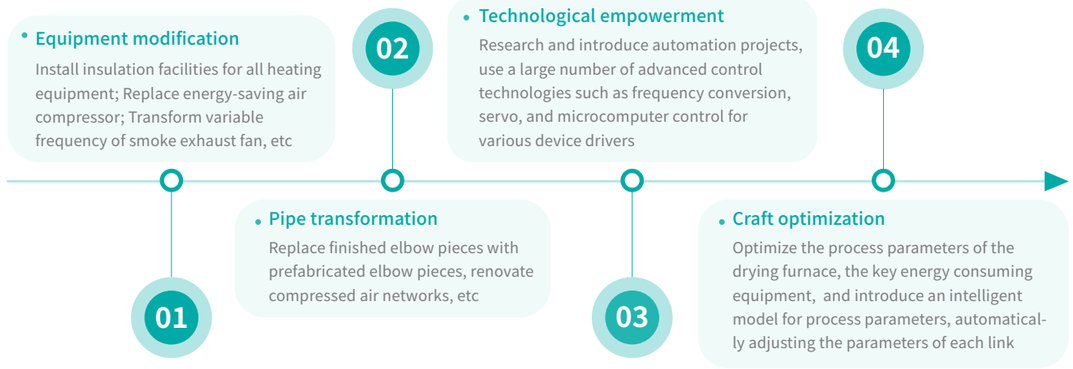
Hisense HA Noise Prevention and Control Measures

Green Manufacturing in the Whole Life Cycle

Hisense HA realizes energy conservation, consumption reduction, green and low carbon in the process of manufacturing through continuous innovation, updated and iterated production processes, regular inspection, maintenance, upgrading and replacement of equipment, application of more energy-saving, environmentally friendly and efficient energy, raw materialss and packaging materialss, and strengthening of resource use efficiency and recycling management. The Company also promotes waste recycling and reuse through the product recycling system, thus practicing the concept of sustainable development in various aspects.

Energy Substitution and Utilization

To advocate low carbon production and manufacturing, Hisense HA reduces production energy consumption, formulates a series of regulations, such as the Energy Management Regulations of the Company, and introduces informationalized energy management systems, such as the digital CMS (Content Management System) carbon management platform, EMS (Energy Management System) energy management center, and the comprehensive energy management big screen, to collect and monitor energy consumption data. The Company also utilizes modern computer and network technologies to implement centralized and flat dynamic monitoring and digital management of the production, transmission, distribution and use of energy media, such as “electricity, water, gas and heat”, thus realizing the informatization of energy data. Through real-time database technology, data analysis and forecasting technology, the Company provides accurate, real-time and clear energy analysis for the management department to improve the efficiency of energy consumption management.



Hisense HA Energy Saving and Consumption Reduction Measures

Case: Hisense HA Promotes Green Energy Utilization and Substitution

Focusing on the use and substitution of green energy, Hisense HA built a low carbon and environmentally friendly green production park. In 2023, the Company's distributed energy storage projects of a refrigerator factory, air conditioning factory, and mold factory in Qingdao were put into operation, a the total energy storage scale of about 15.5 MWh. The commissioning of the energy storage power stations will play an active role in power security, demand-side response, new energy consumption, etc. of the park, better contributing to low carbon development. In 2023, the Company's total installed capacity of PV reached 48.6 MW, with an annual generating capacity of 47.76 million kWh, thus PV power generation accounts for more than 12% of the Company's total electricity consumption.

Hisense HA Green Production Park

Indicators	2023	2022	2021
Comprehensive energy consumption[13] (ton of coal equivalent)	102,410.6	97,726.6	84,331.2
Comprehensive energy consumption per unit of revenue(tons of standard coal per million yuan) coal equivalent[14]	1.2	1.3	1.2
Electricity consumption (10,000 kWh)	62,876.0	59,782.7	50,077.6
Millions of revenue outsourced power consumption(MWh/million yuan)	7.3	8.1	7.4
Diesel consumption (tons)	1,140.0	755.1	631.0
Diesel consumption per unit of revenue (kg/million yuan)	13.3	10.2	9.3
Natural gas consumption (10,000 standard cubic meters)	1,730.7	1,635.6	1,566.0
Natural gas consumption per unit of revenue (standard cubic meters per million yuan)	202.0	220.7	231.8
Gasoline consumption (tons)	3.2	105.6	121.0
Gasoline consumption per unit of revenue (kg/million yuan)	0.04	1.4	1.8
LPG consumption (tons)	264.0	725.8	502.0
LPG consumption per unit of revenue (kg/million yuan)	3.1	9.8	7.4

Hisense HA Energy Consumption[12]

12.With regard to energy consumption, data from Sanden was included for the first time in the second half of 2021, and data was included all its affiliated factories in operation since 2022.In 2023, the Company continued to improve its energy structure, with LPG used in welding and gas furnaces gradually being replaced by natural gas, and gasoline-burning forklifts basically being replaced by electric ones, so that the consumption of both LPG and gasoline declined significantly in 2023.

13.Including the converted comprehensive energy consumption of electricity, gasoline, diesel, natural gas and other energy consumption, conversion factor source: GB/T 2589-2020 "General Rules for Calculation of the Comprehensive Energy Consumption".

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

Water Resources Managementt

Hisense HA has always set great store through the reasonable employment of water resources, and constantly strengthening scientific water fetching, usage, and discharge water management. All office and production water inside the Company comes from the municipal water supply, and the types of water consumption mainly include water for production workshops, cooling circulating water replenishment, boiler replenishment, environmental protection facilities, living water, fire-fighting water, etc. We have set water conservation targets and management objectives, adopted advanced water-saving processes and equipment, and eliminated high water consumption processes and equipment. We continuously improve our water consumption efficiency by formulating water conservation targets and management systems, adopting advanced water conservation processes and equipment, eliminating high water consumption processes and equipment, and strengthening water consumption control to eliminate water wastage such as running, risking, dripping and leaking from water supply pipeline networks. Our company treats wastewater for sustainable use, optimizes the reuse rate of process wastewater in the plant, continuously reduces the consumption of new water, and promotes green water-saving production.

Indicators	2023	2022	2021
Water resources consumption (10,000 tons)	338.7	356.6	353.2
usage consumption unit of revenue (ton per million yuan)	39.5	48.1	52.3

Consumption of Hisense HA Electricity and Water Resources[15]

Selection and Usage of Materials

Hisense HA continues to adopt responsible ways of sourcing, gives full consideration to the green properties of main products and prefers to use raw materials without poison, damage or with low poison, low damage, low density and high intensity, such as biological degradation material, renewable material and materials easy to recover and recycle. At the same time, the Company continuously improves the utilization rate of materials through continuous improvement of the production process, and carries out simulation technology research with new types of production facilities to reduce the loss of product materials from the source of design.

In terms of packaging materials, the Company complies with the *Product Quality Law of the People' s Republic of China, the Notice on the Management of Packaging of Commercial Products*, and conducts package designing, purchasing and treatment. In the process of production and sales, the Company promotes the use of low carbon, green, recyclable and degradable environmentally friendly packaging materials. In addition, we set up relevant management systems and conduct packaging reduction and recycling to alleviate the negative impact on the ecological environment.

Indicators	2023	2022	2021
Total volume of packaging materials used for products(10,000 tons)	17.1	12.8	10.6
packaging materials usage per unit of revenue (tons per million yuan)	2.0	1.7	1.6

Packaging materials Use of Hisense HA[16]

Recycling of Electronic Products

Hisense HA Appliances follows the laws and regulations related to the recycling and treatment of waste electronic products, actively implements the *Regulations on the Administration of Recycling and Disposal of Waste Electrical and Electronic Products*, the *Measures for the Administration of Qualification Licenses for the Disposal of Waste Electrical and Electronic Products*, the *Circular on Encouraging Home Appliance Manufacturing Enterprises to Carry Out Recycling Target Responsibility System Actions*, and other policy requirements, and formulates an internal management system related to waste electronic products. In addition, the Company actively participates in the formulation of standards such as the *Specification for Labeling and Coding of Waste Electrical and Electronic Products and the Specification for the Management of the Use of Recycled Plastics in Electrical and Electronic Products*, and the Company clearly responded to the requirements of the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal* by issuing the policy of "Unless prior approval has been obtained, the Company will not directly or indirectly through intermediaries supply waste to the Organization for Economic Cooperation and Development (hereinafter referred to as OECD) or the European Union (EU) to non-OECD or non-EU countries, unless prior approval is granted".

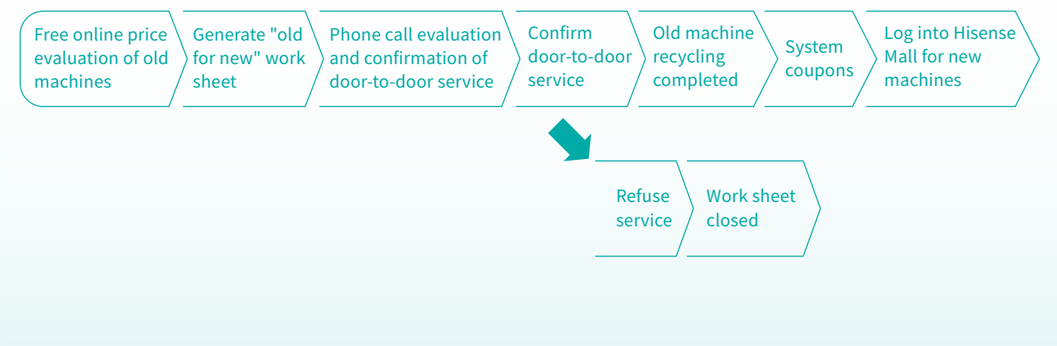
The Company actively carries out trade-in activities by using Hisense Mall, Xinhaoke and home appliance stores, and cooperates with compliant home appliance recycling suppliers and dismantling enterprises to optimize the recycling channels and build a reverse logistics recycling system. The Company has formulated a detailed electronic waste recycling plan, built an "Internet+Recycling" platform for used home appliances on the existing enterprise information management system, and synchronized the recycling orders with home appliance

15.With regard to packaging materials consumption, data from Sanden was included for the first time in the second half of 2021, and data was included all its affiliated factories in operation since 2022.

16.With regard to the use of packaging materialss, data from Sanpower was included for the first time in the second half of 2021, and data was included all its affiliated factories in operation since 2022.

recycling suppliers through the "Hisense Love Home" public account and synchronized the recycling orders. The digital platform of the home appliance recycling provider realizes the information system of recycling and dismantling enterprises to be docked and shared, to realize the traceability of the whole process of recycling and processing. The Company monitors and inspects the recycling service providers from time to time, provides relevant training support when necessary, and requires them to maintain the confidentiality of customer information.

The Company recycles mainly air conditioners, refrigerators and washing machines (including end-of-life products) in the form of door-to-door recycling, and the recycling area involves the domestic market and customer groups reached by the products[17]. Its trade-in activities are not limited to product age, Hisense branded home appliances, or quality, and users participating in the trade-in activities are entitled to large subsidies, free door-to-door visits, and free dismantling privileges. After completing the recycling, users will receive three coupons that can be used at Hisense Mall, with values equal to the estimated price of the old appliances (Coupon A) and the amount of additional subsidized refurbishment discounts at Hisense Mall (Coupon B/C), respectively.[18]



Hisense HA Immediate Switch Procedure

17.Xinjiang, Qinghai, Tibet and other remote areas are not covered currently.

18.Coupons A can be used for Hisense, Roshen and Kelone refrigerator, air conditioner and washing machine, not limited to machine types, and can be used with either one of coupons B and C, or with a single item or store coupons. Coupon B/C are coupons of different price tiers available for specific models, and only 1 coupon can be used per order.

Case: Green Planet Renewal Program, Promotion of Green Consumerism

To advocate for users to start a green and low carbon lifestyle, Hisense HA has long been carrying out "trade-in" activities to convey the concept of green consumption to the majority of users. In November 2023, the Company held the "Green Planet Exchange Program and Hisense Trade-in Launch" and launched the Green Planet Guide, a practical handbook for low carbon life, to join hands with the majority of users to practice the concept of green consumption, and to contribute to the protection of the environment, resource conservation, and the reduction of carbon emissions. The conference also invited industry experts and elites to discuss how to better advocate a low carbon green life, which will have a positive impact on the entire home appliance industry and is of great significance in promoting the whole society towards a more environmentally friendly and sustainable future.

Hisense HA Launches "Green Planet Renewal Program"

Key Performance:

Hisense HA's appliance “trade-in” recycling target was

338,000 units

and the actual recycling was

435,000 units of home appliances including air conditioners,refrigerators,washing machines,etc

The number of the Company's electronic waste disposal and recycling incidents involving significant negative impacts on the comprehensive utilization of resources, environmental protection, labor safety, and the protection of human health was

0

Sustainable Operation

Hisense HA scientifically manages logistics through consistent digitalization, intelligentization and automation. The Company also spreads ESG notions with environmentally beneficial and public welfare activities and reflects green operations in its daily management and operation.

Green Logistics

Hisense HA reduces the negative impact of logistics activities on the environment, lowers energy consumption, and continuously reduces carbon emissions through the implementation of green logistics, realizing carbon reduction, cost reduction, and efficiency enhancement in the logistics chain. The Company has formulated the Hisense Green Logistics Management Specification to promote green logistics in terms of production plan organization, information technology promotion, transportation plan organization, warehousing equipment update, and improvement of material recycling to achieve energy saving and emission reduction.

