

Environmental Social and Governance Report

Hisense

Hisense Group Holding Company

Environmental Social and Governance Report

Introduction

- 1 About this Report
- 2 Letter to Our Stakeholders
- 3 Hisense At a Glance

Feature 1

Towards Green, Embracing Green Intelligent Technology

- 12 Green R&D and Design
- 13 Green Production and Manufacturing
- 14 Green Logistics and Transport
- 15 Green Recovery and Disposal

Feature 2

Going Global with Technology and Love Going First

Building Green Homes to Share Environmental Responsibility

- 21 Addressing Climate Change
- 26 Environmental Stewardship
- 28 Water Management
- 29 Resource Management
- 30 Pollutant Management
- 32 Green Operations

Building Inclusive Workplace under the Culture of "For Good"

- 49 Talent development
- 54 Employee Rights and Benefits
- 61 Occupational Health and Safety

Strengthen the Foundation for Operation Compliance and Soundness

- 78 Corporate Governance
- 79 Compliance Operation
- 81 Strengthening Internal Controls
- 83 Adherence to Business Ethics
- 86 Information Security and Privacy Protection
- 88 Sustainable Development Management

Optimising Product Experience with Supreme Quality

- 35 Improving User Experience
- 38 Product Responsibility Management
- 42 Product Development and Innovation

Collaborating and Empowering to Create Diversified Value

- 66 Empowering Supply Chain Sustainability
- 69 Empowering Industry Development
- 71 Empowering Smart City Operation
- 73 Empowering Community Development

Appendix

- 94 Index Guide
- 101 Reader Feedback

About this Report

About this Report



This is the second Environmental, Social, and Governance Report (hereinafter "this report" or "ESG Report") issued by Hisense Group Holding Company (hereinafter "Hisense Group") to present an objective, transparent, fair, compliant and comprehensive disclosure of the Company's highlights and performance in the environmental, social, and governance fields to stakeholders. This report has been reviewed by the Board of Directors who take responsibility for the accuracy and validity of the information contained in this report.

Reporting Principles

This report considers the principles of materiality, quantification, balance, and consistency in the disclosure of performance on key issues. Hisense Group will continue to adjust and optimize the disclosure indicators in future reports. The qualitative and quantitative information used in this report is sourced from public information, internal documents, and relevant statistics of Hisense Group. All currency amounts involved in this report are measured in RMB unless otherwise specified.

- **Materiality:** The Group annually adjusts the identification of material ESG issues and focuses on responding to and disclosing those with a higher degree of materiality.

Scope of this Report



Unless explicitly stated otherwise, this report focuses on Hisense Group, including its headquarters and subsidiaries. The financial data in this report is consistent with the scope of the consolidated statements of the 2023 financial report, and the statistical scope of data related to environmental, social and governance issues covers Hisense Group headquarters and related subsidiaries. Any deviation from this scope will be clarified. This report pertains to the period from 1 January 2023 to 31 December 2023 (referred to as "this year" or the "reporting period"). To ensure timely and comprehensive information, certain contents may be backdated or forward-looking where relevant.

Basis of Report Preparation



This report has been prepared with reference to the following standards and frameworks: GRI Standards issued by the Global Sustainability Standards Board (GSSB), Sustainability Accounting Standards Board (SASB) standards, International Financial Reporting Standards (IFRS) S2 - Climate-Related Disclosures issued by the International Sustainability Standards Board (ISSB), United Nations Sustainable Development Goals (UN SDGs).

Access to Reports



This report is published in simplified Chinese and English versions, which are available online and can be accessed and downloaded from Hisense Group's official website at <https://www.hisense.com/>.

Contacts



For any questions, suggestions, or comments regarding Hisense Group's ESG management or this report, please contact us at the following:

Address: [Building A, Hisense International Center, No.88, Hong Kong East Road, Laoshan District, Qingdao, China](#)
Telephone: [400 611 1111](tel:4006111111)

Letter to Our Stakeholders

In 2023, Hisense Group achieved revenue of RMB 202.2 billion, breaking the RMB 200 billion mark for the first time, with overseas revenue of RMB 85.8 billion, accounting for 42.5% of the total revenue. In this process, Hisense Group insisted on making products with heart to treat users well, doing business with heart to treat employees well, doing charity with heart to treat society well. At the same time, with the support of green technology research and development, it continuously carried out green upgrades and key technology breakthroughs, driving the overall industry to carry out digitalization and green and low-carbon transformation.

Hisense empowers brand upgrading and high-quality development with "people-focused technology" and "supreme quality". In 2023, Hisense brand elevation made a breakthrough by integrating people-oriented technology into daily life across traditional home appliances, integrated circuits, smart transportation, smart cities, smart healthcare, automotive electronics and other industries, it will gain in-depth insights into the needs of users, emphasize that the integration of science and technology is sensory-less, non-intrusive and scenario-based, and will make hundreds of millions of families happy with its high-quality products and services. Hisense products are recognized by international accolades such as the "German Red Dot Award", the "US MUSE Design Award", and the "German IF Award". Hisense Group maintains a service network covering 100% of its sales area, ensuring products that have made breakthroughs in various fields to go global and reach every corner of the world. In 2023, Hisense Group achieved 98% customer satisfaction with excellent product and service quality and had no recalls caused by quality issues.

Hisense uses localized strategies bolster to localized operational depth and overseas performance. At present, Hisense Group has established 34 industrial parks and production bases

around the world, 26 research and development institutions in Qingdao, the United States, Germany, etc., and 64 overseas companies and offices, with more than 100,000 employees around the world, of which 24,000 foreign employees are serving Hisense Group in various parts of the world, and has initially formed a "5+1" regional center R&D, production and marketing integrated layout in Europe, America, ASEAN, Middle East Africa, Asia-Pacific and China. On the one hand, it can conduct R&D, manufacturing and sales, employ employees, contribute taxes, and promote local economic and social development. On the other hand, by establishing a global supply chain management center, overseas bases and marketing platforms support each other, realizing the synergistic advantages of overseas layout and supply chain, reducing logistics costs and energy consumption, helping enterprises to fulfill their social responsibilities, enhance understanding and mutual trust with different cultures, and achieve altruistic win-win results under global collaboration.

Hisense advances a green manufacturing system across the lifecycle through "green technology innovation". It is currently fostering the establishment of a comprehensive low-carbon production system covering energy use, R&D, design, supply chain, manufacturing, sales, after-sales, recycling, and utilization, implanting the concept of green deep into every link. By exploring new technologies and processes, Hisense Group has led the transformation and upgrading of enterprises with green manufacturing and has built 14 national green factories, 4 national green supply chains, 1 zero-carbon factory, and 6 national "green design demonstration enterprises". Hisense Group's Green Planet Renewal Program has carried out more than 30,000 trade-in activities, allowing more consumers to enjoy a green and low-carbon quality of life. The photovoltaic power generation projects of several factories under Hisense

Group are gradually releasing "low-carbon dividends", with an annual power generation capacity of about 70 million kWh. The implementation of Hisense's ECO-B Intelligent Building System and other green achievements are reshaping the future of intelligent, green, and healthy urban space.

Hisense embraces "long-termism" and to create an inclusive environment and demonstrate Hisense's warmth. In 2023, Hisense Group was recognized as "Employer of the Year" by numerous organizations, attributing this accolade to its commitment to fostering a culture of value, implementing innovative organizational management practices, cultivating growth-oriented strategies, and incentivizing development initiatives. These efforts have led to an improved employee experience, increased respect, and attention to employees' needs, thereby enhancing their sense of value, warmth, and satisfaction. In 2023, Hisense Group achieved a high employee dedication score of 4.32 out of 5 and a service satisfaction rate of 92.74%.

In love with technology. Hisense Group's persistence and endless pursuit of "happiness" is the driving force behind its continuous efforts and innovations, as well as the core value that the Hisense brand expects to convey to more people. Hisense Group will continue to adhere to technological innovation, uphold the construction of its own brand, accelerate globalization, fulfill its corporate social responsibility with greater courage and commitment, demonstrate the resilience and warmth behind technological progress, establish close links with more users in the global market, better meet the aspirations of global users for a better life, and help realize the full-scene living experience that exceeds expectations.

About Hisense Group

Established in 1969, Hisense Group owns four publicly listed entities: Hisense Visual (stock code: 600060), Hisense HA (stock code: 000921), Sanden Holdings (stock code: 6444), and Changelight (stock code: 300102), which are listed on stock exchanges in Shanghai, Hong Kong, Tokyo, and Shenzhen, respectively. Hisense Group prioritizes brand building by continually expanding brand cooperation channels to establish a robust brand matrix.

As a home appliance brand with a 55-year heritage, Hisense Group adheres to a development strategy of "technology-based enterprise with steady operation". Hisense Group has transitioned from a manufacturing-focused business to one centered on Hisense Group's own consumer-facing (B2C) brands for intelligent manufacturing, with display technologies serving as the core competency. Hisense Group has consistently remained at the forefront of the global industry. Building upon its long-term development and experience, Hisense Group upholds the core values of "Integrity, Innovation, Customer Focus and Sustainable Management." By accurately responding to the evolving demands of the times and user demands, Hisense Group has gradually expanded its commercial footprint, venturing into new B2B (government and enterprise) domains, including laser display, commercial display, intelligent healthcare, and intelligent transportation. Hisense Group now occupies a leading position both domestically and globally in these emerging sectors. Driven by the synergies between home appliances and advanced technologies, Hisense is undergoing a transformative shift from "home appliance company" to "high-tech company".

Hisense Group Economic Performance in 2023

Annual Revenue	Profit	Profit YoY Growth
202.2 billion	13.6 billion	11 %
Overseas Revenue	In Overall Revenue	
85.8 billion	42.5 %	

Hisense

Hisense Visual (600060)	Hisense HA (000921)	Sanden Holdings (6444)	Changelight (300102)
----------------------------	------------------------	---------------------------	-------------------------

Hisense Group's Brand Matrix



Corporate Culture

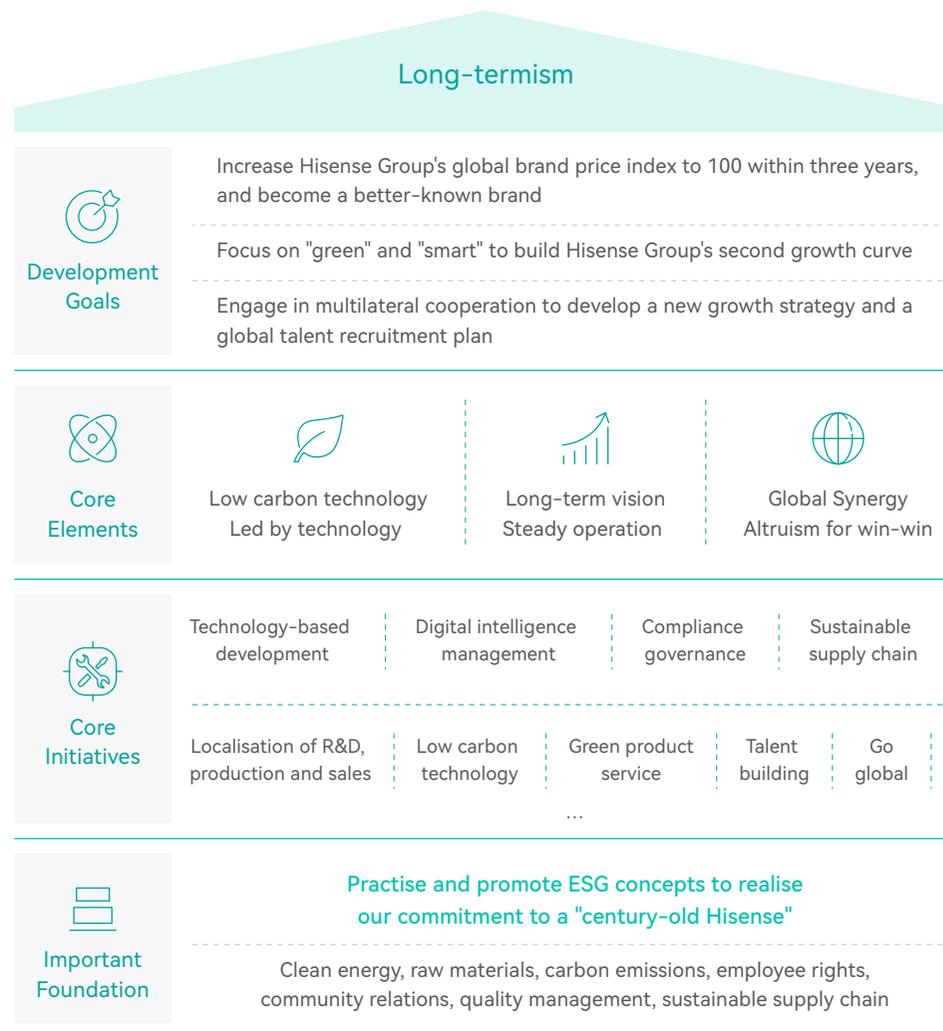
Since its establishment, Hisense Group has always regarded integrity as the core value of long-term development and emphasized the construction and improvement of the integrity management system. "Integrity" is the basic concept engraved in the brand logo of Hisense, and it is also the guideline that all Hisense people must abide by.