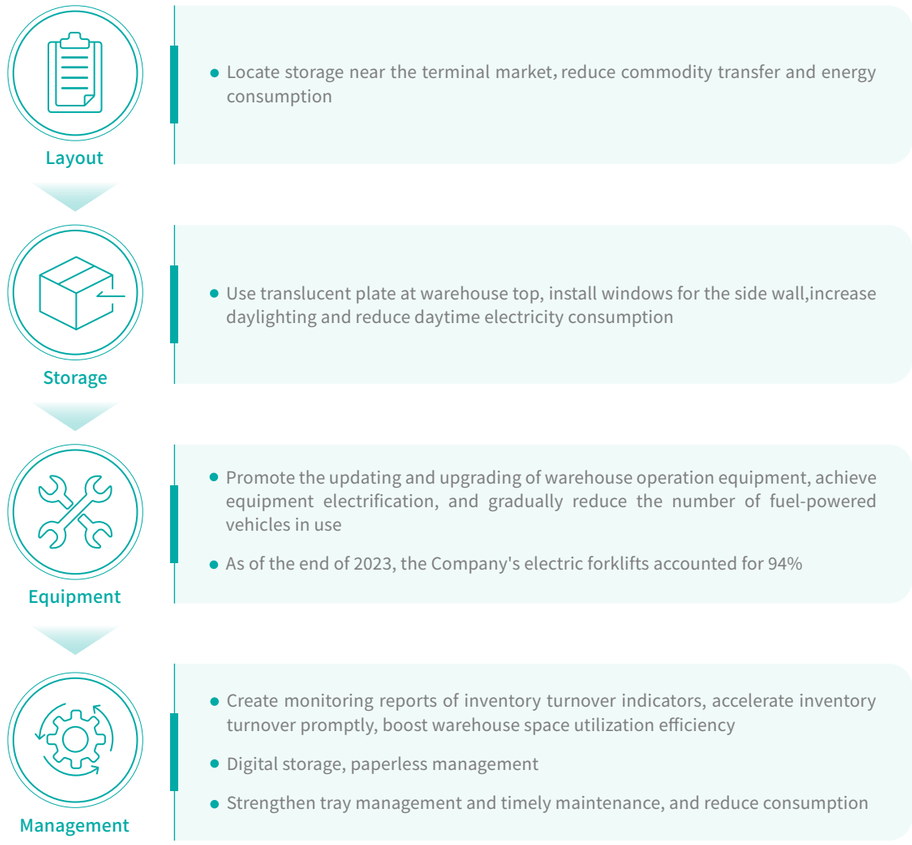
Green Transportation

The Company adopts AGV (Automatic Guided Vehicle), charging forklifts, battery trucks, automatic suspension chains, automatic lifts, etc. for logistics transportation in its plants, and realizes clean and efficient transportation through the use of clean energy and automated equipment. The Company introduces a warehouse network optimization model, promotes scientific scheduling of production of each base, promotes local production and local sales, optimizes the layout of logistics routes through multi-product mixing and matching, online and offline combining, and multi-location unloading, etc., improves the full-loading rate of vehicles and the efficiency of loading, and reduces the number of shipping trips, the distance of transportation, and the waste of resources.

At the same time, to reduce energy and material friction, the Company strengthens production prevention and protection, reduces the number of products damaged during transportation, and reduces the amount of rework and box replacement. In the process of selecting logistics suppliers, we prefer to cooperate with logistics suppliers with ISO 14001 environmental management system certification and OHSAS 18001 occupational health and safety management system certification, and urge logistics partners to regularly check and maintain vehicles, reduce motor vehicle emissions, and prevent vehicles from oil or fuel "running, bubbling, dripping, leaking" phenomenon, reduce pollution and resource loss from the logistics side. We also urge our logistics partners to regularly inspect and maintain their vehicles to reduce exhaust emissions from motor vehicles and prevent oil or fuel from "running, bubbling, dripping, and leaking", to reduce pollution and resource loss from the logistics side.

Green Storage

From the front-end design of warehousing, warehouse construction, daily inventory operation and management, Hisense HA practices the sustainable development concepts of low carbon, energy-saving, green, environmental protection and safety. At the same time, the Company continues to promote the construction and improvement of logistics digitalization and intelligentization, optimizes logistics layout and operation through digital guidance and process monitoring, and enhances automation of logistics links, it has already realized several functions such as monitoring and early warning of production and delivery of products in the vicinity, restoration of transportation scenarios, automatic updating of the order execution status, and visibility of the elements of the whole chain of finished products, which effectively reduces the interference of human factors, thus achieving energy saving, cost reduction and efficiency.



Hisense HA Green Warehouse Construction Path

Green Office

To implement the concept of low carbon operation in an all-around way, Hisense HA implements the green concept in the daily office operation scene from management, equipment, action and publicity levels. The Company takes multiple measures to promote green office, online ECO-B intelligent building system APP, intelligent control air management system, energy management system, and operation and maintenance management system, to realize energy efficiency improvement. At the same time, the office area and park area adopt solar energy and photovoltaic power generation systems, LED lighting, waste heat recovery and reuse, vigorously develop green and clean energy, implement paperless office, advocate employees' green travel, and regulate the use of office-related electrical appliances, etc., to save energy and reduce consumption to the most.

Key Performance

Intelligent Buildings ECO-B reduces building operating costs by

20%

Continuously promote the renewal and replacement of energy-saving equipment such as LED lights, realizing energy savings of

673,100 kWh

Rehabilitation of office heating and recovery of waste heat from air compressors for heating, reducing steam consumption by

8,255.55 tons per year

Climate Resilience and Development

Hisense HA actively explores new routes of green and low carbon development, strengthens scientific and technological innovation, aims at the technological development direction of "health, intelligence and energy saving", and leads the green transformation of the home appliance industry with intelligent manufacturing and green manufacturing. The Company has set up an ESG Committee, which is responsible for climate change-related work such as policy research, target setting, opportunity and risk identification, path planning, carbon management and information disclosure, etc. The committee proactively identifies the impacts and risks that climate change may bring to the Company's operations, and promotes the effective implementation of climate change, energy conservation and emission reduction through the establishment of an ESG management mechanism.

Climate Ambition and Targets

Hisense HA sets great stores by organizational-level and product-level carbon emission management. In 2023, the Company commissioned a third-party organization to carry out a greenhouse gas inventory based on the ISO 14064 standard, to consolidate the foundation for further promoting the carbon reduction of product manufacturing within the Company. At the same time, the Company is gradually exploring low carbon target setting methods and seeking a green and low carbon development path.

CERTIFICATE

Certificate-ID: C01-2023-12-2126947

Certificate for: **Washing machine WD5S1045BW**

Hisense

Certified: Hisense Home Appliances Group Co., Ltd.
8 Hongqiang Road, Shunde District, Foshan, Guangdong, China

Applied Standard: ISO 14067: 2018

Review Report: ADTR-PCF-0021

Valid until: December 31st 2024

TÜV Rheinland confirms that Hisense Home Appliances Group Co., Ltd. has determined the CO_2e footprint correctly by applying the standard mentioned above for the Washing Machine WD5S1045BW, which represents the model of WIDQA1014EVJM, WIDQA9014EVJM, WIDQA1014EVJMW, WIDQA9014EVJMW, WD5S1043BW, WD5S1045BW, WDMY9014EVJM, WDMY1014EVJM, and WDMK1014EVJM.

The calculation was carried out within the system boundaries "cradle to grave". The certificate is based on the calculations of the Product Carbon Footprint. Specifications and assessment limits can be found in the review report. The validity can be authenticated using the QR code, or the test mark ID at www.certipedia.com.

Cologne, December 8th 2023

Rian Tao
TÜV Rheinland Group
Sustainability and Carbon Services

Laura Lang

TÜVRheinland®
Precisely Right.

Verification Opinion

TÜVRheinland

Report Number: ADTR-GHG-0013

Hisense Refrigerator Co., Ltd.
Hisense-Refrigerator Co., Ltd.

Verification Opinion: Unqualified

Verification body:

Signature of Working Chief

Hisense HA Greenhouse Gas Inventory Certificate

The Company is continuously committed to exploring the possibility of reducing carbon emissions throughout the life cycle of its products, and is actively carrying out product carbon footprint verification in cooperation with third-party authoritative organizations, taking products such as refrigerators and washing machines as a starting point, and gradually mapping out the greenhouse gas emissions of each brand of products from the "cradle" to the "gate", to lay a solid foundation for the planning of emission reduction measures in the production process of the products.

Carbon Footprint Verification Statement for Refrigerator Products

Indicators	Unit	2023	2022	2021
Total GHG Emissions[20](Scope 1 + Scope 2)	Tons of CO_2e	391,888.3	381,146.2	323,288.0
GHG emissions per unit of revenue (Scope 1 + Scope 2)	Tons of CO_2e per million yuan	4.6	5.1	4.8
Direct emissions[21](Scope 1)	Tons of CO_2e	41,795.0	40,205.4	37,695.4
Indirect emissions[22](Scope 2)	Tons of CO_2e	350,093.4	340,940.7	285,592.6

Hisense HA Greenhouse Gas Emissions[19]

19.With regard to greenhouse gas emissions, data from Sanpower was included for the first time in the second half of 2021, and data was included all its affiliated factories in operation since 2022.

20.Scope 1 GHG emissions + Scope 2 GHG emissions = CO_2 emissions (tons) * Global Warming Potential (GWP).

21.Scope 1 Greenhouse gas emissions refer to the greenhouse gas emissions generated by the consumption of diesel and gasoline, and the use of natural gas and liquefied petroleum gas by Hisense Home Appliances and its subsidiaries' own vehicles. The emission calculation factors refer to the *Guidelines on Greenhouse Gas Emission Accounting Methods and Reporting* issued by the National Development and Reform Commission.

22.Scope 2 GHG emissions refer to the GHG emissions generated by the consumption of purchased electricity by Hisense Home Appliances and its subsidiaries. The current emission calculation factor is chosen to be 0.5568 tCO_2/MWh, the latest average grid emission factor released by the Ministry of Ecology and Environment and the National Bureau of Statistics.

Case: Focusing on Environmental Protection, Creating Air Purification Industry Model

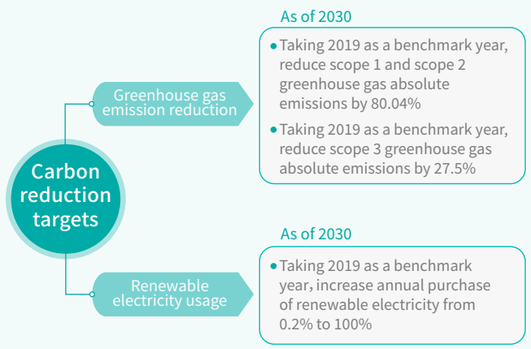
Hisense Air Conditioning Co., Ltd. was invited to the 2023 China Carbon Label Forum sponsored by China Electronic Energy Saving Technology Association (CEESTA), during which Hisense air conditioning products received the accreditation of the first three-star cabon label product in the air conditioning industry. With 6 products with different sizes winning the accreditation of three-star carbon label, the Company achieves new low carbon results in the industry.

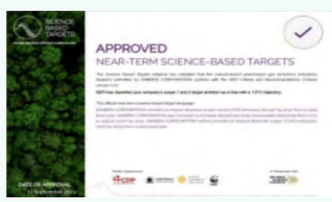
This forum also formally released the first carbon label team standard in the air conditioner sector "Carbon Footprint Evaluation of Electrical and Electronic Products Part 5: Room Air Conditioners" led by Hisense Air-conditioning Co., Ltd., formally establishing the industry's carbon label norms and lead the high-quality development of the national low-carbon cause.

Hisense Air Conditioning Co., Ltd. Attended "2023 China Carbon Label Forum" and Wined Carbon Label Evaluation Certificate for Its Products

Case: Sanden Made low carbon Development Commitments

Hisense HA Subsidiary Sanden Corporation officially becomes a supporter of Task Force on Climate-Related Financial Disclosure, TCFD, in March 2023, and disclosed climate-related information by the framework for the Company's upstream and downstream carbon dioxide emissions of the industrial chain, and in October 2023, it successfully obtained the certification of the SBT (Science-Based Targets).





Sanden Submitted Near-term Target Evaluation Report and Received Acceditation

Case: Sanden Explores low carbon and Environmentally Friendly Transition and New Routes

In 2023, Sanden has introduced renewable energies actively, for example, France region uses green natural gas composed of carbon dioxide and hydrogen for production. Japanese region purchases 10% of factory electricity with green electricity certificate to reduce carbon dioxide emissions and reach 2023 energy emission targets through renewing old facilities. Meanwhile, Sanden was honored with the Japanese Ministry of the Environment 30 by 30 natural habitat accreditation, making its contribution to protecting biodiversity.

サンデン株式会社 御中

お客さま番号：206-999972600159I

東京電力エナジーパートナー株式会社
カーボンニュートラル推進課

2023年07月 - 09月 グリーンベーシックプラン
実績非化石証書量のお知らせ

毎度ご利用いただきありがとうございます。
2023年07月 - 09月にかけてのグリーンベーシックプラン実績非化石証書量等についてお知らせいたします。

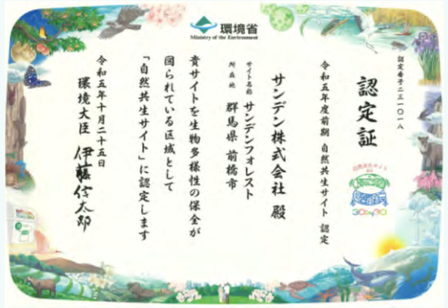
◆ご契約内容

ご契約名義	サンデン株式会社　大福工場
ご使用場所	群馬県太田市新田木崎６３０－１
料金適用期間	2023年07月23日 - 2023年12月22日
年間調達予定非化石証書量	100,000kWh

◆実績非化石証書量及び属性情報　　単位：kWh

年月	実績電力使用量	実績非化石証書量	非化石証書種別	受電設備設計	発電年	受電地域(エリア)
2023年06月(8月の支払)	851,424	43,267	-	-	-	-
2023年07月	145,898	35,961	高FIT(再エネ水力)	水力	2023年	経済圏
2023年08月	133,316	64,043	旧FIT(再エネ水力)	太陽光	2023年	中部圏
2023年09月	147,972	16,277	旧FIT(再エネ水力)	太陽光	2023年	関東圏
測値合計	826,610	90,048	-	-	-	-

Sanden Bought Green Electricity Certificate



環境省
Ministry of the Environment

認定番号 三五一〇一へ

認定証

令和五年度前期 自然共生サイト 認定

サンデン株式会社 殿

サイト名称 サンデンフォレスト
所在地 群馬県 前橋市

貴サイトを生物多様性の保全が図られている区域として「自然共生サイト」に認定します

令和五年十月二十五日

環境大臣 伊藤信太郎

Sanden 30 by 30 Natural Habitat Accreditation Letter

Climate Opportunity and Risk

In pursuing low carbon development, Hisense HA actively identifies climate risks and opportunities and formulates response measures to avoid the negative implications on finance and reputation. Due to uncertainties brought by climate change, we continue to track and evaluate risks and opportunities along with it. Solutions and initiatives are formulated and implemented to promote the continuous integration of climate risk and company risk management systems. Solid efforts were made to implement the work to address climate change. About the risks related to the direct loss of assets and physical impacts of supply chain terminals caused by climate change, the Company will strive to create more opportunities while mitigating and adapting to the relevant risks by improving the efficiency of its resources, strengthening its emergency response capabilities, and reinforcing the resilience of its business operations comprehensively.

Identify and Manage Physical Risks

In 2023, the Company identifies and analyzes physical risks in the four major areas of sudden drought, water shortage, Coastal floodss, and River floods. Based on the TCFD Recommended Framework, the Company used two Representative Concentration Pathways (RCPs) from the Intergovernmental Panel on Climate Change (IPCC), namely RCP4.5 (low carbon emissions scenario) and RCP8.5 (high carbon emissions scenario) for scenario analysis to identify potential physical risks. The Company initially explored countermeasures in response to the assessment results, which are summarized in the table below:

Types of risk/opportunity	Risk level	Potential risk description	Potential finance implication	Responding measures
Extreme precipitation	Medium	• Potential damage to or failure of equipment and infrastructure, resulting in production interruptions, reduced productivity and additional costs for repair and replacement of equipment • May affect the normal operation of logistics and supply chain, resulting in logistics delays, inventory shortages and non-delivery of orders on time, affecting business continuity and customer satisfaction	• Asset impairment losses • Increase in production and administrative costs • Increase in property and employee insurance expenses • Decrease in operating revenue	• Formulate and continuously improve emergency response plans for natural disasters, environmental emergencies, production safety accidents, etc., and regularly carry out drills and continuously optimize the emergency response mechanism • Prepare layout and adequate flood control materials in advance • Optimize water supply and drainage facilities, and install external outlet shut-off valves • Arrange factory location reasonably
Tropical cyclone	Medium			
Extreme heat	Medium	• May result in the need for more refrigeration equipment for the Company, increasing operating costs • May cause short-term water supply difficulties, affecting the stability of the production and operation chain • May pose a threat to the occupational health and safety of employees, requiring increased investment in employee safety or affecting operational productivity • The risk of fire and explosion in the process of storage and transportation may increase	• Increased production and administrative costs • Increased expenditure on health and safety	• Develop contingency plans for potential incidents and emergencies, conduct regular drills, and continuously improve emergency response mechanisms • Ensure layout R&D and install water storage facilities in advance to avoid sudden droughts affecting the efficiency of production and operation • Equip employees with heat-prevention items and facilities and equipment • Strengthen fire prevention, regularly inspect and maintain fire protection facilities and equipment, and conduct fire drills
Sudden drought	Medium			

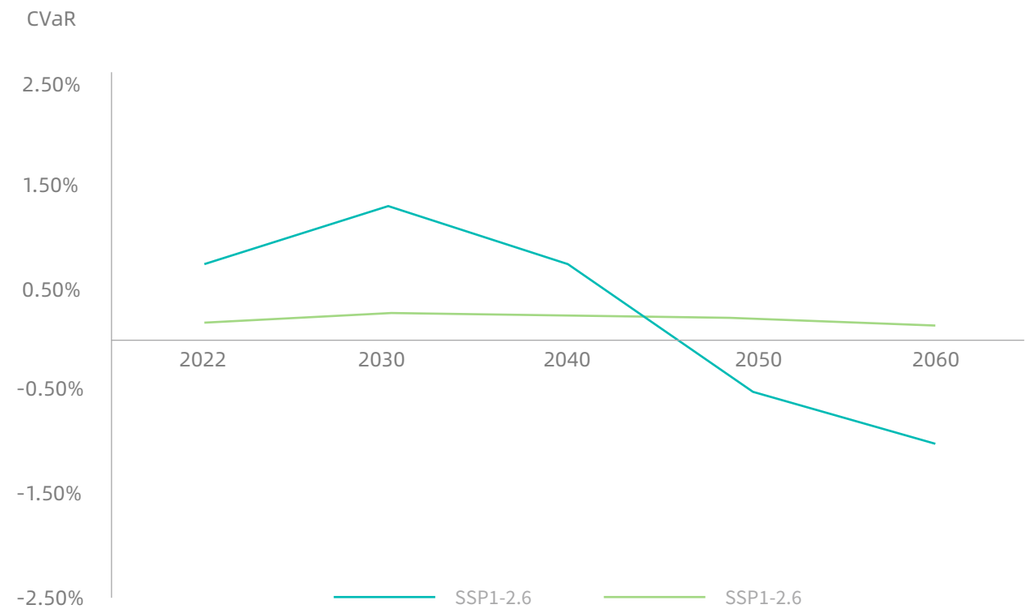
Hisense HA Physical Risks and Responses of Climate Change

Types of risk/opportunity	Risk level	Potential risk description	Potential finance implication	Responding measures
Water shortage	Medium	• Prolonged drought may lead to insufficient water supply and affect operational stability • Chronic water shortages and droughts may lead to additional maintenance costs for water pipes and infrastructure develop-ment	• Increase in production and management costs • Decrease in operating revenue	• Development of more efficient water utilization processes and facilities and equipment • Be cautious about building plants in areas at high risk of water scarcity and sustain water conservation efforts
Rise of sea levels	Low	• Possible increase in the risk of floods in coastal and maritime areas, resulting in damage to infrastructure, production equipment, seawater erosion and inundation of factories, warehouses and office buildings, leading to shutdowns and relocation of operations • May result in damage to coastal ports and transportation corridors, causing disruptions to supply chains or logistical delays	• Asset impairment losses • Increased capital investment • Increased production and management costs	• Strengthening the resilience of buildings and infrastructure to disasters, e.g., raising the height of foundations, strengthening drainage systems, etc • Evaluate the risk of sea level rise in the coastal area where we operate and adjust our investment and development plans in time to cope with the potential risks
Coastal floods	Low	• Possible damage to factories, office buildings and equipments • Water resources are susceptible to Coastal floods contamination • Production and transpor-tation interruption may affect production stability	• Asset impairment losses • Increase in production and management cost • Reduction in revenue	• Allocate enough flood prevention articles and facilities against the negative impact of floods • Optimize water discharge and wastewater disposal equipment to fend off floods risk in coastal regions • Regularly conduct flood prevention emergency drill and improves flood response capacity • Be cautiou about setting up factory in coastal region
River floods	Low	• Possible damage to factories, office buildings and equipments • River floods may increase wastewater disposal pressure over the short term • River floods accompanied by landslide may harm production and safety • Production stability may be affected due to disruption of equipment, regular work of employees and transportation	• Asset impairment losses • Increased production and administration costs • Decrease in operating income	• Adequate flood protection items and facilities to withstand the negative impacts of floods • Optimization of drainage and sewage facilities to counteract River floods risks • Conduct regular flood emergency drills to improve flood response capability • Development of a flood disaster management plan and real-time attention to flood disaster risk warning information

Hisense HA Physical Risks and Responses of Climate Change

Transition Risk Identification and Management

The Company has recognized that the transformational risks and opportunities associated with climate change create many potential uncertainties for the Company's business model, technological innovations, and daily operations. To better explore the impact of the new order of policy and market on corporate value, the Company has adopted the two shared socio-economic pathways (SSPs) of the Intergovernmental Panel on Climate Change (IPCC), i.e., SSP1-2.6 (low carbon emission scenario) and SSP2-4.5 (high-carbon emission scenario), to conduct a scenario analysis, and has found that, when the timeline is gradually lengthened, climate change will bring more cost pressures than opportunities to the Company's production and operation. When the timeline is gradually extended, climate change will bring more cost pressures than opportunities for the Company's production and operations, and in this regard, we have initially formulated measures to cope with the transition risk.



Changes in Climate Value at Risk (CVaR)[23] of Hisense HA before 2060

23.The Climate Value at Risk (CVaR) represents the costs incurred by Hisense Home Appliances due to the carbon price as a percentage of the current enterprise value over a specific timeframe, as assessed by MyoInfo (https://ww-w.miotech.com/zh-CN), which assumes that carbon emissions increase at a growth rate of 1% per annum and uses this as a prognosis.

Risk/ opportunity	Potential risk description	Potential finance implication	Responding measures
Policies and laws	• Government may roll out more rigid policies and regulations to mitigate climate change • China's carbon emissions trading implements a carbon pricing mechanism that increases business operating costs	• Increase in production and management cost	• Setting aggressive carbon reduction targets and developing a company-wide net-zero emissions pathway to reduce greenhouse gas emissions from operations • Closely monitor changes in environmental laws, regulations and policies, and participate in pilot initiatives such as regional carbon trading and carbon pricing
Technology	• Investments in low carbon technology research and development may fail • Failure to identify and apply low carbon technologies in a timely manner may result in products lagging behind their peers in low carbon transformation, shrinking in market share or being eliminated • The tightening of carbon footprint requirements for upstream and downstream products in the industry may lead to early replacement of existing high-energy-consuming equipment	• Increase in research and development expenditure • Asset impairment losses • Inventory impairment losses • Reduction in business revenue	• Improve corporate research and development capability through talent training and retention • Continuously researching and applying low carbon technologies, actively carrying out industry cooperation, and laying out industrial energy-saving technologies and negative emission technology R&D in advance • Promote the use of low energy consumption or new energy equipment, timely optimization or elimination of backward equipment and processes
Market	• May not be able to effectively meet customer demand for green and low carbon white goods products • Uncertainties of electricity price may lead to rise in short-term energy cost	• Reduction in business revenue • Increase in production cost	• Product design incorporates green concepts, and actively develops green and low carbon products to meet customer needs • Construction of a smart energy cloud platform, implementation of price forecasting, energy monitoring and analysis, and enhancement of energy management and control capabilities • Carry out energy saving and emission reduction work to improve clean energy proportion
Reputation	• Regulators, investors and other stakeholders are increasingly strict with climate risk disposure and low carbon product. Incompetency to meet these demands may jeopardize brand reputation, brand value and financing, causing risks to business operation	• Increase in management cost • Increase in financing cost	• Improve information transparency, enhance information transparency, actively understand and respond to stakeholders' concerns about the Company's climate, strictly refer to the HKEx's Climate Disclosure Guidelines and the TCFD framework, and carry out information disclosure and green and low carbon product branding through the Company's own communication matrix and official reports

Hisense HA Transformation Risks and Responses of Climate Change

Climate Response and Adaptation

Hisense HA will continue its efforts to build the Carbon Peaking and Carbon Neutrality management system, improve the carbon management platform, allocate professional personnel, establish and perfect company-level carbon inventory, product carbon footprint, carbon reduction project management and carbon asset operation and accounting management system to meet low carbon development needs. Hisense HA will continue to optimize energy efficiency and reduce energy use and greenhouse gas emission intensity through technological and process innovation. At the same time, based on the LCA calculation model combined with the highly integrated production operation and maintenance system data and electricity using physical model, the process model of key processes, and the product carbon footprint accounting model, Hisense HA will realize the company-level carbon peaking and carbon neutrality investigation and management, scientific setting of carbon goals and carbon path, and help the Company to transform digital carbon peaking and carbon neutrality management. In the future, the Company will continue to understand and respond to the demands of customers, regulators and other stakeholders for the Company's low carbon development, actively carry out external cooperation and exchanges, join hands with value chain partners, and carry out greenhouse gas emissions cooperation based on the life cycle of products.