In 2023, Hisense Group was ranked among the top 10 Chinese global brands for the seventh time in the *list of BrandZ™ Top 50 Chinese Global Brands Builders*, further demonstrating its strength of brand globalization construction. Its products are now exported to 160 countries and regions worldwide. However, Hisense Group's brand-upgrading journey does not stop there. At the global customer conference in March 2024, Hisense Group upgraded its brand image to "people-focused technology" and "supreme quality." By placing the customers at the center and leveraging scenario-based marketing, Hisense Group aims to strengthen its connection with customers and provide them with exceptional, holistic lifestyle experiences. In addition, Hisense Group promotes brand awareness through global top-tier sports events and localized regional sports IPs and also comprehensively refreshes the marketing theme of Euro 2024 to "Faith, is the Champion", launching a comprehensive series of campaigns to accelerate brand upgrading, and effectively assist in Hisense Group is expanding globally and accelerating its rise to become a world-class enterprise.

● Corporate Philosophy

 <p>Vision</p> <ul style="list-style-type: none"> • Building a century-old Hisense • To become the most reliable brand in the world 	 <p>Mission</p> <ul style="list-style-type: none"> • To pursue scientific and to technological innovation • To take the lead in the advanced manufacturing with intelligence as the core • To bring happiness to millions of families with high-quality products and services 	 <p>Value</p> <ul style="list-style-type: none"> • Integrity • Innovation • Customer Focus • Sustainable Management
---	--	---

● ESG Action Framework



Business Presence

Hisense Group has established a globally-coordinated R&D, production, manufacturing, and sales system. In the consumer-facing (B2C) industry centered on display technologies, Hisense Group has consistently maintained a leading position in the global market. Moreover, in emerging B2B domains, such as intelligent transportation, precision healthcare, and optical communication, Hisense Group also occupies a preeminent position domestically and globally.

Global Footprint

Hisense Group pursues an approach of altruism for a win-win to its global operations. Hisense Group continues to expand its international business footprint, implementing a comprehensive global strategy across research and development, production, manufacturing, and sales. This enables Hisense Group to provide high-quality products and services to customers worldwide. As of the end of 2023, Hisense Group has established 34 industrial parks and production bases across the United States, Japan, France, Poland, Slovenia, Serbia, Mexico, Singapore, Malaysia, Thailand, Indonesia, and India. This diversified global layout has bolstered Hisense Group's resilience against volatility in the international market. Complementing its global manufacturing presence, Hisense Group has established 26 R&D centers in Shenzhen and Qingdao (China), Atlanta (USA), Munich and Düsseldorf (Germany), and Gunma Prefecture (Japan). This distributed R&D network supports Hisense Group's technological innovations and product development, catering to the business needs of diverse global markets. Through its 64 overseas subsidiaries and offices, Hisense Group reinforces its foundation for international expansion, providing robust sales, marketing, and customer service support to enhance its global competitiveness.

● R&D Center: 26 ● Industrial park: 34

34
industrial parks and production bases

26
R&D centers

64
overseas companies and offices

Over **100,000** global employees

Over **10,000** engineering and technical personnel

Over **8,000** employees with PhD or Master's degrees



Hisense Business portfolio

Hisense Group has diversified its business portfolio to cover a wide range of sectors, including audiovisual and multimedia industry, smart home appliances, intelligent terminals and system solutions, as well as property and modern services.



Hisense TVs ranked **second** in the world by global shipments



Hisense ranked **second** in the world by sales share of automotive air conditioning compressors

Audiovisual and Multimedia →

Laser TV, ULED TV, Hisense smart touch screen, display, art TV



Smart HA →

Refrigerators, air conditioners, freezers, washing machines, kitchen and bathroom appliances, commercial cold chain, central air conditioning



Intelligent Terminal and System Solutions →

Digital government, intelligent transportation, rail transit, intelligent buildings, medical devices, Juhakaan, optical communication, three-proof communication terminals, network energy



Property and Modern Services →

Mould design & manufacturing, intelligent precision engineering, property, services, premium department store chain



● Development History

1969 – 1983 Self-Reliance

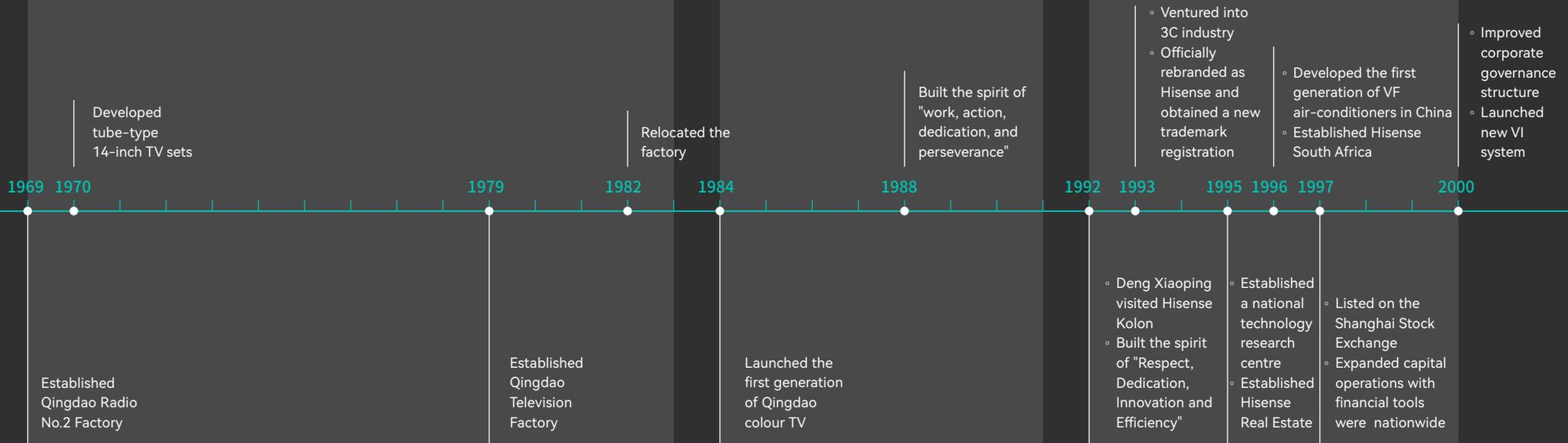
In 1969, the predecessor of Hisense Group, the state-run Qingdao Radio No.2 Factory, was established, starting the journey empty-handed. Initially producing radios, Hisense Group achieved a significant breakthrough by introducing the first 14-inch electron tube black and white TV set in Shandong Province.

1984 – 1991 Foundation Strengthening

Through the introduction of quality improvement measures, Qingdao TV emerged as a renowned national brand, propelling the Qingdao TV General Factory to be ranked among China's top 20 electronic enterprises.

1992 – 2000 Diversification and Rapid Development

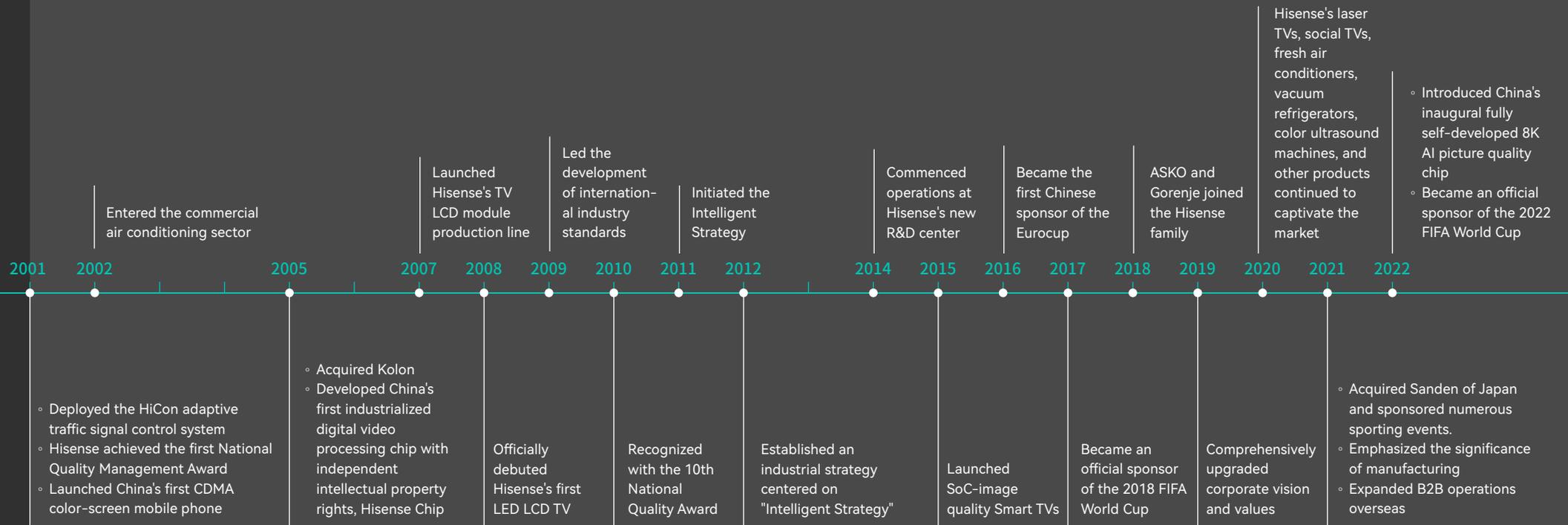
Embracing the business philosophy of "technology-based enterprise with steady operation," Hisense Group ventured into capital operation, facilitating low-cost expansion and expediting industrial structure adjustments. This period marked a phase of diversified and rapid development.



2001 - Present

Industrial Upgrading and Comprehensive Internationalization

Hisense Group embarked on a journey to transform its products into high-end offerings, expand its industrial chain to encompass high technology, and shift the industrial structure towards high-tech sectors. Concurrently, Hisense Group integrated the home appliance and technology segments to accelerate progress towards becoming a world-class enterprise.



Honours

In 2023, Hisense Group actively engaged with the government, eco-partners, the media, and other relevant stakeholders. Hisense Group's efforts were recognized through several prestigious awards in the areas of branding, technological innovation, product quality, sustainable development, and individual leadership. These accolades affirmed Hisense Group's all-encompassing and multifaceted development achievements, gaining widespread recognition from the market and the industry.