Case: Hisense HA Purchasing Efficient Environmentally Friendly Refrigerants

In February 2024, Hisense HA and Honeywell reached a comprehensive cooperation in the application of refrigerants. In the US market, the Company had earlier adopted Honeywell Solstice® 454B (R-454B). Solstice® 454B (R-454B) by Honeywell offers similar performance and energy efficiency to the widely used refrigerant R-410A in the industry. However, it significantly reduces greenhouse gas emissions during operation. With a Global Warming Potential of 466, Solstice® 454B (R-454B) reduces the GWP by approximately 78% compared to R-410A, requiring fewer quotas for the same amount of use. This effectively assists Hisense in reducing greenhouse gas emissions, facilitates the refrigeration industry's low carbon transition and sustainable development, and achieves sustainability goals. Furthermore, this collaboration effectively demonstrates the commitment outlined in The Sunnylands Statement on Enhancing Cooperation to Address the Climate Crisis jointly issued by China and the United States. [In November 2023, China and the United States jointly issued The Sunnylands Statement on Enhancing Cooperation to Address the Climate Crisis, announcing their plans to collaborate under the Kigali Amendment to gradually reduce HFCs (hydrofluorocarbons) and ensure that all manufactured refrigeration equipment meets minimum energy efficiency standards. This partnership aligns with the international community's efforts to reduce HFCs.[24]

24.In November 2023, China and the United States jointly released the *Sunnylands Statement on Enhancing Cooperation to Address the Climate Crisis*, announcing the two countries' plan to reduce HFCs gradually under the *Kigali Amendment* with joint efforts.

Case: Hitachi Released low carbon Comprehensive Solution to Aid "Carbon Peaking and Carbon Neutrality" Goals

Hitachi implements a low carbon philosophy with concrete action and establishes "environment renovation 2050" framework, initiating green designing, purchasing, manufacturing, service, recycling and operation, to realize energy saving and consumption reduction, reduce carbon emissions and mitigate the negative impact of products on the environment. Hitachi released green solutions and products for commercial air conditioners in November 2023 to help customers achieve a low carbon transition.

Hisense Hitachi "Environmental Renovation 2050"

Hisense

05

Partnership for Good: Facilitating Employee Growth

Hisense HA upholds the fundamental principle of "respect for people" and recognizes the importance of talent as a core competitive advantage for growth. In addition to safeguarding the rights and interests of its employees, the Company enhances their career planning and development through an all-encompassing, multi-level talent training system and the implementation of innovative mechanisms. Moreover, Hisense HA is dedicated to establishing a safe, healthy, and equitable working environment that fosters the growth of both employees and the company.

+ 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

Employee Rights and Benefits

Hisense HA strictly abides by 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 Employment Promotion 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 the Rights and Interests of Women, as well as other personnel laws, regulations and policies, to safeguard the lawful rights and interests of employees.

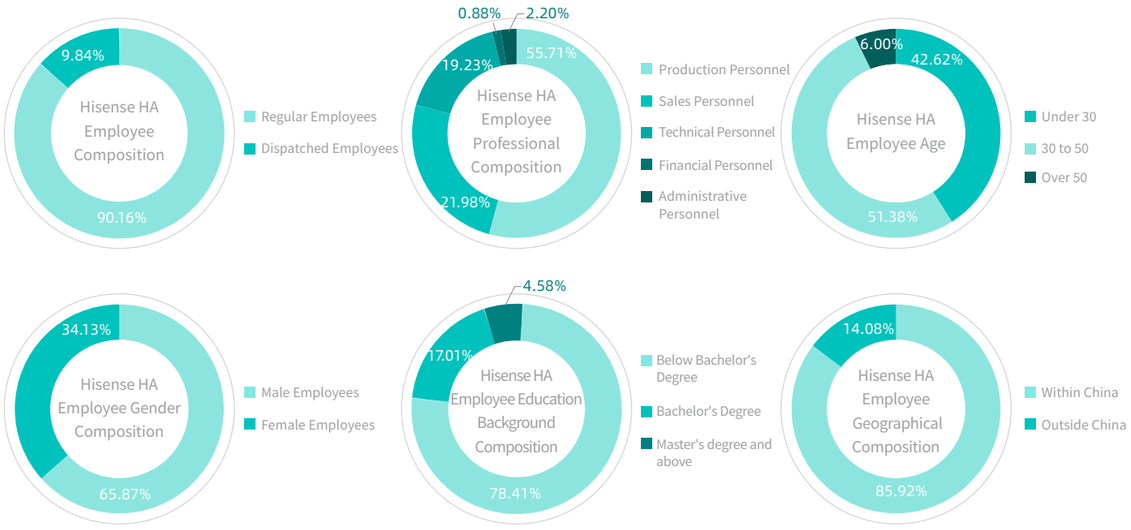
Diversity and Equality in Employment

Key Performance

Employed

56,240 People in total

Hisense HA has established a fair, democratic, competitive and merit-based mechanism for selecting and employing employees, and carries out human resource management in accordance with the Code of Conduct for Employees, the Measures for Management of Labor Contracts, the System for Management of Leave Taking and other systems and policies. The Company strictly prohibits all forced labor, child labor, inequality and discrimination due to nationality, region, race, ethnicity, gender, age, physical condition and other factors, and is committed to building a diversified, equal, harmonious and developmental work environment. At the same time, the Company insists on equal pay for equal work, and builds a fair and competitive compensation and performance appraisal system for employees, so as to better attract talents of different nationalities.



Hisense HA Employee Structure in 2023

Compliant Employment

The Company adheres to legal requirements by entering into labor contracts with its employees. Similarly, the Company ensures that the staffing company has labor contracts with the dispatched employees, and employees under the agreement system enter into relevant agreements. The Company follows strict adherence to legal procedures when it comes to renewing, terminating, or dissolving labor relations with its employees under transparent, fair, and equitable processes. Furthermore, Hisense HA ensures timely payment of employees' salaries and complies with legal requirements for social insurance contributions. The Company also provides necessary benefits to employees in accordance with customs and practices, thereby safeguarding their legitimate rights and interests.

The Company strictly examines all aspects of labor recruitment on an annual basis to ensure that the processes of resume screening and employment approval are in compliance with relevant laws and regulations as well as the Company's rules. Employees recruited are required to go through the employment process in accordance with the Hisense HA Employee Onboarding Management Measures. Through online registration and logging in the entry information, intelligent identification, judgment of age and other relevant information, the Company prevent the occurrence of child labor and other illegal events.

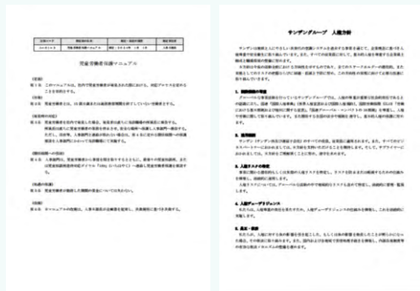
Key Performance

The signing rate of employee labor contracts is **100%**

Illegal employment incidents occurred **0**

Case: Sanden Developed Child Labor Protection Guidelines to Prevent Child Labor

Sanden upholds a corporate culture and workplace environment that values the fundamental human rights of its employees. This commitment is realized through rigorous enforcement of the Sanden Human Rights Policy and the introduction of the Child Labor Protection Guidelines in 2023. These guidelines outline the protocol for addressing instances of child labor within the organization. Specifically, the human resources department is mandated to promptly notify the nearest child guidance center or the abuse hotline operated by the center upon identifying any cases of child labor for protection of the child laborer.



Sanden's Child Labor Protection Guidelines

Case: Hisense HA Enhanced School-Enterprise Collaboration and Expanded Graduate Employment Opportunities

In 2023, amidst a challenging employment landscape, Hisense HA proactively fulfilled its social responsibilities by creating additional job opportunities. Throughout the year, the Company recruited over 1000 non-frontline personnel, with approximately 30% being recent graduates. The Company continue to promote the partnerships established with universities such as Tianjin University and Nankai University to establish school-enterprise collaborations. These initiatives included a series of activities aimed at attracting college graduates, elevating the Company's presence and influence on campuses, and inspiring them to contribute to the innovation and advancement of the home appliance industry. Moving forward, the Company will support the employment of recent graduates and facilitate high-quality, comprehensive employment within society.

Protection of Women's Rights and Interests

Hisense HA has established the Management Standards for Female Employees, ensuring that female employees will not face salary reductions, dismissals, or contract terminations due to pregnancy, childbirth, or breastfeeding. Adhering to the System for Management of Leave Taking, the Company diligently enforces provisions for marriage leave, maternity leave, breastfeeding leave, and childcare leave to safeguard the rights and well-being of female employees, empowering them to fulfill their professional potential. Hisense HA has designated a mother and baby care room within the premises to facilitate pregnant and lactating employees in resting and breastfeeding. Moreover, the Company offers annual gynecological examinations as part of its healthcare initiatives to safeguard the health of its female workforce.

Employee Localization Management

Hisense HA Foreign Employees in Sports Event

SanDen employees traveled to China for business exchanges

The Company places significant emphasis on cultural exchange and cross-cultural management, deeply embedding these principles within the project location. The Company upholds a profound respect for the laws, regulations, local culture, and religious convictions of the country where it operates. It actively engages with local talent, striving to cultivate a proficient workforce characterized by international perspectives and collaborative cross-border ideals. Hisense HA not only facilitates professional and managerial knowledge transfer between its headquarters and overseas subsidiaries but also institutes a standardized performance evaluation system and comprehensive compensation and benefits framework for employees globally. Through the organization of employee sports events, holiday festivities, and cultural exchange initiatives, the Company fosters mutual trust and growth among employees from diverse regional backgrounds.

Democratic Communication

Hisense HA is dedicated to fostering an inclusive culture. The Company has built a multi-channel, multi-form and all-around employee communication platform to promote open dialogue, attentively listen to employee feedback, and cultivate a strong sense of belonging. To address various concerns raised by employees, Hisense HA has established multiple channels for grievances and ensures employees are well-informed through regulations, informative posters, and bulletin boards. Upon receiving reports of misconduct, responsible personnel promptly conduct thorough investigations while prioritizing whistleblower protection.

Smooth Communication Channels

The Company has installed physical suggestion boxes, a WeChat official account, and the "House of Trust" online communication platform. Regularly, the Company organizes structured employee symposiums to engage with staff personally, addressing pivotal and intricate issues of interest to employees. In 2023, the Company upgraded the "House of Trust" online platform by introducing new sections like the Round Table and Circle of Life. This enhancement enables employees to share work-related challenges, seek assistance and guidance from colleagues, and celebrate accomplishments and progress collectively, fostering team cohesion.

Hisense HA Carried Out Team Employees Symposium

Union and Collective Consultation

The Company respects employees' rights to assemble and form associations within the legal framework, fostering their engagement in democratic management and oversight through equitable consultations and collective bargaining mechanisms. As of the end of 2023, the Company established 11 union branches nationally and internationally, achieving a 100% coverage rate for units in China. The number of union membership among Chinese employees is 15,449, with a collective bargaining participation rate of 100%. Furthermore, the union has a dedicated team of internal legal experts offering counsel, legal support, and assistance in resolving labor disputes, effectively safeguarding employees' rights and welfare. Three negotiations between Sanden and the union were conducted on employee bonuses and one on promotions, serving as valuable precedents for advancing collective bargaining initiatives at Hisense HA.

The 4th General Meeting and Staff Congress of the Company's Subsidiaries

Employee Benefits and Care

Hisense HA upholds the people-oriented management philosophy, enhancing employee welfare through welfare, rest and vacation, logistics support, and health management services to enhance employees' happiness and enthusiasm.

The Company has built an employee care management system and actively arranges cultural and sporting events to alleviate work-related stress and foster a harmonious warm corporate culture. The Company operates and maintains outpatient clinics in two major production bases, Shunde and Pingdu, and establishes partnerships with medical and healthcare units in other regions to provide employees with medical checkups, daily consultations, and other services. The Union, Health Management Project Team and other employee care organizations regularly organize leisure activities such as the Lantern Festival Party and Mid-Autumn Festival Night Market, and sports activities like basketball and badminton games to promote active employee participation and physical well-being. Additionally, the Company provides professional nutritionists for overweight or chronically ill employees, devising personalized dietary plans and lifestyle guidelines to promote individual health awareness.

Benefits

- Provide employees with holiday greetings and gifts on major holidays.
- Organize birthday parties for employees, so that they can be effectively integrated into the Hisense HA family.

Vacations

- Basic leave: paid leave, paternity leave, maternity leave, childcare leave and elderly care leave.
- Special leave: leave for children's schooling. Spring Festival reunion leave

Logistic Support

- Renovate the living and working environment in the park to improve the comfort of employees' work and life.
- Provide child care services for employees' children to make them happy during the summer and winter vacations.
- 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 dinner.