Brand Influence

- Selected as one of the "Top 50 Chinese Globalized Brands" for 7 consecutive years and ranked among the top **10** Chinese globalized brands
- Ranked **4th** among the top 100 tech enterprises in China's light industry
- The subsidiaries Hisense HA and Hisense Visual ranked **183rd** and **286th** respectively on the 2023 *Fortune China* 500 list
- The subsidiaries Hisense HA and Hisense Visual were honored as 2023 **Outstanding Value Listed Companies**, ranked **7th**



Science and Technology Innovation

- Hisense Group won **31** awards from CES 2024
- The Hisense Vision UI products were recognized by international accolades such as the **German Red Dot Award** and the **US MUSE Design Award**
- The Hisense refrigerators were awarded the **2023 CANSTAR Blue Innovation Award**
- The Hisense Laser TV products won the three foreign media awards: the Sound & Vision's **"Editor's Choice"** Award, the AVS Forum's **"Best of CES 2023"** Award, and the Residential Systems' **"CES Picks Awards"**



ESG Leadership

- Selected as one of the top **30** companies in China's *Annual Excellent ESG Practice Report*
- Named to the **2024 Fortune China ESG Impact List**
- Awarded **National** Excellent Green Development Cases



Individual Leadership

- Jia Shaoqian, Hisense Group's Chairman, ranked among **"2023's Most Influential Business Leaders"**
- Dr Lin Lan was named **"Economic Personality of the Year 2022"**

Performance Highlight

Sharing Environmental Responsibility

644,534.25 Greenhouse Gas Emissions (tonnes
of carbon dioxide equivalent)

48.63 invested in Technological Transformation
to Combat Climate Change (million RMB)
Expected to achieve a reduction of over 40,000 tonnes of
carbon dioxide equivalent in GHG emissions

8,417 recycled recovered wastes
(tonnes)

35 factories with ISO 14001 environmental
management system certification

14 national green factories

4 exemplary enterprises for green
supply chain management

6 national exemplary enterprises for
green design

56 conducted large-scale environmental
protection training sessions

45,000 a total of participants

Optimising Product Experience

6,373 patent applications

4,389 patents granted

98 customer satisfaction rate
(%)

100 customer complaint response rate
(%)

100 customer complaint resolution rate
(%)

100 products with ISO 9001 quality
management system certification (%)

0 product recalls due to
quality issues

0 violations or lawsuits related
product safety

Building an Inclusive Workplace

0 incidents of violation of laws and
regulations

84.32 average hours of training of per
employee for the year (hours)

100 coverage rate of employee physical examinations
provided by Hisense Hospital (%)

Creating Diverse Values

100 led the development and revision of national,
industry, group technical standards for green
and low-carbon initiatives

42.92 charitable donations
(million RMB)

Operation Compliance and Soundness

100 directors received business ethics (including
anti-corruption) training (%)

95 management and employees received business
ethics (including anti-corruption) training (%)

222.5 business ethics (including anti-corruption)
training courses (hours)

FEATURE 1

Towards Green, Embracing Green Intelligent Technology

With the concept of harmonious coexistence of technology and nature, Hisense Group has incorporated the concept of green development into Hisense Group's high-level strategy level, expecting to convey the importance of green development to stakeholders with Hisense Group's understanding and practice of green development. Hisense Group has successively formulated comprehensive policies and guidelines, including the *Hisense Green Development Programme*, *Green and Low-Carbon Guidelines*, and *General Requirements for Green and Low-Carbon Management System*. These initiatives have enabled Hisense to construct a green and low-carbon technical standard system that spans the entire industrial value chain and product lifecycle. Guided by principles such as low energy consumption, low production resource demand, low raw material usage, and low recycling costs, Hisense Group has embraced green technology to drive its green upgrade.

— Story of Responsibility | Innovating Green Intelligent Home Appliances and Leading the New Trend of Green Consumption

Driven by the "dual carbon" strategy, Hisense Group has made a strategic imperative to accelerate the transition towards green and low-carbon operations through enhanced technological and product innovation. In the television segment, Hisense Group has leveraged algorithms and digital technology to reduce energy consumption by over 30%. In the air conditioning domain, Hisense Group's advanced environmental protection and intelligent technologies have mitigated their environmental impact. Furthermore, Hisense Group's refrigerator division has adopted cutting-edge technologies and materials to develop models that can offset the carbon emissions equivalent to 1.7 trees annually for each dual-purification SPACE refrigerator, and 2.8 trees annually for each WILL SPACE refrigerator.

— SDGs addressed in this chapter



Green R&D and Design

In its R&D and design activities, Hisense Group prioritizes the environmental considerations of processes, technologies, and materials. Hisense Group has formulated guidelines such as the *Hisense Green Design Standards for Product* and *General Technical Requirements for Green and Low-Carbon in Electrical and Electronic Products*, and continues to pursue breakthroughs in green upgrading and key technologies to realize the green, low-carbon, and energy-efficient development of its products. This encompasses the application of technology, R&D of raw materials, process upgrading and optimization, as well as collaborative full-lifecycle system management across multiple fields. These initiatives will drive the overall industry towards a digital and green low-carbon transformation. In 2023, Hisense laser TVs were awarded the nation's first corporate carbon labeling certificate, and the life cycle assessment - carbon footprint certificate by TÜV Rheinland. Additionally, Hisense washing machines received life cycle carbon footprint certificate from the TÜV Rheinland.



2023

Vision UI has been honored with prestigious awards in the design world. It received the Red Dot Award in Germany, referred as the "Oscars of the design world," as well as the MUSE Design Award in the United States, recognized as a symbol of design excellence.



2023

Hisense Group won four international awards at the iF Design Award in Germany. Also known as the "Oscars of the design world". This brings the total number of award-winning product since 2006 to 18.



2023

Hisense Group was the honored of the CES 2023 Innovation Award for their emphasis on high-end ultra-high image quality TV design.



2024

At the CES in early 2024, Hisense Group set a new record by winning a total of 31 awards for their exceptional product innovation and performance. Notably, The Hisense 110UX TVs, laser in-vehicle full scenario displays, and intelligent built-in dishwashers received the "CES Innovation Award." Additionally, numerous other Hisense products were recognized by organizations and authoritative media outlets worldwide, including the Consumer Technology Association (CTA) and Tom's Guide.



🔍 CASE

Sustainable raw material development

Hisense Group is committed to researching and developing more sustainable raw materials. Hisense Group has formulated raw materials containing bio-based components, such as straw and rice husk, which can reduce carbon emissions by 5% per kilogram compared to purely fossil-based raw materials. Additionally, Hisense Group has introduced a bio-based nylon PA56 material that can decrease carbon emissions by 49.6% per kilogram compared to petroleum-based PA66.

🔍 CASE

Production process optimization and upgrading

Hisense Group focuses on process optimization and technological improvements for energy-saving and emission-reduction. During the TV manufacturing process, Hisense Group has optimized the heat dissipation layout of the entire TV set, leading to an estimated annual savings of approximately 4,626 tonnes of plastic. Furthermore, Hisense Group utilizes algorithms to significantly reduce the compressor preheating power of central air conditioners, resulting in a 92.7% reduction in power consumption and an estimated annual electricity savings of 17.56 million kilowatt-hours based on projected sales.

Green Production and Manufacturing

Hisense Group has embedded the principle of sustainability throughout its manufacturing processes. Hisense Group is accelerating its development towards digitization, networking, and intelligent, applying strategies of information-based construction, digital management, and intelligent operation to create a multifunctional and integrated green factory with an energy management system (EMS) at its core. During the green factory construction process, Hisense Group has adopted distributed photovoltaic, energy storage, ice storage, and waste heat resource recycling technologies. Hisense Group is vigorously developing green energy, continuously expanding the scale of energy storage and cold storage, and improving its power demand response capability.



• As of the end of 2023

establishment of
national green factories

14

national enterprises for green
supply chain management

4

national exemplary
enterprise for green design

6

zero-carbon factory

1

provincial-level green factory

1



Metric	Unit	2023	
Direct energy consumption	Diesel consumption	tonnes	139.54
	Diesel consumption intensity	kg/per RMB 10,000 of output value	0.0117
	Natural gas consumption	'0000 standard cubic metres	1,320.4
	Natural gas consumption intensity	Standard cubic metre/ per RMB 10,000 of output value	1.104
	Gasoline consumption	tonnes	32.35
	Gasoline consumption intensity	per RMB 10,000 of output value	0.0027
	Liquefied petroleum gas consumption	tonnes	48.27
	Liquefied petroleum gas consumption intensity	kg/ per RMB 10,000 of output value	0.0040
Indirect energy consumption	Outsourced electricity consumption	'0000 kWh	58,257
	Outsourced electricity consumption intensity	'0000 kWh/ per RMB 10,000 of output value	0.0049
	Outsourced steam consumption	GJ	357,586
	Outsourced steam consumption intensity	GJ/ per RMB 10,000 of output value	0.0299
Clean energy use	Installed capacity (solar)	MWh	68.6
	Electricity generation (solar)	'0000 kWh	5,636
	Distributed energy storage projects	MWh	51.78
	Percentage of clean energy power generation to electricity consumption	%	10

Energy Consumption in Hisense Group¹

1. The statistical scope of Hisense Group's energy consumption data in 2023 covers Hisense Group and its subsidiaries, with 27 factories in operation in China.



CASE

Digital transformation empowering intelligent manufacturing factory

Hisense Hitachi combines its digital control and high-tech to empower management advantages in the factory's intelligent production:

- Building a digital operation center for unified and standardized management in the production workshop, driving digital innovation through data-driven scenarios and ensuring data quality.
- Establishing a carbon management system (CMS) to realize full lifecycle management of its products.
- Deploying distributed photovoltaic systems on plant roofs, carports, and other buildings, achieving an installed capacity of 6 MW and an estimated annual power generation of over 6.2 million kWh, resulting in an annual reduction of 3,676 tonnes of CO₂ emissions.
- Establishing AI-powered intelligent control and energy-saving models for high-energy-consumption equipment, reducing average energy consumption by 17% and annual CO₂ emissions by 771 tonnes.

Hisense Hitachi's "Xinzhi AI Platform" smart factory solution was also selected as an excellent case study in the "Report on the Integration of the Digital Economy and the Real Economy (2023) - Innovative Practices of Digitalisation Enabling New Industrialisation." The platform has significantly assisted in improving production efficiency, achieving a 13% year-on-year reduction in single-unit manufacturing costs.



"Xinzhi AI Platform"
smart factory solution



2023 smart manufacturing
demonstration factory

Green Logistics and Transport

Hisense Group is exploring the establishment of a green materials database to collect and manage information on the green materials used, aiming to achieve full lifecycle management. Focusing on the "dual-carbon" strategy, Hisense Group has taken measures to optimize logistics routes, encourage the use of new energy vehicles, and upgrade the digitalization of logistics to reduce carbon emissions in the transport process.



CASE

Hisense Visual logistics and transportation management

Optimization of logistics systems

To reduce energy consumption, several factories have optimized the replenishment routes for common models by promoting local TV production and sales, thereby shortening transport distances. The Huangdao factory has increased the proportion of direct shipments to merchants, optimizing shipment processes and reducing secondary transshipment to improve efficiency.

Warehouse paperless office and adoption of clean energy

Furthermore, certain warehouses have effectively reduced carbon emissions in their logistics and transport processes. They have achieved this by promoting paperless management, adopting clean energy practices in warehousing, reducing paper usage, and increasing the utilization of electric forklifts.

Establishing visualised carbon control dashboard

Through the analysis of order shipment data, some warehouses have developed an online logistics carbon emission management dashboard. This tool can be used for carbon emission exclusion and optimization of logistics by different dimensions, such as product companies and production bases. The dashboard also provides carbon emission data reference for each product company and empowers the carbon neutrality and peaking project for intelligent manufacturing.

Green Recovery and Disposal

Hisense Group pays close attention to the environmental performance of the entire product lifecycle. Hisense Group has identified pain points in the traditional home appliance recycling model, such as "hard to control, high logistics costs, poor customer experience, and difficulty establishing a transaction". Hisense Group has innovated a comprehensive transformation and upgrading solution that spans from the recyclability of the product design to the accessibility of product recycling.

Recyclable Product Design	Product Recycling Platform	Product Recycling Mechanism Optimisation
<p>Design links consider the recyclability of raw materials, weakening the adverse impact of the end-of-life disposal of the product, for example, Hisense Group independent research and development of the laser TV components of the raw materials of the total recyclable utilization rate of 92%.</p> 	<p>Hisense Group has invested hundreds of millions of yuan in subsidy support for refurbishment, and joined hands with merchants across all channels to carry out the nationwide "Internet+" "Green Planet Refresh Programme", to open up the channels for refurbishing used home appliances and to standardize the recycling, dismantling and reuse of used home appliances.</p> 	<p>Expand the recycling category to include any brand of TVs, air conditioners, refrigerators and other products, and issue subsidies according to the rules. Hisense Group provides consumers with one-stop services for online evaluation of old machines, issuance of subsidies for replacement, purchase of new machines and "delivery of new machines, dismantling of old machines, installation of new machines and collection of old machines", with an average subsidy of 10% of the transaction amount and a maximum subsidy for a single unit of RMB 2,000.</p> 



Hisense Group "Green Planet Refresh Programme"

 FEATURE 2

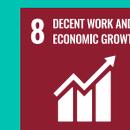
Going Global with Technology and Love Going First

In the general trend of the home appliance industry shifting from Made in China to Smart Manufacturing in China, and from product export to brand export, Hisense Group has promoted the overseas journey from "1.0" to "3.0", not only promoting the development of the local home appliance market by innovating products based on local needs, but also integrating Chinese technology and management methods into the local culture. By promoting cross-cultural integration and management, it provides space for local employees to develop, drives local employment development, and lets technology and love first, realizing the transition from product exports to gradually opening up multiple channels to integrating into the construction of brand globalization, accelerating the door to dialogue with the world.

— Story of Responsibility | "Hisense's Chinese solution" for intelligent transportation construction in Ethiopia

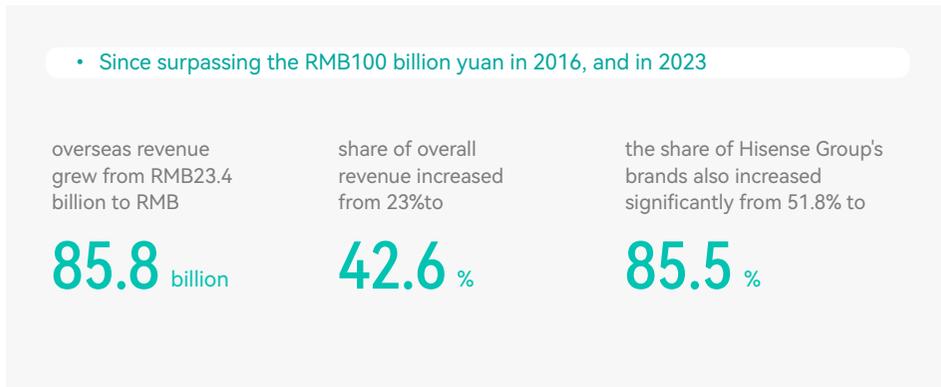
Hisense Group has won bids and constructed several notable projects in Ethiopia in 2021 and 2023, including the Ethiopian intelligent bus project, the AAE high-speed ETC construction project, and the intelligent traffic signal construction project. These projects have helped Ethiopia realize a new mode of modern high-speed toll management, improve the travelling experience of the public, open up channels for the import and export of commodities, and promote the local economy. Hisense Group's involvement in these projects has established the company as a "benchmark" for China's intelligent transportation solutions overseas.

— SDGs addressed in this chapter



Leveraging its localized footprint, Hisense Group has tailored its overseas deployment of factories, supply chains, and R&D teams to the specific needs of different markets. This has enabled Hisense Group to deliver comprehensive solutions covering "product + technology + brand + service + management + N", which not only reduces the production costs of home appliances but also localizes the products to better meet the demands of the local market.

Moreover, Hisense Group has consistently prioritized technology as the foundation of its business. During the process of expanding its self-owned brand globally, Hisense Group has driven the transformation of its products towards the high-end and the extension of its industrial chain to high-tech domains. This has involved designing customer-centric products that cater to the specific consumption needs of local markets, as well as pioneering the development of key technologies such as TV chipsets and laser TV boxes ULED. Furthermore, Hisense Group has leveraged its technological capabilities to expand into B2B industries, such as precision medicine and intelligent transportation, thereby upgrading its industrial chain to the high-end. As a result, Hisense Group has consistently achieved impressive results in its global expansion efforts.



Going Global 1.0 Product Export	Going Global 2.0 Opening Multiple Channels	Going Global 3.0 Brand Globalisation
Hisense Group engaged South African trade companies to conduct OEM (Original Equipment Manufacturing) business, thereby establishing its brand presence in the South African market and accumulating experience for future global expansion.	In response to global economic integration and China's accession to the WTO, Hisense Group expanded its market influence by investing in factories, establishing R&D centers, and opening sales channels deepen market influence, and realize overseas expansion strategy, realising comprehensive overseas development.	Hisense Group will strengthen compliance with overseas business operations, integrate global brand marketing, promote international business culture with higher international standards, and build global shared services and a unified IT platform.

Hisense going global 1.0 to 3.0

CASE

localized operation model in Africa

In 2013, Hisense Group and the China-Africa Development Foundation inaugurated Hisense South Africa Industrial Park as a pioneering overseas venture. Hisense Group adopted a localized operational model, employing 90% local staff and staffing 70% of management roles with locals. At the same time, Hisense Group carries out vocational counseling programs and a technical research and development training base to empower trainees with skills in electronics, software, and equipment control. This initiative significantly contributed to the local manufacturing sector, socioeconomic growth, and employment opportunities, exemplifying the "Belt and Road" endeavor. As a testament to its success, Hisense South Africa Industrial Park was recognized as one of the "Chinese Investment in Africa 2023".



Hisense South Africa Industrial Park in Cape Town, South Africa

CASE

Building a robust value chain to scale European markets

Considering the diverse and fragmented European market, Hisense Group strategically established branches across various regions. In 2010, Hisense Group began to explore the European market and established its headquarters in Germany to open up channels for its brand operations in Europe. By 2018, the acquisition of jorenje enabled the localization of brands in home appliances, kitchenware, sanitary ware, and ceramics. This localized market strategy of research, production, and sales not only propelled Hisense Group's performance growth but also generated thousands of local jobs and invigorated the local home appliance industry's development.



Hisense Group's gorenje Factory in Europe

Q CASE

"The Second Growth Curve" Contributing to Global Environmental Improvement

In 2021, Hisense Group marked its venture into the auto electronics sector by acquiring Sanden Co., Ltd. Leveraging years of expertise in environmental protection and energy efficiency, Hisense Group integrated these technologies and experiences into Sanden, revitalizing its internal management mechanisms to enhance operational efficiency. This strategic move not only established Hisense Group's "second growth curve" but also underscored its commitment to environmental stewardship, showcasing Hisense Group's new direction in diversified overseas development and proactive contribution to global ecological initiatives.



Sanden Corporation

Q CASE

Accelerating Overseas Expansion and Elevating Localized Operations

As part of its accelerated global expansion, Hisense Group has positioned Monterrey Home Appliances Industrial Park in Mexico as a cornerstone of its operations in the Americas. By developing a robust local supply chain and introducing top-tier domestic supplier resources into Mexico, Hisense Group is fostering technical talent and generating thousands of local jobs. This initiative has significantly elevated the localized self-sustaining operational model to new heights.



Monterrey Home Appliances Industrial Park in Mexico

1 Building Green Homes to Share Environmental Responsibility



Hisense Group actively aligns with the national carbon neutrality and peaking strategy and is dedicated to pursuing green, low-carbon, and sustainable development while minimizing the negative environmental impact of its production and operational activities. Hisense Group identifies and evaluates the influence of climate change on its operations, and employs diversified low-carbon strategies to navigate climate challenges and opportunities and create a sustainable future. Concurrently, Hisense Group continually enhances its environmental management system, mitigates environmental risks, prioritizes resource conservation, reduces pollution emissions, and contributes to the enhancement of the global ecological environment.

+ Story of Responsibility | Promoting urban climate resilience through an "Emergency Response Cloud Brain"

Hisense Group has developed an innovative "Emergency Response Cloud Brain", integrating over 50 algorithmic models across four key categories: risk identification, monitoring and early-warning, trend research, and summary assessment. This intelligent system utilizes high-quality data, powerful models, and efficient decision-making to intelligently predict disaster development and automatically generate response plans, manifesting advanced emergency management intelligence. The technology's applicability spans various scenarios such as flood and drought control, forest fire prevention, and seagrass disaster management, aiming to fortify smart city emergency preparedness and effectively address the impacts of climate change.

+ SDGs addressed in this chapter



Addressing Climate Change

Climate change poses a universal challenge, leading to frequent occurrences of extreme weather events globally. The exacerbation of climate system instability by global warming further compounds this challenge. To address this, Hisense Group has embraced the national objective of achieving peak carbon and carbon neutrality. Hisense Group has prioritized green and low-carbon practices as the cornerstone of its long-term development strategy. Hisense Group urges its subsidiaries to proactively address climate change and promote green transformation through technological innovations, thereby contributing to global climate governance.

● Climate Ambition and Progress

To systematically advance carbon peaking and carbon neutrality initiatives and effectively respond to climate change, Hisense Group continually enhances its carbon emission management system. Hisense Group explores various approaches to corporate carbon management and conducts comprehensive carbon inventories to ascertain its current emissions status. Using 2023 as the benchmark year, Hisense Group successfully completed its inaugural group-wide carbon inventory, encompassing Scope 1, 2, and 3 emissions. This inventory is based on operational control and covers Hisense Group's 30 domestic factories. These efforts establish a solid foundation for formulating Hisense Group's carbon targets and planning.

Indicators	Unit	Data for 2023
Direct (Scope I) GHG emissions	TCO ₂ e	280,825.86
Indirect (Scope II) GHG emissions	TCO ₂ e	363,708.39
Total GHG emissions (Scope I + Scope II)	TCO ₂ e	644,534.25
Total GHG emissions intensity (Scope I + Scope II)	TCO ₂ e/RMB 10,000 of output value	0.0530

GHG emissions of Hisense Group in 2023

• 2023



RMB from Hisense Group's investments in technologies for addressing climate change

48,630,000



expected to achieve GHG emission reductions in excess of

40,000 TCO₂e

● Climate Risks and Opportunities

Regarding IFRS S2 on Climate-Related Disclosures, provided by the International Sustainability Standards Board (ISSB), Hisense Group underscores the continuous integration of climate risk into its risk management system. Hisense Group conducts comprehensive assessments to identify climate-related risks and opportunities in line with industry characteristics and specific business segments. Hisense Group also strives to formulate and implement tailored response strategies to boost adaptive capacity and economic resilience amidst global climate change, thereby fostering enhanced opportunities.

Q CASE

Supporting post-rainstorm reconstruction in Beijing

In August 2023, Beijing experienced heavy rainfall and subsequent floods and geological disasters due to the influence of a typhoon. In response, Hisense Hitachi collaborated with the China Energy Conservation Association, the government, and emergency response teams, actively engaging in disaster relief efforts. Hisense Hitachi provided substantial material, manpower, and technical support, including the donation of 10 sets of low-temperature air-source heat pump units to assist with the post-disaster reconstruction in Beijing.