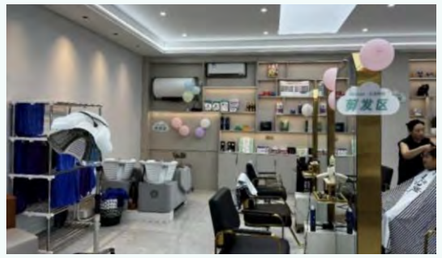
Health Management

- Regularly organize all kinds of health checkups for employees, and follow up on the abnormalities of the checkups.
- Provide effective guidance and assistance for employees' physical and mental health.

Hisense HA Employee Welfare System

Case: Hisense HA Established a Leisure Food Street at Shandong Pingdu Home Appliances Industrial Park to Cater to Diverse Employee Lifestyle Requirements

Hisense HA' Shandong Pingdu Home Appliances Industrial Park developed a one-stop leisure food street High Fun to cultivate a welcoming home-like ambiance for employees. This innovative establishment combines various amenities including specialty snacks, department store retail, karaoke and entertainment, leisure spaces for small gatherings, and courier services, enhancing the overall living experience for employees at the park.



Hisense HA one-stop leisure food street High Fun

Case: Hisense HA Explored Innovative Healthcare-Enterprise Integration Models to Prioritize Employee Health

Hisense HA' Shandong Pingdu Home Appliances Industrial Park developed a one-stop leisure food street High Fun to cultivate a welcoming home-like ambiance for employees. This innovative establishment combines various amenities including specialty snacks, department store retail, karaoke and entertainment, leisure spaces for small gatherings, and courier services, enhancing the overall living experience for employees at the park.

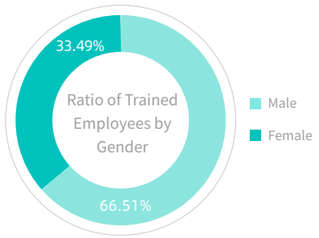
The Outpatient Department was Recognized as a Health Community Healthcare-Enterprise Integration Innovation Demonstration Unit

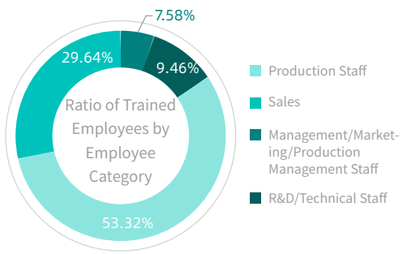
Case: Hisense HA' "HighFun Summer Camp" Provided Childcare Services for Employee During Vacation Periods

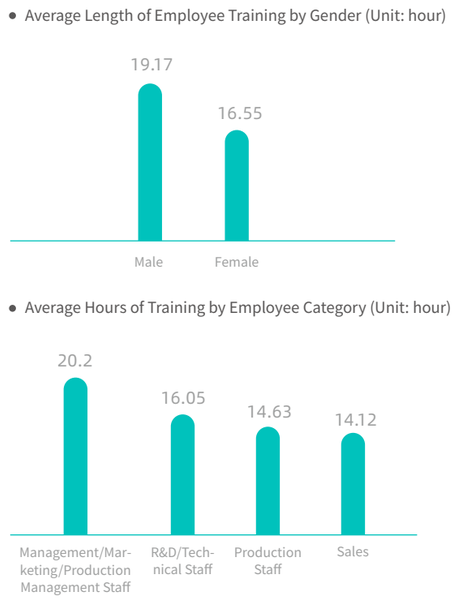
In 2023, Hisense HA took proactive steps to offer specialized childcare services for employees during the holiday seasons. Emphasizing the essential aspects of nutrition, health, and safety, the Company integrated its distinctive Hisense element and cultural attributes to meticulously design summer camp programs addressing employees' childcare concerns during breaks. This initiative has positively impacted over a hundred employees and children from partner organizations, garnering recognition from prominent stakeholders like the Shunde Federation of Trade Unions. Hisense intends to share its effective "3+2" childcare model and insights with the relevant trade union, fostering collaboration with neighboring companies to facilitate knowledge exchange through discussions, site visits, and other interactive platforms.

Employee Development and Training

Hisense HA upholds the talent philosophy of "people-oriented and merit-based", and establishes a diverse development platform and incentive system for employees. The Company encourages employees to autonomously select their career pathway and unleash their inherent potential. Simultaneously, by instituting standards and transfer mechanisms, the Company ensures the equality and fairness of developmental opportunities, fostering mutual growth for both the employees and the Company.







Employees Trained by Gender, Employee Category

Key Performance

Was invested in employee training and development
RMB 46,667,200

With a total of
56,240 Employees trained

Hisense HA Academy conducted a total of
948 Online training sessions

Addednew online resources
2,764

Dual Career Advancement Channels

The company has established a dual career advancement channel comprising the professional and management tracks. These channels offer employees diverse career pathways and potential for growth to cater to their distinct growth requirements, enabling them to actualize their individual value. In 2023, the Company further refined the dual-channel mechanism for employee career progression, ensuring the availability of ample talent reservoirs to sustain the Company's business growth.

Career Development Channel	Mechanisms for Channel	Work carried out in 2023
Management channel	Establish a dynamic mechanism for selecting and nurturing management talents, conduct annual management reserve selection, and devise a systematic training regimen. Implement systematic training to improve the quality and preparedness of management reserves through training, research topics, job rotations, and international exposure avenues.	Developed reserve talents according to the ratio of 1:1.3 to enable employees to pursue growth in the management channel.
Professional channel	Establish qualification standards for profession hierarchies and positions, delineating the competency requirements for positions at each level. Align these standards with respective learning roadmaps and curriculum resources to engage employees in the continual enhancement of their professional capabilities, fostering long-term organizational capacity.	Revised and refined the qualification standards for the marketing position hierarchies and organized qualified employees to undergo qualification certification.

Dual Career Advancement Channels at Hisense HA

Talent Cultivation

Hisense HA attaches great importance to talent cultivation and has set up a three-tier training system at the Company, factories and workshops. This structure offers tailored learning resources to cater to employees of varying types and hierarchies. Hisense HA endeavors to unlock employees' potential across various facets, enhance their overall capabilities and support their career advancement.

In 2023, the Company conducted a talent assessment to pinpoint potential successors and high-potential talents. Based on this, the Company formulated a nine-point talent distribution grid, a diagnostic and analytical proficiency chart, and a succession scheme. These initiatives concluded the evaluation of the company's talent pool.

Employee type	Training objectives	Improvements made in 2023
New employees	• Prioritize the retention and training of new employees, facilitate fast integration, enhance retention rates foster development, and establish a robust strategic talent pool for future growth. • Enhance the growth and development of new employees' competencies, execute the Individual Development Plan (IDP) counseling for new hires, involve department heads and mentors, delineate clear development pathways, and utilize diverse tracking methods to expedite the enhancement of their skills.	• Instituted and launched a three-year comprehensive skills curriculum for new hires, developing a structured training regimen for their onboarding. • Established a mentor-apprentice quality enhancement initiative, meticulously selecting mentors and instituting a certification system while removing uncertified mentors. • Implemented mentor empowerment training to optimize mentorship for new employee apprenticeships.
Skilled staff	• Construct a team of top-tier frontline skilled professionals by meticulously identifying exceptional candidates through a combination of online and offline training, theoretical examinations, practical competitions, professional assessments, and curriculum reviews. This selection process encompasses senior technicians within the Group, technicians of the Group, and technicians within the Company.	• Regularly organize frontline production skill competitions to elevate the expertise of frontline skilled personnel, employing a "competition instead of training" approach.
Talent reserves	• Conduct precise selection processes and interviews aligned with the leadership profile, followed by arranging offline training for successful candidates to expedite talent reserve development.	• Identify promising cadre members through cadre assessments and establish four EFL (Empowering Future Leaders) classes: President Class, Quality Manufacturing Class, R&D Class, and Marketing Class.
Leadership	• Establish a comprehensive training framework spanning from entry-level to mid-level and functional management positions to reshape the core values of participating cadre members and enhance leadership capabilities.	• Implement a range of training initiatives, including leadership assessments, panel interviews, offline workshops, management practice sharing sessions, and collective wisdom on management, to inspire cadre members to transition from a task-oriented to a people-oriented mindset. Emphasize the importance of prioritizing job objectives and value-driven outcomes, while fostering skills in delegation, mentorship, and employee development.

Hisense HA Talent Training System

Key Performance

Supported
759 **Employees** to participate in leadership training

Supported
40 **Employees** in their educational background and qualifications enhancement

Trained more than
200 Entry-level management talents and mid-level management talents

Carried out training for over
100 New cadres and high-potential cadres

Talent Incentives

Hisense HA has established a diversified incentive system, consistently enhanced the performance appraisal process, and introduced a restricted stock incentive plan for mid-level management and key personnel, fostering a mutually beneficial relationship between the Company and its employees.

Performance Appraisal Mechanism

The Company conducts quarterly and annual performance assessments to ensure performance-based compensation. The Company promptly communicates performance results to employees. For middle-level employees, an incremental performance system connects the Company' s performance enhancements with unit output income and individual earnings. In 2023, Hisense HA initiated the Personal Business Commitment (PBC) performance management tool, incorporating organizational performance metrics and other evaluation KPIs, focusing on strategic execution across all organizational levels. These endeavors are directed at revitalizing organizational dynamics and boosting employee motivation.

Employee Stock Ownership Plan

Key Performance

The incentive plan involved
596 **Employees,** targeting mid-level management and key personnel of the Company

In 2023, the Company fully executed the 2022 Hisense Home Appliances Group Co., Ltd. A-share Restricted Stock Incentive Plan (Draft) and the 2022 Hisense Home Appliances Group Co., Ltd. A-share Employee Stock Ownership Plan (Draft). This implementation aims to distribute the accomplishments of enterprise growth among employees, fostering their focus on the Company's long-term prosperity while bolstering their allegiance and commitment.

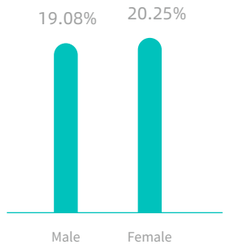
Talent Attraction and Retention

Hisense Refrigerator department heads and team leaders gave a red flower to an outstanding employee every day

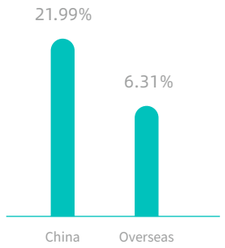
In accordance with the strategic and business development direction, Hisense HA builds and updates a targeted talent pool to support new hire onboarding. Furthermore, to address internal staff transfer requests, the Company has implemented a unified "living water" platform and devised internal transfer management protocols to streamline and guarantee a smooth internal employee movement process. The "living water" platform of the original office intranet in the "internal recruitment" section has been upgraded, for employees, employees can not only realize the accurate search for internal release of suitable positions, but also track the progress of the application process, but also through the recommendation of the company's "Bole" can strive to recommend external talent, but also through the platform to the preferred company to extend the "olive branch" of my development intentions; for recruiters, they can be open access to all employees from all of their open access to all employees. "Recommendation of external talent, but also through the platform to be assured to the preferred company to extend my development intentions of the "olive branch"; for the recruiter, it can be open to all of its permissions from all employees in the screening of resumes, which greatly improves the degree of job matching and recruitment efficiency.

The Company has instituted a diverse employee welfare and retention framework to communicate the organization's philosophy and corporate culture to various employee groups, including school-recruited employees, social-recruited employees, and foreign experts. This initiative aids in their seamless assimilation into the Hisense HA community. In 2023, the Company deepened the refinement and implementation of its corporate culture, conducted nine workshops focusing on co-creating cultural values and concept systems. Additionally, it hosted two significant events—the Cultural Stand-up Comedy Competition and the 1024 Engineer Culture Festival—to effectively propagate the Company's user-focused culture, engineering-focused culture, procedural culture, and culture of mutual respect.

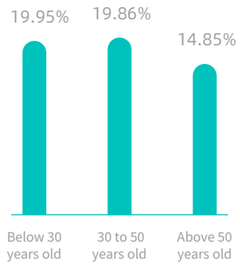
- Employee Turnover by Gender



- Turnover by Geographic Location



- Turnover by Age



Case: Hisense HA Cooperates with Colleges and Universities to Organize Career Planning Contests and Product Creation Contests

In 2023, Hisense HA cooperated with South China University of Technology, Jinan University and other universities in organizing Career Planning Contests and Product Creation Contests for College Students. These competitions facilitate teaching and motivate students to study and land a job. After the competitions, both sides actively conducted supply and demand matchmaking and negotiation meetings, exchanging in depth on topics like cooperation between colleges and enterprises, employment and education. In this way, the Company and the universities further innovate the mode of school-enterprise cooperation and training, and build a platform for talent supply and demand docking.

"Hisense Cup" Jinan University 2023 College Students Career Planning Competition

Employee Engagement Survey

Key Performance

In 2023, Hisense HA achieved an employee engagement score of

4.39

Hisense HA conducts periodic engagement surveys to gauge employees' work status and their genuine sentiments regarding the work environment. In 2023, Hisense HA achieved an employee engagement score of 4.39 out of 5, indicating a notable improvement of 0.04 points from the previous year. This enhancement signifies a strong alignment between employee growth initiatives and the company's developmental objectives.