Climate Change - Physical Risks

Physical Risk Type	Risk Rating	Potential Risk Description	Financial Impact	Response
Extreme heat 	Medium	<ul style="list-style-type: none"> High temperatures result in heightened energy consumption and increased maintenance frequency for operations and plant cooling High temperatures impose restrictions on power availability, resulting in power outages and necessitating capacity constraints and schedule adjustments. Sudden extreme high temperatures pose risks to employee health and safety, and may elevate the risk of fire or explosion They can lead to short-term water supply difficulties, consequently impacting the stability of production and operational processes 	<ul style="list-style-type: none"> Increase in operation and management costs Operational disruptions result in revenue damage Increase in employee health and safety cost 	<ul style="list-style-type: none"> Launching new energy projects, increasing the proportion of renewable energy sources and improving resilience during peak power consumption periods Increasing R&D investment, enhancing production efficiency and reducing energy consumption Preparing facilities such as generators and adjust working hours flexibly during periods of restricted summer power Developing emergency response plans, improving response mechanisms, and conducting regular drills Implementing measures for heatstroke prevention and cooling, providing employees with relevant facilities and equipment Strengthening fire prevention measures, conducting regular inspections and maintenance of facilities and equipment, and conducting fire drills
Sudden drought 	Low			
Floods 	Low	<ul style="list-style-type: none"> Urban flooding will inflict damage on buildings, plants, equipment, inventories, and other assets or facilities Heavy precipitation may result in localized water ingress or seepage in buildings and plants, thereby increasing the pressure on drainage facilities Extreme rainfall can also cause traffic disruptions, influencing logistics and the normal functioning of supply chain operations 	<ul style="list-style-type: none"> Decrease in asset value Increase in operating and management costs Decrease in operating income Increase in employee and equipment insurance costs 	<ul style="list-style-type: none"> Formulating emergency response plans for flood control emergencies, improving the emergency response mechanism, ensuring adequate flood control materials, and conducting regular flood control exercises Proactively deploying response plans during the rainy season, and conducting regular inspections to ensure the safety of circuit facilities and the unblocking of drainage systems
Extreme precipitation 	Medium			
Tropical cyclones (typhoons, hurricanes, wind trends) 	Medium	<ul style="list-style-type: none"> Extreme weather events such as typhoons/hurricanes can lead to building damage and power system failures, with accompanying lightning and thunder potentially causing accidents like fires and explosions High winds may impose traffic restrictions, affecting logistics and supply chain operations 	<ul style="list-style-type: none"> Decrease in asset value Increase in operation and management costs Increase in employee and equipment insurance costs 	<ul style="list-style-type: none"> Establishing emergency response plans, enhancing the emergency response mechanism, providing sufficient protective materials, and regularly conducting emergency drills Monitoring meteorological warnings, issuing advance warning notices, activating the emergency response plan, and implementing relevant precautionary measures
Sea level rise 	Low	<ul style="list-style-type: none"> Coastal and seaside areas face an increased risk of flooding that can damage equipment and facilities Potentially leading to restrictions in coastal ports and transport corridors, ultimately impacting supply chain operations 	<ul style="list-style-type: none"> Decrease in asset value Increase in operation and management costs 	<ul style="list-style-type: none"> Appropriately planning the location of plants Enhancing the disaster and erosion resistance of buildings and infrastructure, and reinforcing the construction of drainage systems

Climate Change - Transition Risks

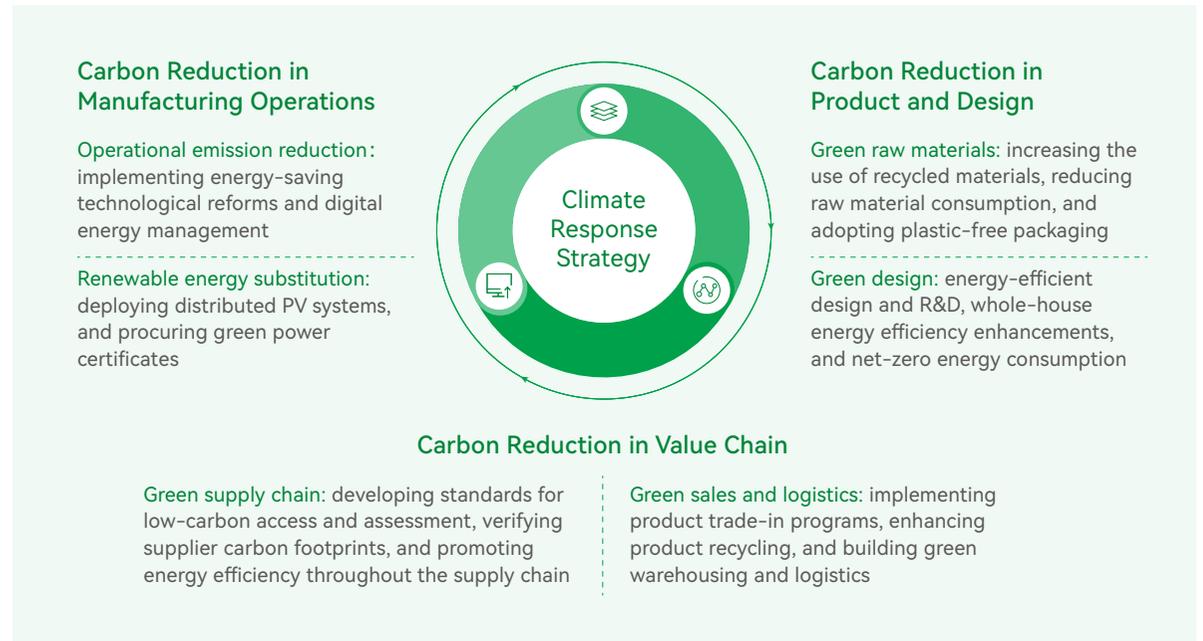
Transition Risk Type	Potential Risk Description	Financial Impact	Response
Policy and Legal 	<ul style="list-style-type: none"> Stricter government policies and regulations aimed at mitigating climate change have heightened the compliance efforts for businesses, potentially leading to an increase in litigation or claims The carbon emissions trading system in China incorporates a carbon pricing mechanism that escalates the operational costs for businesses 	<ul style="list-style-type: none"> Increase in operation and management costs 	<ul style="list-style-type: none"> Monitoring changes in relevant international and local government laws, regulations, and policies, and responding promptly Actively implementing energy-saving and emission reduction initiatives, while elevating the proportion of clean energy Actively engaging in the development of national, industry, group, and other pertinent standards
Technology 	<ul style="list-style-type: none"> Failed investment in R&D of low-carbon technologies Achieving low-carbon production necessitates innovations in manufacturing equipment and processes, resulting in short-term cost increments The failure to promptly recognize and implement low-carbon technologies may result in products lagging behind industry peers in the low-carbon transition 	<ul style="list-style-type: none"> Increase in R&D costs Increase in capital cost 	<ul style="list-style-type: none"> Enhancing R&D capability by fostering and retaining talent Continuously researching and applying low-carbon technologies, while actively participating in industry collaborations
Market 	<ul style="list-style-type: none"> Inability to adequately meet consumer demand for green and low-carbon products Escalating raw material and energy costs 	<ul style="list-style-type: none"> Increase in production costs Decrease in operating income 	<ul style="list-style-type: none"> Actively developing green and low-carbon products by integrating green concepts into product R&D and design phases, enhancing market research, and developing consumer-oriented products to meet demand preferences Promoting the conservation of resources Formulating strategic procurement plans to mitigate raw material procurement costs and risks Strengthening R&D efforts to reduce reliance on singular raw materials and energy sources by substituting raw materials Establishing an intelligent energy cloud platform, incorporating price forecasting, energy usage monitoring and analysis, to enhance energy control capabilities
Reputation 	<ul style="list-style-type: none"> Stakeholders are progressively seeking public disclosure of climate risks and low-carbon products. Failing to promptly meet these expectations or making inappropriate disclosures could lead to reputational damage and diminished brand value 	<ul style="list-style-type: none"> Increase in operation and management costs 	<ul style="list-style-type: none"> Proactively addressing stakeholders' climate-related concerns through regular and diversified communication mechanisms, while enhancing the quality and transparency of information disclosure Executing information disclosure efforts and implementing green, low-carbon product branding through Hisense Group's proprietary communication matrix and official reports

Climate Change Opportunities

Opportunity Type	Opportunity Description	Response
Resource Efficiency 	<ul style="list-style-type: none"> In the context of the green and low-carbon transition, restructuring the current energy usage structure can open up cost-saving opportunities for enterprises Innovating green production technologies and processes leads to decreased energy consumption and carbon emissions, thus saving costs and yielding long-term economic benefits 	<ul style="list-style-type: none"> Increasing investment in renewable energy and low-carbon solutions Executing energy-saving technological reform projects, enhancing resource efficiency and optimizing production processes
Product and Service 	<ul style="list-style-type: none"> Growing market interest in low-carbon and green products will drive the evolution of Hisense Group's product line, positioning Hisense Group at the industry forefront 	<ul style="list-style-type: none"> Prioritizing green product research and design, utilizing novel energy-saving processes, technologies, and materials, and innovating environmentally friendly products with high performance and low energy usage
Market 	<ul style="list-style-type: none"> Frequent extreme weather events, such as extreme high and low temperatures, are causing shifts in demand within the household product and urban smart terminal markets 	<ul style="list-style-type: none"> Addressing market demand challenges stemming from climate change, and design consumer-centric products to satisfy market preferences

Climate Response and Adaptation

Hisense Group continuously improves its capacity to mitigate and adapt to climate change. We have developed low-carbon strategies in manufacturing operations, product design and development, and value chain management. For manufacturing and operations, Hisense Group expedites the establishment of a clean, low-carbon, and efficient energy system, while continuously increasing R&D as well as infrastructure investments for low-carbon emission reduction. For product design and R&D, Hisense Group further enhances green technology innovation and consistently introduces new energy-saving and environmentally friendly technology products, while ensuring adherence to the four basic principles of green design across the product lifecycle: low energy consumption during use, low production resource demand, low raw material consumption, and low recycling costs. For value chain management, Hisense Group establishes a green supply chain and green sales logistics, capitalizes on the leadership of core enterprises, and propels upstream and downstream enterprises within the value chain toward green transformation.



Q CASE

Hisense Air Conditioning showcased its innovative low-carbon solutions

On 26 May 2024, organised by the China Association of Building Energy Efficiency, the "International Zero-Carbon City, Countryside and Zero-Carbon Building Conference and Technology and Equipment Expo 2024" took place in Beijing. The "Second China PEDF Conference (2024)" organised by the China Association of Building Energy Efficiency was held at the same time. With a focus on "Green Technology for the Building Future", Hisense Central Air Conditioning presented various products, including the M3 Series, ECO-B Intelligent Building Management System, M3 Direct Drive Series, and M3 PV Combined Series, which contribute to a zero-carbon future with their green and innovative features.

Diversified heat pump product solutions:

Hisense Central Air Conditioning's ducted inverter multi-split air conditioning (heat pump) unit indoor unit and ceiling-mounted inverter multi-split air conditioning (heat pump) unit indoor unit received the industry's first certification for *DC air-conditioning products certified to the General Requirements* from CHEARI (Beijing) Certification & Testing Co., Ltd. This certification recognizes their green, energy-saving, and low-carbon features. These innovative solutions contribute to reducing building energy consumption and demonstrate the strength of Chinese standard green technology.

Hisense M3 PV Combined series:

The M3 PV Combined series is a new generation of photovoltaic central air conditioners. It combines cutting-edge multi-split technology with photovoltaic energy technology. The series utilizes photovoltaic direct-drive technology, reducing power loss associated with electrical energy conversion. It also incorporates intelligent photovoltaic coupling boxes to achieve 100% direct-drive photovoltaic energy utilization, thus preventing wastage. The AC and DC hybrid power supply technology ensures stable power consumption, and the inclusion of Hisense MPPT intelligent tracking technology maximizes the use of green energy. This innovative integration of PEDF provides energy-efficient, flexible, and intelligent low-carbon solutions for the green transformation of buildings.



Deputy Director of the China Household Electric Appliance Research Institute and Deputy Director of the Certification Centre issued the certificate for Hisense Central Air Conditioning

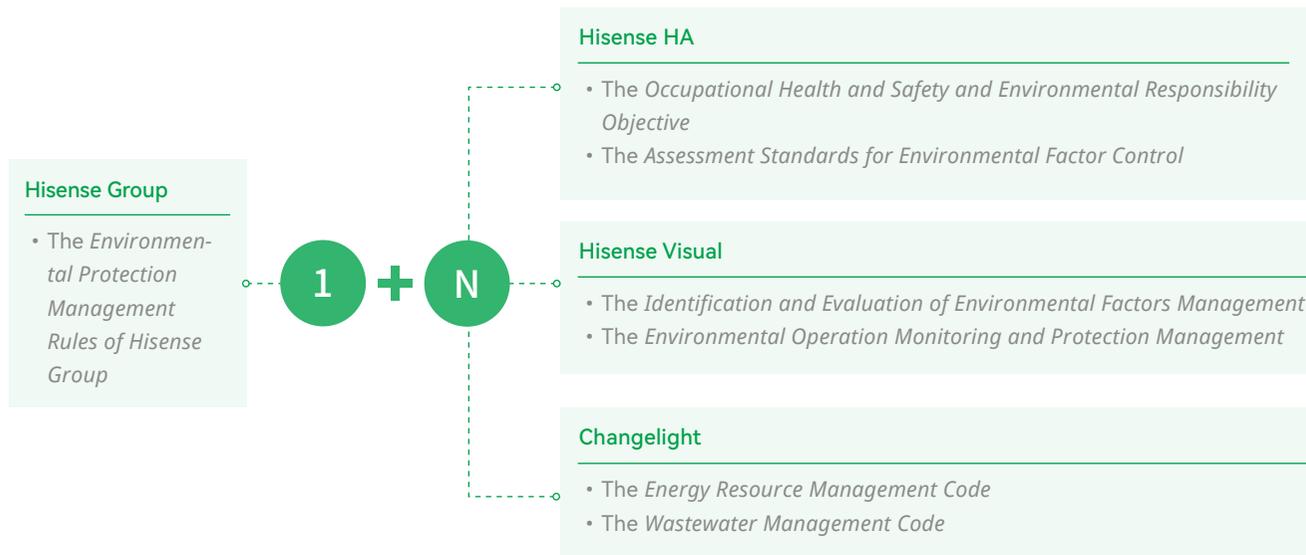


Hisense M3 PV Combined series won the "Top Ten Innovative PEDF Products" issued by the PEDF Professional Committee of China Association of Building Energy Efficiency

Environmental Stewardship

Hisense Group is committed to green development and actively promotes the establishment of a resource-saving and environmentally friendly enterprise. Hisense Group has built a comprehensive governance structure and compliance system to ensure adherence to environmental protection laws and regulations. Stringent environmental protection policies and systems have been formulated and stewardship fully implemented to fulfill environmental responsibilities.

Hisense Group strictly adheres to the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Air Pollution Prevention and Control*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Solid Waste Pollution Prevention and Control*, and other relevant laws and regulations in the regions of operation. Hisense Group has established a "1+N" environmental management system. At the group level, the *Environmental Protection Management Rules of Hisense Group* have been developed to standardize environmental management across all departments, industrial groups, and directly-affiliated companies. Subsidiary companies have also established and enhanced environmental management systems and organizational structures tailored to their business characteristics and operating locations. Hisense Group continuously improves regulations on water pollution, air pollution, water resource management, solid waste management, and other aspects, ensuring standardized environmental management practices.



"1+N" System Between the Group and its Subsidiaries

ISO 14001 Environmental Management System Certification for Hisense Visual Technology

Total investment in environmental protection this year (RMB)

44,510,000

Domestic factories that have obtained ISO 14001 environmental management system certification total

35

Coverage of environmental protection review

100%

● Environmental Emergency Management

In compliance with legal requirements and the enterprise's specific conditions, all Hisense Group's subsidiaries have developed management systems, such as the *Environmental Operation Monitoring and Protection Management Measures* and the *Environmental Factors Identification and Evaluation Management Measures*, to regularly identify and assess hazards and environmental factors. This allows them to prioritize the creation of control and preventive measures for significant environmental factors. Additionally, Hisense Group has prepared an environmental emergency response plan and regularly conducts drills for fire safety, chemical and hazardous waste leakage, and other unexpected events. These efforts aim to enhance the efficiency of environmental protection emergency response and mitigate risks, while also reinforcing employee awareness of environmental safety and risk management.

🔍 CASE

Hisense Hitachi organised multiple environmental emergency drills

Hisense Hitachi has consistently refined its contingency plan for environmental emergencies, relying on its skilled personnel to establish a dedicated emergency response team. This team focuses on mitigating environmental pollution caused by household appliances and refrigerants, while also addressing other environmental emergency scenarios. Furthermore, in 2023, Hisense Hitachi, under the guidance of the West Coast New Area Branch of Qingdao Ecological Environment Bureau, enhanced its skills training, bolstered its material reserves, and actively participated in responding to environmental pollution incidents such as mineral oil, household appliances, and refrigerant leakages in the New Area. These initiatives effectively bolstered Hisense Hitachi's capacity for environmental protection emergency response, thereby safeguarding the environment and ensuring the safety of its employees and local communities.

Water Management

Hisense Group recognizes the paramount significance of water management in the pursuit of environmental sustainability and places significant emphasis on the safeguarding and preservation of water resources. Hisense Group upholds stringent adherence to national water resources management policies, set water conservation objectives and management frameworks within the organization, and proactively enhance governance while implementing diverse, location-specific water conservation measures. These endeavors aim to consistently enhance water use efficiency and advance eco-friendly water-saving manufacturing processes. The entirety of Hisense Group's office and production water is procured from municipal suppliers, encompassing water for domestic consumption, fire-fighting, and manufacturing facilities. Hisense Group encounters no issues in procuring suitable water sources.

Water Saving Processes and Equipment Upgrade

Actively promoting process improvements and eliminating processes and equipment with high water consumption. For instance, the Yangzhou plant replaced the spraying process with pre-painted boards and dismantled one spraying line, saving approximately 1,250 tonnes of water and reducing 1,250 tonnes of wastewater discharge annually.



Water Recycling

Actively promoting the recycling of process wastewater within the plant's vicinity. Adhering to the principle of *reduction at source, process control, and treatment*, Hisense Group continuously optimizes the reuse rate of process wastewater within the plant, thereby reducing new water consumption.



Daily Water Use Control

Enhancing inspections to eliminate water resource wastage through running, emitting, leaking, and dripping. Utilizing a digital management platform for water monitoring and statistical analysis to detect water management issues and implement appropriate optimization measures.



Q CASE

Hisense Visual strengthens water conservation management with multiple measures

Hisense Visual has implemented various water conservation initiatives to recycle water and reduce water consumption, including the recovery of steam condensate, refurbishment of toilet water fixtures, treatment of air conditioner water, implementation of energy-saving faucets, and installation of an energy management system. These measures have resulted in an annual water saving of 70,000 cubic meters.

Indicators	Unit	Data in 2023
Total water consumption	tonne	3,457,704
Total water intensity	tonnes/RMB 10,000 of output value	0.2922

Water Consumption at Hisense Group¹

1. The water consumption data scope of Hisense Group in 2023 covers Hisense Group and its subsidiaries, with 24 factories in operation in China.

Resource Management

Hisense Group adheres to relevant laws and regulations and has established a sound waste management system. Each production enterprise has developed internal management systems, such as the *Solid Waste Control Management Procedures* and the *Waste Material Recycling Management Rules*, to effectively handle the classification, collection, storage, and disposal of various types of waste.

Hisense Group continues to promote the reduction, reuse, and recycling of general solid waste. Waste resources with utilisation value are recycled and utilized effectively to minimize resource consumption and expedite resource recycling. Waste with no utilisation value is handled in compliance with regulations for storage facilities and sites. Proper measures, such as separate storage, and harmless disposal, are taken to significantly mitigate adverse environmental impacts. In 2023, Hisense Group recycled 8,417 tonnes of recovered waste.

Hisense Group and its subsidiaries have adopted the principles of classified management and centralized disposal of hazardous waste to achieve its reduction, reuse, and harmlessness. Each production enterprise has established strict hazardous waste management procedures, overseeing and managing the entire process, including generation, storage, transportation, and disposal of hazardous waste. Hazardous waste identification signs are prominently displayed, and any mixed collection, storage, transportation, or disposal of hazardous waste with incompatible natures that have not undergone safe disposal is prohibited. The disposal of hazardous waste is regularly entrusted to qualified third-party units.

Indicators	Unit	Data in 2023
Non-hazardous waste discharge	tonne	71,371.91
Hazardous waste discharge ²	tonne	1,407.07
Total waste discharge	tonne	72,778.98
Waste discharge intensity	tonnes/RMB million	0.36
Waste discharge reduction	tonne	531.42
Total amount of waste recycled/reused	tonne	8,417.72
Total amount of e-waste	tonne	188.77
Total packaging material consumption	tonne	24,028

Waste Discharge at Hisense Group¹

1. The waste discharge data scope of Hisense Group in 2023 covers Hisense Group and its subsidiaries, with 27 factories in operation in China.
 2. The disclosure scope of hazardous waste is defined in accordance with the National Catalogue of Hazardous Wastes (2021 Edition) published by the Ministry of Ecology and Environment of the People's Republic of China.

Pollutant Management

Hisense Group upholds the principles of environmentally friendly production, adheres to national and local laws, regulations, and emission standards, develops emission management methods, strengthens pollution prevention and control efforts, and mitigates the environmental impact of pollutants through measures like deploying pollutant treatment equipment and monitoring emissions. Simultaneously, Hisense Group mandates its production enterprises to establish an environmental monitoring program and perform regular assessments of key pollutants, including waste gas, wastewater, and major emission outlet, to ensure compliance with national and local emission standards.

Indicators	Unit	Data in 2023	
Total exhaust emission	'0000 cubic metres	673,850.33	
Exhaust emission intensity	'0000 cubic metres/RMB million	3.33	
Air pollutant	Sulphur dioxide	tonne	2.10
	Nitrogen oxides	tonne	10.09
	Particulate matter	tonne	8.73
	Non-methane hydrocarbons	tonne	11.01
	VOC	tonne	495.00
Total wastewater discharge	tonne	1,190,578.39	
Wastewater discharge intensity	tonne/RMB million	5.89	
Water pollutant	Ammonia nitrogen	tonne	241.69
	Chemical oxygen demand (COD)	tonne	204.52
	Biochemical oxygen demand (BOD)	tonne	186.27
	Phosphorus	tonne	0.01

Pollutant Emissions at Hisense Group¹

1. The pollutant emission data scope of Hisense Group in 2023 covers the domestic operating plants of Hisense Group and its subsidiaries.

Wastewater Management

Hisense Group and its production subsidiaries rigorously adhere to laws, regulations, and standards, including the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Comprehensive Standards for Sewage Discharge*, and the *Standards for the Quality of Sewage Discharged into Urban Sewers*. Internal management procedures, such as the *Management Procedures for the Prevention and Control of Water Pollution* and the *Management Specification for Wastewater*, have been formulated and implemented. Subsidiaries of Hisense Group with process wastewater discharge have established wastewater recycling and treatment stations, standardized sewage outfalls, ensuring compliant discharge of treated wastewater. The process includes real-time monitoring through an automatic online system connected to the local environmental protection department and Hisense Group's energy system, enabling 24-hour real-time monitoring and early warning.

Waste Gas Management

Hisense Group and its subsidiaries rigorously adhere to the *Law of the People's Republic of China on Prevention and Control of Air Pollution*, the *Comprehensive Emission Standards for Air Pollutants*, and other relevant local, national, and industry-specific exhaust emission regulations. The production divisions have developed internal management systems and procedures, including the *Regulations for Exhaust Management* and the *Management Procedures for the Prevention and Control of Air Pollution*, to oversee the entire process of exhaust gas types and sources, production, and end treatment. Hisense Group oversees and controls the entire waste gas process, including its type, source, generation, and final treatment. Additionally, Hisense Group establishes waste gas treatment and monitoring facilities to ensure compliance with emission standards and prevent air pollution.

Noise Management

Hisense Group rigorously complies with the *Law of the People's Republic of China on Noise Pollution Prevention and Control* and other relevant regulations. Subsidiaries manage factory boundary noise in accordance with the *Management Rules of Environmental Operation, Monitoring, and Protection*, effectively mitigating noise pollution during manufacturing through source control, technological innovation, and other methods. Hisense Group develops and implements noise monitoring plans for factory boundaries, ensuring that the highest noise is below the national standard. In 2023, the testing data of factory noise emissions complied with national standards.



Noise monitoring

- **Environmental Noise Monitoring:** Hisense Group conducts regular noise monitoring and issues quarterly reports without disrupting production operations or equipment functioning. In the event of functional area re-planning or changes, Hisense Group performs additional noise monitoring to prepare comparative analysis reports. All relevant information is duly recorded and filed with the Environmental Protection Bureau.
- **Workplace Noise Monitoring:** Hisense Group conducts annual assessments of occupational hazards in the workplace, with a specific focus on evaluating noise levels in relevant positions. The assessments are conducted in accordance with national laws, regulations, and relevant standards. Based on the assessment results, test reports are generated and displayed on the workshop's occupational hazards notification boards.