Occupational Health and Safety

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

Safety Management System

Hisense HA complies with the Work Safety Law of the People's Republic of China, the Fire Safety Law of the People's Republic of China and other laws and regulations related to workplace safety. Hisense HA has formulated a number of management systems, such as the Standards for Evaluation of Occupational Health and Safety and Environmental Responsibility Target, the Standards for Identification and Evaluation of Sources of Hazards and Environmental Factors, and the Occupational Health, Safety and Environment Emergency Preparedness and Response Management Standard. The Company has established and effectively operated an occupational health, safety and environment (HSE) management system throughout the Company.

The Company continues to promote workplace safety standardization to achieve standard safety management, operation behavior, equipment and facilities and working environment. The Company ensures that the safety and environmental protection of the whole process of production and operation are up to standard, and provides a healthy and safe working environment for all employees. Currently, we have obtained ISO 45001 Occupational Health and Safety Management System Certification in 2022.

KPIs	Unit	2023	2022	2021
Number of work-related fatalities	People	0	0	1
Number of days lost due to work-related injuries	Days	137	232	415

Hisense HA Employee Health and Safety KPI

Safety Risk Control

Hisense HA continues to promote safety risk control, and formulates systems to guide the investigation of potential safety hazards, 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, as well as increasing the efforts of digitalization transformation, and promoting technology-enabled workplace safety.

Supervision and Investigation of Production Hazards

The Company conducts thorough safety production hazard investigations across various levels, specializations, and classifications consistently throughout the year to mitigate safety risks effectively. Additionally, the Company emphasizes the importance of employee oversight by encouraging them to submit safety enhancement proposals or report safety concerns through the safety management system. Subsequently, the relevant personnel promptly address and resolve these issues, ensuring the efficient eradication of safety hazards.

Key Performance

In 2023, a total of **34,961** hidden dangers were discovered

The closed-loop rate of hazard rectification was **100%**

Safety Digitization

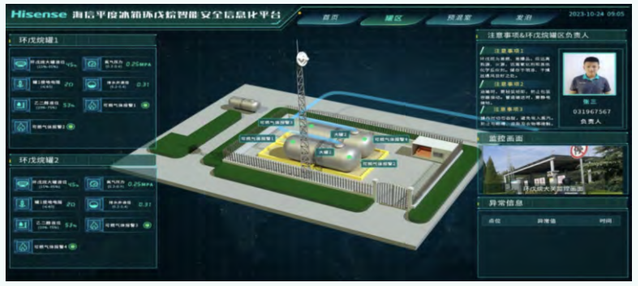
The Company is actively advancing the development of workplace safety digitization by extensively exploring safety digitization initiatives. The Company consistently incorporates digitization into workplace safety practices to facilitate the intelligent evolution of safety management, emphasizing the proactive prevention and resolution of significant safety hazards.

In 2023, the Company launched the workplace safety management system, marking the completion of the organization's digital transformation efforts to enhance workplace safety management practices. The system encompasses seven key safety management modules, including risk classification and control, hidden danger investigation and management, hazardous operation management, outsourcing unit management, qualification and license management, emergency management, and safety education and training. This integration of digitization into safety operations boosts the efficacy of safety management practices.

Hisense HA Workplace Safety Management System

Case: Refrigerator Business Initiated Digitization Project for Cyclopentane and Foam System

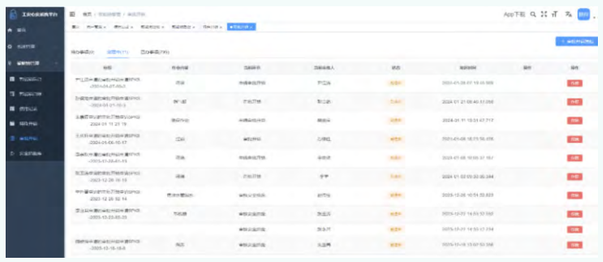
In 2023, the Company's refrigerator business initiated an information technology project concerning cyclopentane and foam systems, with a specific focus on mitigating the risks associated with cyclopentane. This project has successfully implemented continuous monitoring of critical safety metrics, including the grounding resistance of the cyclopentane tank body, nitrogen pressure within the tank, leak prevention alerts, the pre-mixing room, and the wet machine platform throughout the cyclopentane production and utilization processes. These measures significantly enhance the oversight and supervision of cyclopentane safety practices.



The Digitization Platform of the Company's Refrigerator Business Factory in Pingdu

Case: Central Air Conditioner Launched Smart Lock Control System

In 2023, in compliance with pertinent laws and regulations mandating authorization for specialized operations, the Company's central air conditioner business introduced a Smart Lock Control System. This system utilizes Bluetooth locks to secure vehicle controllers and climbing ladders. Employees are required to submit an online request for a straightforward operation permit to unlock the devices; access to the locks is only granted upon approval of the operation permit. The implementation of this system enables the Company to manage and process all operation permits for each specialized task per shift efficiently. Moreover, all lock-related activities are meticulously documented online, significantly enhancing the oversight of special operations risks.



Smart Lock Control System Interface of the Company's Central Air Conditioner Business

Prevention of Occupational Diseases

Hisense HA rigorously adheres to the Occupational Disease Prevention and Control Law of the People's Republic of China. The Company has instituted various systems, 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, to standardize its occupational health management practices. All occupational health management personnel at the Company undergo mandatory training and must obtain a valid certificate before assuming their roles.

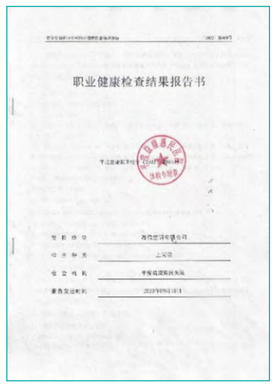
Employees assigned to high-risk work positions receive the Notice of Positions of Occupational Disease Hazard before commencing their duties. The Company diligently follows the complete occupational disease physical examination process, starting from pre-employment through on-the-job assessments, and continuing post-employment. If an employee's physical examination results suggest unsuitability for the current position, the Company arranges job transfers to safeguard their health and well-being.

Key Performance

Conducted occupational health checkups for
4,728 Employees

Invited external third parties to inspect
2,350 Hazardous work environments

with an overall compliance rate of
94.04%

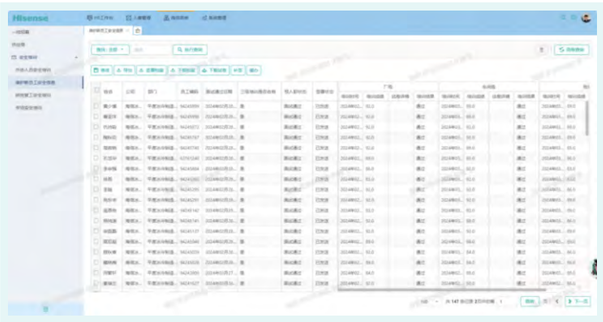


Employee's Occupational Health Examination Report and Occupational Disease Hazard Evaluation

Occupational Disease Prevention Awareness Week at the Company

Developing Culture of Safety

To bolster safety awareness among employees and enhance the expertise of safety management personnel, Hisense HA actively promotes the development of the culture of safety and conducts emergency exercises to foster a production environment where everyone assumes primary responsibility for safety. In 2023, the Company finalized the implementation of an online safety training system for new employees, enabling the tracking and recording of safety training performance.



New Employee Safety Training System at the Company

Following the ethos of proactive planning, efficient organization, and thorough post-event communication, the Company spearheads initiatives such as "Month of Workplace Safety," "Month of Fire Safety," and "Month of Traffic Safety." By organizing a diverse range of safety culture events under these themes, including engaging employees in safety knowledge enhancement and skill improvement activities, the Company solidifies the notion that safety is paramount.

Fire Safety Activities at the Company

The Company has established an emergency response team comprising an emergency command department, a rescue team, an alert and evacuation team, and other task forces. Additionally, Hisense HA has installed a miniature fire station and is actively conducting emergency drills to enhance the emergency response capabilities across all facilities.

Fire Drill at at the Company

KPIs	Unit	2023	2022	2021
Number of fire drills	Session	122	29	28
Number of participants in fire drills	Participation	43,551	26,535	29,699
Total number of employees receiving safety training	Employees	51,893	25,389	27,984
Average hours of safety training received by employees	Hours per person	35.73[25]	1.17	1.22

Occupational Health and Safety Training for Hisense HA Employees

25.In 2023, the Company increased its efforts in occupational safety training, with a significant increase in the average training hours per person compared to previous years.

Hisense

06

Eco-Friendly Environment for Good: Value Sharing

With the vision and mission of "revitalize the national industry and make hundreds of millions of families happy" Hisense HA considers "fulfilling the happiness needs of millions of families" a crucial foundation. The Company collaborates with customers, value chain partners, communities, and other stakeholders to enhance the overall value and establish connections with millions of families to consistently cater to their needs and desires for an improved quality of life.

+ SDGs responded in this chapter

+ Material sustainable issues involved in this chapter

- Promoting the Concept of Responsible Consumption
- Customer Experience and Satisfaction
- Product and Service Accessibility
- Customer Information and Privacy
- Protection Supply Chain Management Excellence
- Community Engagement and Development

Excellent Customer Service and Experience

Hisense HA firmly safeguards the legitimate rights and interests of customers by establishing a robust customer service management system. It consistently enhances both online and offline service platforms with the aim of providing an excellent service experience to a wide range of users. Adhering to responsible marketing practices, the Company uphold business ethics and social responsibility in promoting our products and services, disseminating transparent and trustworthy information to our users.

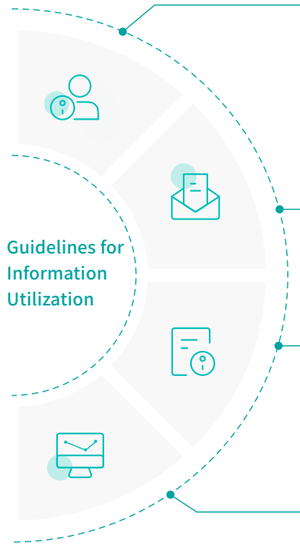
Customer Privacy Protection

Key Performance

The number of lawsuits resulting from breaches of user privacy was

0

Hisense HA prioritizes the protection of data security and consumer privacy information by closely integrating personal information protection with daily operations. The Company strictly adheres to legal regulations concerning the collection, storage, and usage of personal information, ensuring the full safeguarding of the legitimate rights and interests of personal information owners. Hisense HA has developed and published *the APP Governance and Management Rules, Management Standards for Personal Information During External Cooperation*, and *Privacy Impact Assessment Management Standards* to uphold confidentiality, security, and integrity of customer privacy and data, establishing a secure and trustworthy environment user environment.



- Regulate the acquisition and use of customer information, employ user profiles only in necessary business processes, adopt data desensitization technology, implement data access control and multiple identity authentication, and carry out de-identification processing, to ensure that user identities are eliminated from being clearly identified, and to avoid precise positioning of individual users or information leakage.
- Carry out entrusted processing, sharing, and transfer of personal information based on the core principles of “minimum use” and “legal compliance”.
- Conduct user privacy impact assessments, specify the purpose of information collection and retention periods, and take reasonable information handling measures to ensure that users' privacy rights are not infringed upon.
- Conduct specialized compliance checks for mobile applications, information security compliance reviews and external third-party audits to comprehensively safeguard users' personal information.

Protection of Customer Rights and Interests

Hisense HA is dedicated to meeting customer needs by focusing on establishing a comprehensive and systematic customer service management system. The Company continuously enhances its service capabilities, including professionalism, timeliness, and accessibility, to optimize customer consumption and use experience and maintain a positive brand reputation.

Service Professionalism

- Ensure product safety and user experience with precision installation and dedicated service, providing professional service to assure users
- The Company has set up service management organizations in more than 30 regions across the country, backed by sufficient spare parts reserves and service expertise and strong technical expertise to provide customers with professional services at any time

Service Timeliness

- The digital service network comprehensively covers the headquarters and branches, providing strong support for the post-sales service system and ensuring prompt response to customer needs
- The company has more than 2,000 authorized service stores and the service network within the whole country, which fully guarantees the timeliness of service

Service Accessibility

- The Company has implemented a Customer Relationship Management system (CRM) to realize the unified management and global monitoring of the information of the service hotline, online platform and offline stores, and comprehensively improve the problem-solving ability and efficiency of service personnel with advanced technology to ensure that the service reaches the quality issues in the market

Customer Service System

With respect to the product and service information customers encounter, the Company eliminates exaggerated or overly promotional language, preventing infringements on customer rights and interests through responsible marketing training for relevant employees and the implementation of the "Marketing One-page Guidelines". Furthermore, the Company engages a third-party professional organization to review and analyze the values and content in advertisements, ensuring the authenticity and reliability of marketing campaigns. Additionally, Hisense HA conducts special audits within the commercial department, swiftly identifying and resolving risk issues, and establishing an internal rectification loop to protect both customer rights,and the Company's credibility.