Source control

- **Source Control:** Hisense Group implements a system to eliminate outdated processes and equipment that contribute to significant noise pollution. Additionally, Hisense Group actively promotes the R&D and utilization of low-noise processes and equipment, effectively curbing the propagation of noise at its source.
- **Process Control:** To minimize noise propagation, employees are provided with safety measures such as earplugs, earmuffs, and other protective equipment during the propagation process. Hisense Group also establishes isolation areas, such as sound-proof rooms and enclosures for noise-generating equipment and facilities. Furthermore, sound-absorbing devices are strategically installed to reduce the intensity of noise generated.

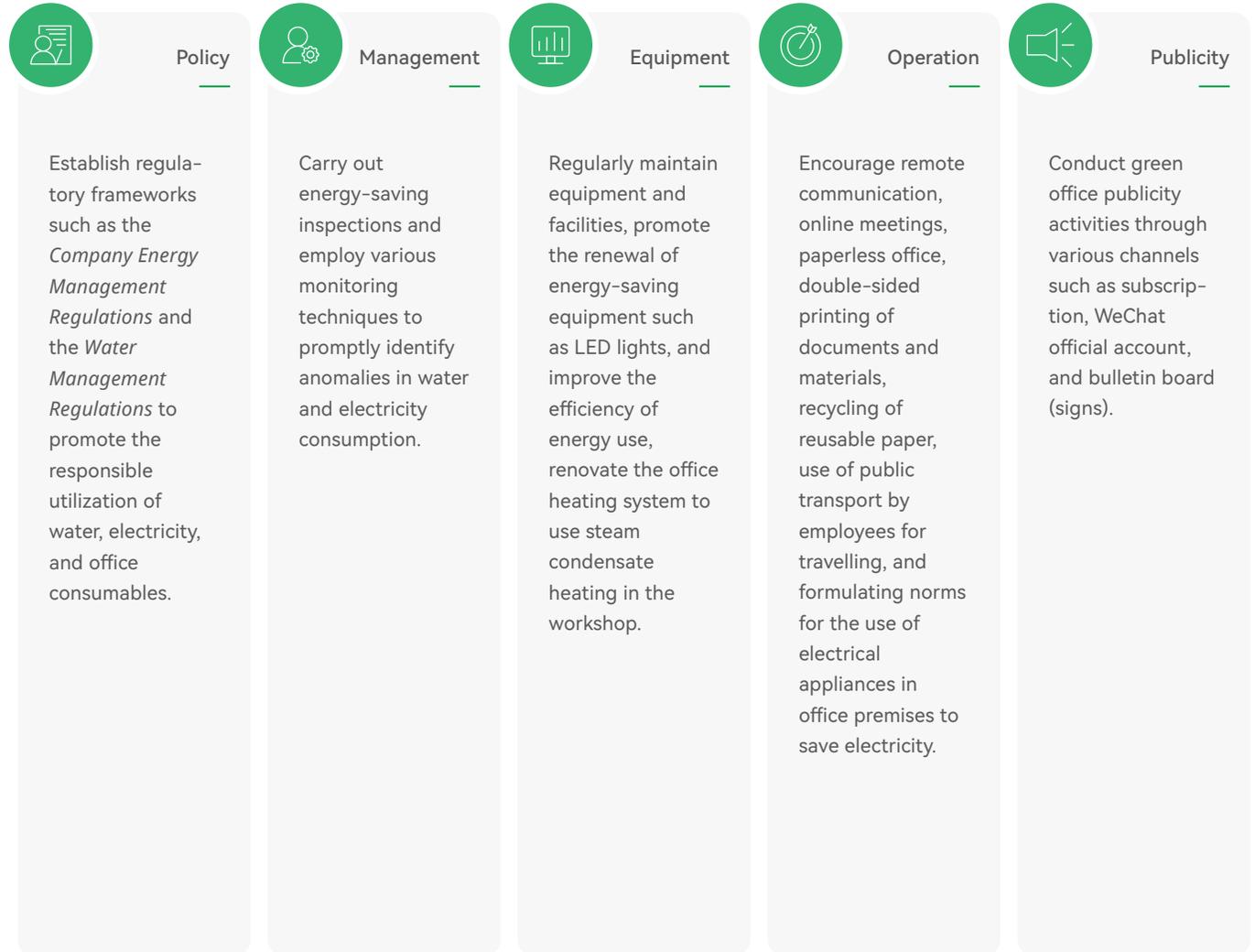
Noise Management Measures at Hisense Group

Green Operations

Hisense Group actively promotes sustainable development and embraces environmental protection principles across all facets of daily office operations. This integration includes initiatives focused on environmental protection, energy efficiency, and adopting green, low-carbon practices. Specifically, the Group champions a paperless office environment, optimizes energy consumption, and upgrades equipment to practise environmental culture. Concurrently, through various environmental initiatives, Hisense Group fosters employee awareness of environmental responsibility, harnesses collective environmental efforts, and cultivates a supportive green culture.

● Low-Carbon Office

To ensure the comprehensive adoption of low-carbon practices, Hisense Group embeds green principles throughout daily office operations at the system, managerial, equipment, procedural, and communication levels. This strategy encompasses the launch of a digital human resources management platform and an electronic signature system. These innovations facilitate the fully electronic management of human resources data and processes, thereby advancing the transition towards a paperless office environment.



● Green Culture

Environmental training

Hisense Group actively conducts environmental protection training and instills employees with the principles of green development. In 2023, Hisense Group organized and collaborated with external training institutions to provide professional training on environmental protection, green practices, and low-carbon systems for its plants. A total of 56 large-scale training sessions were organized, benefiting 45,000 individuals, including general management personnel, safety and environmental protection managers, and workshop employees. Additionally, on April 22, 2023, coinciding with the 54th Earth Day themed "Earth for All", Hisense Group orchestrated various enterprises to actively engage in environmental protection training and awareness campaigns, aimed at enhancing employees' environmental consciousness.

"Green Silk Road" - Hisense Oasis Building Initiative

For three consecutive years, Hisense Hitachi has been actively involved in green public welfare initiatives in Dunhuang. On April 22, 2024, in conjunction with the 55th Earth Day, Hisense Central Air Conditioning ventured into the Yangguan Forest, situated on the eastern edge of the Kumtag Desert. This forest serves as China's crucial ecological barrier, preventing and stabilizing sand movement in the west while safeguarding the oasis in the east. During this event, known as the "Green Silk Road" Hisense Oasis Building Initiative, Hisense Central Air Conditioning collaborated with the NPO-Greenlife to plant a new batch of saplings.



2 Optimising Product Experience with Supreme Quality



Hisense Group is committed to improving product and service quality while leading product enhancements through quality assurance and innovation. With a focus on providing high-quality products and services, Hisense Group proactively engages in product responsibility management, product innovation, responsible marketing, and continuously enhances product and service experience.

+ Story of Responsibility | ULED X Display Technology Platform

Based on the research of users' lighting environments, Hisense Group has introduced the ULED X display technology platform, which encompasses a comprehensive upgrades in backlight, screen, and chip algorithms. ULED X is centered around the integration of people, environment, and products (services), aiming to enhance users' perceived picture quality in real-life scenarios. This platform strives to create reference-level image products with exceptional display effects, leading the industry's development.

+ SDGs addressed in this chapter



Improving User Experience

Hisense Group adheres strictly to the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Product Quality Laws of the People's Republic of China*, and *Provisions on the Liability for Repair, Replacement, and Return of Some Commodities* to safeguard the legal rights and interests of customers. With a robust customer service management system in place, Hisense Group tailors localized service processes to suit the unique business dynamics and market characteristics of each region. Hisense Group enhances the functionality of its digital user service platform through advancements in artificial intelligence, big data analysis, and processing capabilities. Furthermore, Hisense has established and gradually improved the user complaint feedback mechanism and user satisfaction survey process, dedicated to delivering a superior service experience to users.

● Availability of Products and Services

To ensure that all customers receive high-quality after-sales services, Hisense Group has established a service network covering 100% of sales areas at home and abroad. Hisense Group offers service modes such as integrated delivery and installation services, bundled delivery and installation services, and trading-in for new, achieving a seamless process including delivery, installation, dismantling, and collection of appliances within 24 hours within the same city, and within 48 hours inter-city (including townships). Besides, achieving full network coverage, Hisense Group also provides service subsidies in remote regions to enhance local product and service accessibility. In 2023, Hisense Group enhanced service subsidies in remote areas like Xinjiang and Gansu by increasing the service fee settlement coefficient, ensuring high service standards and user experience in these regions.

Hisense Group has continued to enhance its user-centric service mechanism. In addition to expanding the after-sales service team, Hisense has invested in improving the team's professional skills, comprehensive capabilities, and service mindset through methods such as live-streaming sessions, hands-on training at facilities, and on-site training, so as to elevate the overall user service experience.

🔍 CASE

Establishing Hisense (Chengdu) Refrigerator Co., Ltd. to Enhance Refrigerator Product Accessibility

Hisense Group established Hisense (Chengdu) Refrigerator Co., Ltd. in May 2007 to expand its range of refrigerator offerings and provide customers with wider choices. This production facility manufactured over seventy models of refrigerator products across nine series, including double-door and multi-door household refrigerators under the brand names of Hisense and Ronshen. The products are distributed throughout the Southwest region and nationwide, ensuring improved accessibility to high-quality refrigerator options. This facility is the only refrigerator production base of Hisense Group in Southwest China.

🔍 CASE

Hisense Group Promotes Refrigerator Delivery and Installation Service Overseas

To address the transportation and installation challenges faced by overseas customers purchasing large-sized or functionally complex products, Hisense Group has implemented delivery and installation services in selected international markets, aiming to provide a differentiated customer experience.



For instance, Hisense South Africa has provided delivery and installation services for customers who purchase laser TVs, 85"+ TVs, and multifunctional refrigerators. Hisense South Africa standardizes the processes and establishes the criteria for pick-up, delivery, installation, cleaning, demonstration, and maintenance. Also, Hisense South Africa has partnered with professional installation service providers who cover the entire country, which have undergone practical training and certification. The integrated services, which include pick-up, delivery, inspection, installation, cleaning, demonstration, and maintenance, offered by Hisense Group, aim to improve the availability of product and services and enhance the overall experience for overseas customers.

● Responsible Marketing Management

Hisense Group rigorously adheres to relevant laws where it conducts production and during promotion and marketing activities, including but not limited to the *Advertisement Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China*, and *Measures for the Administration of Internet Advertising*. Hisense Group develops product brochures and manages publicity through various channels, including the official websites of Hisense Group, its subsidiaries, distributors, and other platforms, ensuring the accuracy and authenticity of information about products and services for customers and enhancing customer trust in Hisense Group's products and services.

To maintain content, data and statement consistency in external communications, Hisense Group's Brand Department has issued the *Management Rules for Unifying External Communication Content and Data*. This document regulates the criteria for externally released data, patent numbers, significant technological achievements of key products, as well as audio/video and photographic records of major awards and honors received by Hisense Group. These measures ensure the credibility and validity of the marketing content.

Hisense Group adheres to the core values of "Integrity, Innovation, Customer Focus, and Sustainability", along with the corporate spirit emphasizing "respect, dedication, innovation, and efficiency". The marketing training team adheres to the *Hisense Group Integrity Code* as a fundamental management principle. The all-category trainer team at Hisense Group focuses on empowering retailers and clients by enhancing their product knowledge, operational capabilities, and retail skills. This training initiative effectively promotes the product and non-product retail capabilities of trainer team and experience consultants, continuously empowering customers with more competitive advantages. Throughout all training activities, Hisense emphasizes principles of honesty, trustworthiness, and avoidance of exaggeration, deception, and falsehood.

Regular responsible marketing training sessions are conducted for all employees, covering relevant laws, company regulations, product information, and advertising norms. Each employee is required to avoid exaggeration, deception, and falsification in marketing activities, refrain from engaging in commercial bribery or other unlawful sales practices, and abstain from making false or misleading statements about products, services, or prices, including those of competitors.