Customer Satisfaction Enhancement

Key Performance

The participation rate in the customer satisfaction survey reached
100%

Customer satisfaction score of
98%

The customer complaint rate remains below
0.5%

achieving a
100% resolution rate for customer complaints

Hisense HA comprehensively understands customers' core needs and expectations, providing them with a range of high-quality services. We regularly gather and evaluate customer feedback from various sources, and implement appropriate measures to enhance the professionalism, timeliness, and accessibility of our services, ultimately elevating customer satisfaction levels. The Company routinely conducts Net Promoter Score (NPS) surveys on user satisfaction, proactively implements corrective actions based on customer input, and continuously elevates service quality by establishing a user-centric professional service framework to cater to diverse customer requirements. Additionally, Hisense HA establishes and refines product complaint and recall mechanisms, standardizes recall processes, and maintains open communication channels to grasp user perspectives and demands accurately. This approach ensures prompt and effective product recall procedures, addressing customer needs expeditiously.

Case: Hisense HA Embraced Scenario-Based Marketing to Enhance Brand Appeal to the Youth

Under the framework of responsible marketing practices, Hisense HA dedicates itself to identifying innovative marketing opportunities by delving into the consumption patterns and aesthetic inclinations of youthful demographics. By integrating these insights with prevailing social trends, the Company engages in scenario-based marketing initiatives aimed at perpetuating the youthful essence of its brand portfolio. In 2023, KELON Air Conditioning, a subsidiary of Hisense HA, collaborated with the Youth Music Festival to leverage the power of music marketing for a cross-industry impact, effectively reinforcing the brand's image and introducing new product lines to the younger audience segment.

Poster of KELON Air Conditioner in cooperation with the Youth Music Festival

Case: Hisense HA Improved User Experience for the Elderly Group

Hisense HA prioritizes user needs, particularly focusing on addressing the challenges faced by the elderly demographic to cater to their diverse requirements effectively. Recognizing the unique needs of the elderly population, Hisense HA has introduced specialized products tailored to enhance the comfort and usability of intelligent appliances for the elderly. The launch of the Hisense Brilliant Air Conditioner C200 series, Ronshen WILL605 Borderless Refrigerator, and Intelligent and Healthy Laundry for the Elderly exemplifies the Company's commitment to providing the elderly with smarter, more comfortable, and convenient user experience, enhancing overall user satisfaction across all age groups. These products have garnered recognition through multiple accolades in the Second Elderly-Friendly Innovation Product and Intelligent Health Solutions Competition in Light Industry.

Supply Chain Responsibility and Building

Hisense HA has established a sustainable supply chain framework grounded in a philosophy of mutual cooperation, engaging collaboratively with both upstream and downstream stakeholders to cultivate a sustainable industrial ecosystem. To enhance the efficiency of supply chain operations, Hisense HA instituted a supply chain management department within the consumer business group. This department oversees the management of system appliances, bulk materials, procurement operations, and planning procedures for the Company and its subsidiaries, fostering environmentally conscious practices throughout the value chain.

Closed-loop Management of Suppliers

Hisense HA proactively integrates ESG considerations into the entire lifecycle management process, encompassing supplier admission, evaluation, assessment, and discontinuation. Internally, the Company continually enhances its ESG management system within the supply chain domain. Externally, the Company collaborates with upstream and downstream partners to collectively advance sustainability through ESG training sessions, supplier conferences, and other collaborative initiatives. Concurrently, the Company champions the digitalization of supply chain operations by implementing processes such as supplier entry, bidding, quotation inquiries, and performance assessments within the supplier relationship management system. Furthermore, the system disseminates procurement forecasts and demand information to suppliers, harmonizing and optimizing the entirety of the supply chain for standardized, systematic, and digital supplier management. In November 2023, the Company finalized the alignment of supplier evaluation standards and system integration, achieving full automation of supplier evaluation procedures.

Supplier Recruitment and Admission

In order to improve suppliers' performance capabilities, the Company evaluates suppliers during the admission process based on criteria outlined in documents such as the Management Rules for Raw Material Bidding, Management Rules for Potential Suppliers, Management Rules for Supplier Selection and Recognition, Supplier Entry Thresholds, Supplier Audit and Evaluation Criteria, and other system requirements. These criteria encompass factors like industry experience, technological proficiency, enterprise risk, and quality management. If necessary, on-site assessments are conducted. Additionally, the Company considers environmental and social aspects of suppliers in the screening of new suppliers to ensure a comprehensive evaluation of their sustainability.

Key Performance

new suppliers screened using environmental assessment dimensions
206

new suppliers screened using social standard dimensions
193

Supplier Classification Management

Hisense HA classifies and manages its suppliers based on parameters including size, supplier reliance, level of cooperation, quality performance, past evaluations, notable contributions, and decision-making influence. The Company differentiates suppliers into strategic and general categories. As of the end of 2023, Hisense HA maintained relationships with approximately 50 strategic suppliers and over 1,000 general suppliers. During the reporting period, the Company's global supplier base totaled 2,455 entities. Among these, 1,716 suppliers were certified to the ISO 14001:2015 environmental management system standard. The geographic distribution of suppliers was as follows:

Location	Quantity
Total number	2,455
Mainland China	2,151
Overseas	304

Supplier Evaluation and Disposition

Key Performance

Conducted on site audits on

517 Suppliers

of which

16 Suppliers failed the audit

Supplier risk assessment encompasses evaluating both new and existing suppliers. Following the Supplier Audit Management Rules, for newly introduced suppliers, Hisense HA conducts supplier capability evaluation, status quo mapping and risk assessment of the suppliers.

The Company conducts annual risk monitoring, performance evaluations, and on-site audits on suppliers, considering financial, business, legal, internal control, and sustainable development risks. The results are classified into levels such as "preferred, choosable, restricted, phased out, and banned", with corresponding incentive or penalty mechanisms based on performance. High-performing suppliers receive extra points in bidding processes, while underperforming suppliers collaborate on rectification plans and measures and face penalties like decreased evaluation scores, ongoing audit investigations until issue resolution, reduced business share, or cessation of new product collaborations. In cases of significant violations, Hisense HA promptly terminates cooperation with the respective supplier.

Responsible Procurement

Hisense HA regards suppliers' ESG performance as an important consideration for cooperation, and requires partners to strictly comply with relevant laws and regulations in the place where it operates. At the same time, Hisense HA requires suppliers to sign documents such as the *Supplier Code of Conduct, Safety and Environmental Protection Agreement, Anti Commercial Bribery Commitment, On site Personnel Management Agreement*, and *Corporate Social Responsibility Agreement*, and puts forward clear requirements for the supplier's business ethics, labor rights, health and safety, and environmental management. In addition, the Company periodically inspects the compliance of suppliers with the standards and provides corrective measures for behaviors that violate the standards. For suppliers who refuse to accept inspections or whose rectification is ineffective, the Company may terminate cooperation with them.

Labour
- Freedom for Choosing Career
- Age appropriate workers
- Labor time
- Salary and benefits
- Humanistic Care
- Discrimination during Employment
- Freedom to Join in Trade Union

Health and Safety
- Occupational Safety
- Emergency plan
- Work Related Injuries and Occupational Diseases
- Labor Hygiene
- Physical Labor
- Equipment Safety
- Catering and Accommodation Safety
- Health and Safety Communication

Environment
- Environmental Impact Assessment Permit and Report
- Preventing Pollution and Conserving Resources
- Harmful Substances
- Solid Waste
- Gas Emissions
- Materials under Control
- Water Management
- Energy Consumption and Greenhouse Gas Emissions

Moral
- Business Integrity
- No Undue Benefits
- Information Disclosure
- Intellectual Property Right
- Fair Business, Advertising, and Competition
- Identity Protection and Non retaliation
- Responsible Raw Material Procurement
- Privacy

Management System
- Supplier' s Commitment
- Management accountability and responsibility
- Risk assessment and risk management
- Improvement Goals
- Training
- Employee Feedback, Participation, and Appeals
- Audit and Evaluation
- Corrective Action Process

Core ESG Issues in Hisense HA's Code of Conduct for Supply Chain (Part)

Key Performance

The signing rate of the Supplier's Code of Conduct for Supply Chain was

100%

Hisense HA proactively establishes a supplier capability development system and hosts annual supplier conferences. The Company fosters communication and collaboration with suppliers through strategic communication meetings, quality review meetings, special cooperation sessions, and daily business interactions to promote long-term and mutual growth. Notably, Hisense HA supports its supplier partners in embracing sustainability practices and provides ESG specialized training for internal supply chain management and procurement staff to enhance their awareness of ESG matters. During the reporting period, the Company conducted training and awareness campaigns on business ethics and labor standards for internal supply chain management and procurement personnel.

Case: Hisense Hitachi Hosted Partner Conference to Align with New Strategic Objectives and Foster Mutual Cooperation

The Hisense Hitachi Partner Conference 2024 took place on February 27, 2024, in Hangzhou under the theme "Consistency, Strategic Evolution, and Progress Towards the Future". The conference saw the participation of Hisense HA Group President, Hu Jianyong, along with key executives, National Engineering Survey and Design Master Xu Wei, acclaimed financial writer Wu Xiaobo, and over 1,000 representatives from Hisense Hitachi's partners and respected industry media professionals. The gathering aimed to deliberate on the sector's progress. During the event, Mr. Zhang Wenqiang, the Executive Vice President of Hisense Hitachi, delved into its ESG initiatives, outlined its vision for an environmentally friendly future, and advocated for collaborative efforts with partners leveraging long-term strategic planning capabilities.

Hisense Hitachi Partner Conference 2024

Conflict Mineral Management

Hisense HA strictly eliminates the procurement and use of conflict minerals and actively promotes the management of conflict minerals by setting up evaluation dimensions for conflict minerals in the criteria for the introduction of new suppliers and the routine auditing of suppliers that have already entered the inventory. In the process of screening new suppliers, the Company collects information on conflict minerals from suppliers to ensure that tantalum, tin, tungsten and gold contained in the materials they manufacture and supply do not directly or indirectly provide benefits to armed groups that violate human rights. When signing contracts, the Company also requires suppliers to sign *Corporate Social Responsibility Agreements* to monitor responsible mineral sourcing and conduct due diligence on the source of the minerals and the chain of production, sales and supervision, so as to enhance its ability to control conflict minerals risks throughout the entire process.

Key Performance

Signing rate of *Corporate Social Responsibility Agreement* by suppliers	The number of controversial procurement that occurred was	Products with traceable sources of raw materials in the subordinate Sanden
100%	0	100%

Engagement in Equitable Community and Its Development

In addition to economic contributions, Hisense HA also focuses on its impact on the community, and practices corporate responsibility in educational equity, environmental protection, social welfare and community building.

Key Performance

Over
5,000 hours of public service

With more than
100,000 participants

Promote Equity in Education

Since 2017, Hisense HA has embarked on a philanthropic journey aimed at supporting students. The "Hisense Refrigerator - Yuchen Educational Public Welfare Project" was initiated to establish public welfare scholarships and education funds, serving as a pivotal support mechanism and consistently providing assistance to underprivileged children and families, thus fostering equitable educational advancement.

Key Performance

"Hisense Refrigerator - Yuchen Educational Public Welfare Project" benefiting over
200,000 people

Hisense Refrigerator has been honored with the "Red-Top Welfare Award" for nine consecutive years in recognition of its proactive engagement in public welfare and educational support initiatives.

Case: Hisense's "Reading, Seeing the Sea and the World" Education Assistance Program Continuously Supported Diversified and Fair Development

The "Hisense Refrigerator - Yuchen Educational Public Welfare Project" has been active across several provinces including Jiangxi, Fujian, Hubei, Hunan, Yunnan, Guizhou, Sichuan, Chongqing, and Shaanxi for over six years, benefiting over 200,000 students in more than 30 schools. Concurrently, alongside its endeavors nationwide, the program annually welcomes children from diverse schools to participate in the "Reading, Seeing the Sea and the World" summer camp, which is consistently conducted in Qingdao, fostering children's appreciation for virtues, aesthetics, humanities, science, and technology by engaging them in a variety of cultural activities. As of the end of the reporting period, hundreds of children have actively engaged in this program.

Summer Camp Program - "Reading, Seeing the Sea and the World"

Case: Hisense Enhanced Strategic Partnerships with Universities for Talent Development in Education

Hisense has strengthened its strategic partnerships with universities to foster talent development and encourage collaborative growth. During the reporting period, Hisense Hitachi collaborated with Xi'an Jiaotong University, Xidian University, Harbin Institute of Technology, and several other institutions to set up Hisense Scholarships, formalize internship base agreements, and foster a symbiotic relationship between talent supply and demand. These initiatives not only enhanced the educational progression of the institutions but also infused fresh vitality and innovation into the Company's talent ecosystem.

Hisense Scholarship Award Ceremony in 2023

Practicing Environmental Protection

Besides implementing energy-saving, emission reduction measures and improving green manufacturing efficiency, Hisense HA also initiates and participates in environmental activities together with more partners to fulfill environmental responsibilities.

Case: Hisense Central Air-Conditioner Planted "Public Welfare Forest" in Dunhuang

In June 2023, on the World Day,to Combat Desertification and Drought, Hisense Central Air-Conditioner collaborated with the NPO-GreenLife to visit the Yangguan Forest Farm in Dunhuang, Gansu, which serves as a crucial element in combating wind and sand erosion in northwest China. The initiative known as the "Carbon-free Green Silk Road" undertaken by Hisense Central Air-Conditioner involved the transformation of 10,000 suosuo trees into the "Hisense Public Welfare Forests" to contribute to the prevention and control of desertification in Dunhuang.t

Hisense Central Air-Conditioner's "Hisense Public Welfare Forest"

Case: Hisense HA Sponsored the Mount Tai Trip Activity Featured "National Drug Ban: You and Me Go Together"

In June 2023, Hisense HA Group, in collaboration with the Anti-Drug Commission of Shandong Province, Shandong Radio and Television Station, and other organizations, organized the Hiking Event on Mount Tai themed "Comprehensive Anti-drug: You and Me Go Together". This event aims to promote the message of healthy living through tangible efforts, with close to 1,000 participants.

Hisense HA's Hiking Event on Mount Tai

Empowering Community Development

Hisense HA attaches importance to community participation and construction, and carries out activities such as revitalizing villages, earthquake relief, organizing free donations, and community cultural activities to activate community vitality.

Case: Hisense Group Consolidated the Poverty Alleviation Achievements and Actively Promoted Rural Revitalization Projects

Hisense Group diligently implements the rural revitalization strategy as outlined by the Party Central Committee, engaging in various facets of rural revitalization encompassing party building, industry attraction, and livelihood enhancement. During the reporting period, Hisense nurtured young talents, organized over 30 themed Party learning activities, and fostered more than 10 party members and activists. Additionally, the Company prioritizes bolstering the rural collective economy through the establishment of the "Landi Heibei Weimin Forestry Association". This initiative involves repurposing unused land to clear over 16,000 meters of ditches and planting more than 4,000 begonias and ash trees. The project anticipates generating a revenue exceeding RMB 2 million in the initial five years. Furthermore, the Company enhances rural infrastructure by introducing water and sewage systems, installing fitness amenities, and upgrading the office infrastructure of village committees to foster the development of aesthetically pleasing villages.

Rural Party Building Activity

Planting Greening Tree

Building Rest Square

About this Report

This report is the eighth Environmental, Social and Governance Report (ESG Report) released by Hisense Home Appliances Group Co., Ltd (A-share stock code: 000921, H-share stock code: 00921), which aims to disclose the Company' s actions and performance in environmental, social and governance (ESG) aspects, and deepen stakeholders' understanding of the Company's sustainable development actions. This report has been reviewed and approved by the Company's Board of Directors for issuance.

Scope of Report

The disclosure in this report covers Hisense HA Group and its subsidiaries, spanning from January 1, 2023 to December 31, 2023. To enhance the report's comparability and perspectiveness, certain sections have been appropriately backdated to previous years or include forward-looking statements.

Preparatory Basis of Report

This report was prepared in compliance with the Environmental, Social and Governance Reporting Guide under Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (HKEX). It also aligns with the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) Standards, the IFRS S2 - Climate-Related Disclosures framework recommendations issued by the International Sustainability Standards Board (ISSB), and the United Nations Sustainable Development Goals (UN SDGs).

Reporting Principles

The report follows the four reporting principles of Materiality, Quantitative, Balance and Consistency outlined in the HKEX's ESG Reporting Guide. It also adheres to the disclosure requirements regarding "mandatory disclosure" and "explain or comply" provisions. Hisense HA affirms the absence of false or misleading information in this report and accepts responsibility for its accuracy, truthfulness, and comprehensiveness.

- Materiality: The Company conducts stakeholder communications and material issue evaluations annually to identify material ESG issues and ensure that issues of higher material importance are responded to and disclosed in this report.
- Quantitative: This report uses quantitative approaches to assess the applicable KPIs and discloses the methodology, basis and dimension of the measurements.
- Balance: This report provides a transparent picture of the Company's work and performance on various ESG issues for objective review by stakeholders.
- Consistency: Unless otherwise indicated, this report adopts the same disclosure and statistical methodology as that of previous years' reports to ensure comparability of ESG data between the current reporting period and historical/future data. Any alterations in statistical measures will be clearly delineated in the note.

Description of References

For easy reference, in the report, "Hisense HA", "the Company" and "Company" refer to "Hisense Home Appliances Group Co., Ltd.", "Group" refers to "Hisense 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 Co. Ltd.", and "Sanden Company" refers to "Sanden Holdings Corporation"

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.

Feedback

The Company eagerly welcomes feedback from stakeholders to enhance sustainability performance continually. For any inquiries regarding this report, please contact us via our email address: hxjdzqb@hisense.com.

HKEX ESG Indicator Indexes

Mandatory Disclosure Requirements	Pages
Governance structure	5-6, 14, 28
Reporting principles	130
Reporting boundary	130

Environment

Aspect	Indicator No.	Content	Page
A1: Emission	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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	68-74
	A1.1	The type of emissions and respective emission data.	68-74
	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).	83
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	70-71
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	70-71, 76-78
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	64, 68-74
	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.	70-71, 76-78

Aspect	Indicator No.	Content	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	73-76
	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).	74
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	75
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	64
	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.	75
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	75
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	63-67
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	73-81
A4: Climate Change	General Disclosure	Polices on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	82
	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.	82-91

Social

Aspect	Indicator No.	Content	Page
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.	95-97
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	95
	B1.2	Employee turnover rate by gender, age group and geographical region.	107
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.	109
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	109
	B2.2	Lost days due to work injury.	109
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	101-114
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	103-106
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	103
	B3.2	The average training hours completed per employee by gender and employee category.	103

Aspect	Indicator No.	Content	Page
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.	95-96
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	95-96
	B4.2	Description of steps taken to eliminate such practices when discovered.	95-96
B5. Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	120-122
	B5.1	Number of suppliers by geographical region.	121
	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.	120-124
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	120-122
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	120-122
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.	53-55
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	55
	B6.2	Number of products and service related complaints received and how they are dealt with.	119

Aspect	Indicator No.	Content	Page
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	48
	B6.4	Description of quality assurance process and recall procedures.	53-55
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	117-118
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	35-40
	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.	38
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	38-40
	B7.3	Description of anti-corruption training provided to directors and staff.	37-38
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.	125-128
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	125-128
	B8.2	Resources contributed (e.g. money or time) to the focus area.	125

GRI Standards

GRI standard	Disclosure	Page
GRI 2: General Disclosures	2-1 Organizational details	5-6
	2-2 Entities included in the organization' s sustainability reporting	129-130
	2-3 Reporting period, frequency and contact point	129-130
	2-4 Restatements of information	N/A
	2-5 External assurance	N/A
	2-6 Activities, value chain and other business relationships	5
	2-7 Employees	95
	2-8 Workers who are not employees	N/A
	2-9 Governance structure and composition	28
	2-10 Nomination and selection of the highest governance body	28
	2-11 Chair of the highest governance body	N/A
	2-12 Role of the highest governance body in overseeing the management of impacts	27-30
	2-13 Delegation of responsibility for managing impacts	27-30
	2-14 Role of the highest governance body in sustainability reporting	13-14
	2-15 Conflicts of interest	29-30, 35-40
	2-16 Communication of critical concerns	14, 17-18
	2-17 Collective knowledge of the highest governance body	9
	2-18 Evaluation of the performance of the highest governance body	27-29
	2-19 Remuneration policies	29, 106
	2-20 Process to determine remuneration	106
	2-21 Annual total compensation ratio	N/A
	2-22 Statement on sustainable development strategy	9, 15
	2-23 Policy commitments	28
	2-24 Embedding policy commitments	28
	2-25 Processes to remediate negative impacts	38-40
	2-26 Mechanisms for seeking advice and raising concerns	38-40
	2-27 Compliance with laws and regulations	28
	2-28 Membership associations	N/A
	2-29 Approach to stakeholder engagement	17-18
	2-30 Collective bargaining agreements	99

GRI standard	Disclosure	Page
GRI 3: Material Topics	3-1 Process to determine material topics	18-21
	3-2 List of material topics	20
	3-3 Management of material topics	18-21
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	6
	201-2 Financial implications and other risks and opportunities due to climate change	85-89
	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	N/A
	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	18
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	35-38
	205-2 Communication and training about anti-corruption policies and procedures	35-40
	205-3 Confirmed incidents of corruption and	39-40
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	39
GRI 207: Tax	207-1 Approach to tax	31
	207-2 Tax governance, control, and risk management	31
	207-3 Stakeholder engagement and management of concerns related to tax	17
	207-4 Country-by-country reporting	N/A
GRI 301: Materials	301-1 Materials used by weight or volume	76
	301-2 Recycled input materials used	75-76
	301-3 Reclaimed products and their packaging materials	75-76
GRI 302: Energy	302-1 Energy consumption within the organization	74
	302-2 Energy consumption outside of the organization	N/A
	302-3 Energy intensity	74
	302-4 Reduction of energy consumption	73-74
	302-5 Reductions in energy requirements of products and services	64, 73

GRI standard	Disclosure	Page
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	75
	303-2 Management of water discharge-related impacts	69
	303-3 Water withdrawal	N/A
	303-4 Water discharge	69-70
	303-5 Water consumption	75
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	84
	304-2 Significant impacts of activities, products and services on biodiversity	84
	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	83
	305-2 Energy indirect (Scope 2) GHG emissions	83
	305-3 Other indirect (Scope 3) GHG emissions	N/A
	305-4 GHG emissions intensity	83
	305-5 Reduction of GHG emissions	N/A
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	69
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	70-71
	306-2 Management of significant waste-related impacts	70, 76-77
	306-3 Waste generated	70-71
	306-4 Waste diverted from disposal	70
	306-5 Waste directed to disposal	71
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	120
	308-2 Negative environmental impacts in the supply chain and actions taken	120-124
GRI 401: Employment	401-1 New employee hires and employee turnover	107
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	99-102
	401-3 Parental leave	97
GRI 402: Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	N/A

GRI standard	Disclosure	Page
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	109
	403-2 Hazard identification, risk assessment, and incident investigation	109-111
	403-3 Occupational health services	112
	403-4 Worker participation, consultation, and communication on occupational health and safety	N/A
	403-5 Worker training on occupational health and safety Promotion of worker health	113-114
	403-6 Promotion of worker health	112
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	112
	403-8 Workers covered by an occupational health and safety management system	109
	403-9 Work-related injuries	109
	403-10 Work-related ill health	N/A
GRI 404: Training and Education	404-1 Average hours of training per year per employee	103
	404-2 Programs for upgrading employee skills and transition assistance programs	104-105
	404-3 Percentage of employees receiving regular performance and career development reviews	106
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	95
	405-2 Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	95
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	N/A
GRI 409: Forced or Compulsory labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	N/A

GRI standard	Disclosure	Page
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Community	413-1 Operations with local community engagement, impact assessments, and development program	125-128
	413-2 Operations with significant actual and potential negative impacts on local communities	125-128
GRI 414: Supplier Socia Assessment	414-1 New suppliers that were screened using social criteria	120
	414-2 Negative social impacts in the supply chain and actions taken	120-124
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	53-55
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	55-56
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	47-48
	417-2 Incidents of non-compliance concerning product and service information and labeling	47-48
	417-3 Incidents of non-compliance concerning marketing communications	117-119
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	117

IFRS S2 Recommended Disclosure Index

	Recommended Disclosures	Page
Governance	Disclose the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	65, 82
	Disclose management' s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	65
Strategy	Disclose the climate-related risks and opportunities that could reasonably be expected to affect the entity' s prospects.	85-89
	Disclose the current and anticipated effects of those climate-related risks and opportunities on the entity' s business model and value chain.	85-89
	Disclose the effects of those climate-related risks and opportunities on the entity' s strategy and decision-making, including information about its climate-related transition plan.	82-83, 85-90
	Disclose the effects of those climate-related risks and opportunities on the entity' s financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity' s financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity' s financial planning.	85-89
	Disclose the climate resilience of the entity' s strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity' s identified climate-related risks and opportunities.	82-83, 85-90

	Recommended Disclosures	Page
Risk Management	Disclose the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks.	85-89
	Disclose the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	85-89
	Disclose the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity' s overall risk management process.	85-89
Indicators and Targets	Disclose information relevant to the cross-industry metric categories.	N/A
	Disclose industry-based metrics that are associated with particular business models, activities or other common features that characterize participation in an industry.	N/A
	Disclose targets set by the entity, and any targets it is required to meetby law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.	82-83

SASB Standards Disclosure Index

Topic	Code	Accounting Metric	Unit of Measure	Pages
Sustainability Disclosure Topics & Metrcis				
Product Safety	CG-AM-250a.1	(1)Number of recalls issued and (2)total units recalled	Number	55
	CG-AM-250a.2	Discussion of process to identify and manage safety risks associated with the use of its products	N/A	53-56
	CG-AM-250a.3	Total amount of monetary losses because of legal proceedings associated with product safety	Presentation Currency	N/A
Product Lifecycle Environ-mental Impacts	CG-AM-410a.1	Percentage of eligible products by revenue certified to an energy efficiency certification	Presentation (%) by revenue	N/A
	CG-AM-410a.2	Percentage of eligible products by revenue certified to an environmental product lifecycle standard	Presentation (%) by revenue	N/A
	CG-AM-410a.3	Description of efforts to manage products' end-of-life impacts	N/A	76-78
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
- ☐ Government and regulatory bodies
- ☐ Shareholders and investors
- ☐ Employees
- ☐ Partners (suppliers and distributors)
- ☐ Media
- ☐ Community
- ☐ Public welfare organizations and industry associations
- ☐ Other _____

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 you would like to know that is not disclosed in this report:

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