Q CASE

Hisense Group Encourages Subsidiaries to Conduct Third-Party Responsible Marketing Audits

Hisense Group consistently encourages and supports its subsidiaries in conducting third-party responsible marketing audits to ensure their promotion and sale of products and services comply with applicable national laws, regulations, and business ethics. Hisense Group also endorses its subsidiary, Hisense HA, in engaging professional third-party organizations to audit and analyze the data and other aspects of its advertisements. Additionally, Hisense HA actively conducts specialized audits within its commercial department to enhance internal marketing risk management and effectively protect the rights and interests of customers and company reputation.

● Enhancing User Communication Efficiency

Hisense Group upholds a user-centred service concept and advances the digitalization of its user service system. When providing diversified user communication channels, Hisense continues to expand service access channels, including Hisense Home APP, WeChat official account, mini-program, service hotline, and e-commerce platform. To enhance customer service efficiency, Hisense Group has established a 24/7 voice self-service system for installation and repair requests, enabling self-service options within the customer management system and ensuring prompt responses to user needs. Additionally, Hisense Group focuses on utilizing AI technology in its intelligent customer contact center to further enhance the efficiency of customer service and communication. For overseas user communication, Hisense Group has integrated its European call center platform to expand user access to communication channels and ensure prompt connectivity and online resolution of user requests.

🔍 CASE

Hisense Group Improves European Customer Service Contact Center

From 2020 to the end of 2023, Hisense Group completed the integration of call centers across 23 European countries. Additionally, Hisense Group established a 290-seat Pan-European customer contact center in Novi Sad to standardize management practices for personnel, operations, quality assurance, and systems, thereby enhancing the quality of overseas customer service. Concurrently, Hisense Group launched an all-media platform to facilitate multi-channel access to user feedback. As of the end of 2023, the Novi Sad customer contact center is capable of providing services in 26 languages. It handles an average of 114,000 calls and processes 91,000 emails every month. The center maintains a stable connection rate of over 95% throughout the year. Moreover, the online resolution rates for problems about brown goods and white goods reached 45% and 17% respectively, which demonstrates the center's ability to promptly respond to and resolve users' issues.



● Increasing Customer Satisfaction

Hisense Group wholeheartedly provides diversified and high-quality services to its customers. Hisense Group actively collects and analyzes customer opinions and suggestions through various channels, implementing proper measures to continually improve the professionalism, timeliness, and accessibility of its services. As a result, as evidenced by a third-party research company's industry NPS survey, the reputation of Hisense Group's products - including Hisense TV, Hisense Air Conditioning, Hisense Refrigerator, Hisense Washing Machine - has consistently improved over the past four years, outperforming the industry average.

Alongside providing high-quality products and services, Hisense Group has established a robust mechanism for addressing and resolving customer complaints. The system promptly responds to and addresses any issues raised by customers, ensuring that their needs are promptly met.

Customer satisfaction survey participation rate

100 %

Customer satisfaction score

98 %

Customer complaint rate below

0.5 %

Customer complaint response rate

100 %

Customer complaint resolution rate

100 %



*Note: 2023 data for user services in China.

Product Responsibility Management

To enact Hisense Group's quality awareness and management strategy, Hisense Group continuously optimizes its product quality management mechanism. This includes implementing full life cycle quality risk control, product quality supervision, improvement initiatives, and product quality training, to effectively promote product quality assurance efforts and ensure the delivery of more reliable and safer products to customers.

Quality and Safety Management System

Hisense Group prioritizes "safeguarding product quality" as fundamental to its operations. Hisense Group strictly adheres to the *Product Quality Law of the People's Republic of China* and other relevant global regulations, including standards such as RoHS, REACH, POPs, and FCM, to ensure rigorous control over product and material quality and safety to continuously enhance user experience. Each subsidiary within Hisense Group has established a robust product quality management framework, encompassing the development of the *Quality Manual*, the *Management Measures for Primary Responsibilities Related to Quality and Safety*, and other institutional guidelines. To manage the quality of exported products, Hisense Group has set up an independent national CNAS-accredited laboratory. Additionally, Hisense Group conducts safety-related certification for overseas products through third-party organizations like TUV and SGS to ensure their quality and safety.

- | | | |
|---|--|---|
| 1 | | Good quality cannot bring the enterprise all the glory, but bad quality leads to huge losses |
| 2 | | The user is the ultimate judge of quality |
| 3 | | Innovation is fundamental to product quality |
| 4 | | Treating suppliers well equates to treating oneself well |
| 5 | | Quality reflects character |
| 6 | | While innovation is crucial, we should never only emphasize innovation but ignore quality standards and traditional methods |
| 7 | | Quality is the traffic light for performance |

Hisense Group's Seven Rules of Quality



Hisense Group continuously builds and enhances its product quality management system to support its subsidiaries in improving their quality management processes and providing users with high-quality, easy-to-use, and durable products. Hisense Group's subsidiaries including Hisense Visual, Hisense Communication, Hisense Air Conditioning, and Hisense Refrigerator have all been certified to ISO 9001, achieving 100% certification coverage.



ISO 9001 Quality Management System Certification for Hisense Commercial Display



ISO 9001 Quality Management System Certification for Juhaokan



Some subsidiaries of Hisense Group, like Hisense Visual and Hisense Mould have obtained **IATF 16949** and other quality management certification in line with their business development needs, comprehensively enhancing the competitive advantages of products and services.



As of the end of 2023, Hisense LCD TVs and laser TVs have obtained **safety certification in North America**.



LCD TV's North American Product Safety & Compliance Certification



Laser TV's North American Product Safety & Compliance Certification

● Closed-Loop Quality and Safety Management

Hisense Group consistently prioritizes user concerns, especially focusing on core products and services. Hisense Group strictly adheres to the PDCA cycle of quality management to ensure product quality and customer satisfaction. This includes identifying and controlling quality risks, conducting product quality testing, managing product recalls, and handling product quality complaints. Additionally, its subsidiaries actively develop quality management systems tailored to their specific business practices. For instance, Hisense Home Appliances continuously refines information management requirements and modifies the quality information management system, starting from compliance, safety, product failures, and product experience management.



R&D QC

- Establish the "4 new" management system and implement pre-production quality planning and user experience management to ensure the quality of new products.



Material QC

- Innovate the incoming goods inspection module of the Quality Management System (QMS) to promptly record information on unqualified incoming goods and provide feedback to suppliers for suppliers to address and resolve.
- Create the supplier change processes based on the SRM system, handle information changes following product development, process, and quality reviews.



Production QC

- Utilize SPC to monitor product quality fluctuations during the production process.
- Implement special inspections, self-inspections, and cross inspections to identify hidden production process quality risks and record them.
- Leverage automation and information technology to enhance the detection rate of product quality issues.



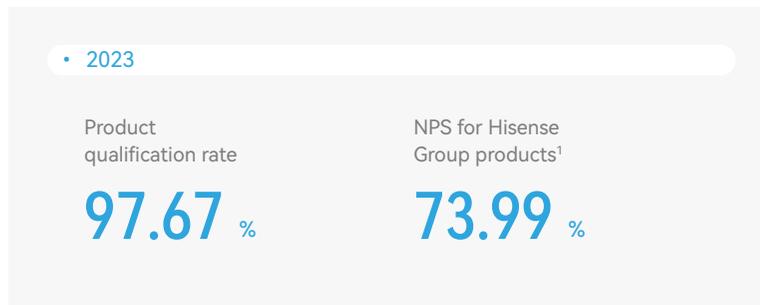
Product Delivery

- Introduce a CRM system on the service side to track the entire process of product delivery, installation, warranty, maintenance, handling of faulty machines, and other market delivery aspects.

Hisense Quality Management Process

● Product Quality and Safety Tests

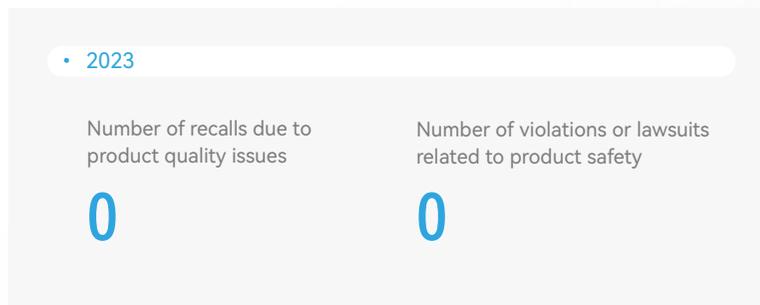
The subsidiary companies within the Hisense Group have established documentation for product quality testing systems, such as *Product Surveillance and Measurement Control Procedures*, *Procurement Inspection Management Measures*, and *Factory Inspection Management Measures*, to standardize methods and processes for product safety testing. All subsidiaries have formed a product quality inspection system that covers parts, production processes, and finished products, and are exploring the applications of digital technologies in product testing. For instance, Hisense Home Appliances applies digital technologies to product testing and energy efficiency certification across its various business lines, enhancing internal testing capabilities and efficiency.



● Product Recall and Complaint Handling

To safeguard consumers' legitimate rights and interests, Hisense Group has instituted the *Quality Incentive Management Measures*. These measures specify management methods and corresponding assessment criteria for product recall incidents stemming from safety standard violations, excessive hazardous substances, or threats to human life or health. Each subsidiary tailors its product recall protocols to align with specific business requirements and establishes and refines its recall mechanisms continuously. As for operations, each subsidiary complies with local policy mandates and consumer expectations to manage product recalls. For instance, Hisense HA collaborates with local sales units or legal firms outside ASEAN markets to devise and execute recall plans.

Moreover, Hisense Group has taken national sampling results, scrutiny from state regulatory authorities, user complaints, and media coverage into consideration and delineated three distinct categories of major quality complaints within its *Quality Incentive Management Rules*, further standardizing the response and resolution processes.



1. Product NPS scores are for TV, air conditioners, refrigerators, freezers, and washing machines in China.

Capacity-Building for Quality and Safety

Hisense Group consistently enhances its quality capacity through quality management training and quality improvement projects, fostering a top-down culture of quality enhancement, and elevating internal awareness and capabilities of quality management.

Quality improvement projects

678

Company-wide quality improvement projects

51

QC activities

1,424

QC quality control teams

602



CASE

Hisense Group Actively Promotes Quality Management Training

Hisense Group implements a quality management system and a whole-process quality management program to enhance its quality and safety capabilities. As part of these efforts, Hisense Group conducts quality management training and other activities. In 2023, Hisense Group collaborated with China Association for Quality (CAQ) to provide training and project coaching on various topics such as Six Sigma process management, project management, DMAIC process, and Six Sigma design. The training was attended by 60 individuals from different functional departments, including the R&D center, the manufacturing center, product line operation center, and quality management departments. This comprehensive training program lasted for 6 months, with a total of 26 days and 208 hours of training. Additionally, Hisense Group organized training sessions on the Interpretation of the IATF 16949 Standard and Problem Analysis Methods and Practical Cases of Process Oriented Thinking for 226 key personnel from relevant departments of its subsidiary companies.

Indicators	Hisense Visual	Hisense Air Conditioning Company	Hisense Washing Machine Company	Hisense Hitachi
Number of quality improvement projects	50	218	243	80
Number of company-wide quality improvement projects	10	1	16	2
Number of QC activities	275	45	10	1,001
Number of QC quality control teams	275	45	10	177



Product Development and Innovation

By leveraging its global R&D infrastructure, sound intellectual property management system, and extensive collaboration with domestic and international educational institutions and businesses, Hisense Group consistently fosters technological and product innovation, establishing a globally competitive framework for product R&D and innovation.

Product Innovation and Development

Hisense Group upholds the core tenet of "technology-based" development, and continually advances technological innovation from the perspective of environmental friendliness, humanization, and health. In 2023, Hisense Group achieved significant breakthroughs in several areas including large displays, low-carbon energy solutions, comfort and health enhancements, intelligent food preservation, high-efficiency washing and drying, as well as consistent airflow and air duct control. These innovations have propelled Hisense Group to achieve industry-leading technological prowess and successful product integration.

Environmental Friendliness

Hisense Group is actively exploring new avenues for green development, and places great emphasis on research and development of fundamental, original, and disruptive green innovation technologies. Hisense Group integrates green concepts into product design, R&D, and production, creating advanced models of green product design that enhance both economic and environmental benefits.

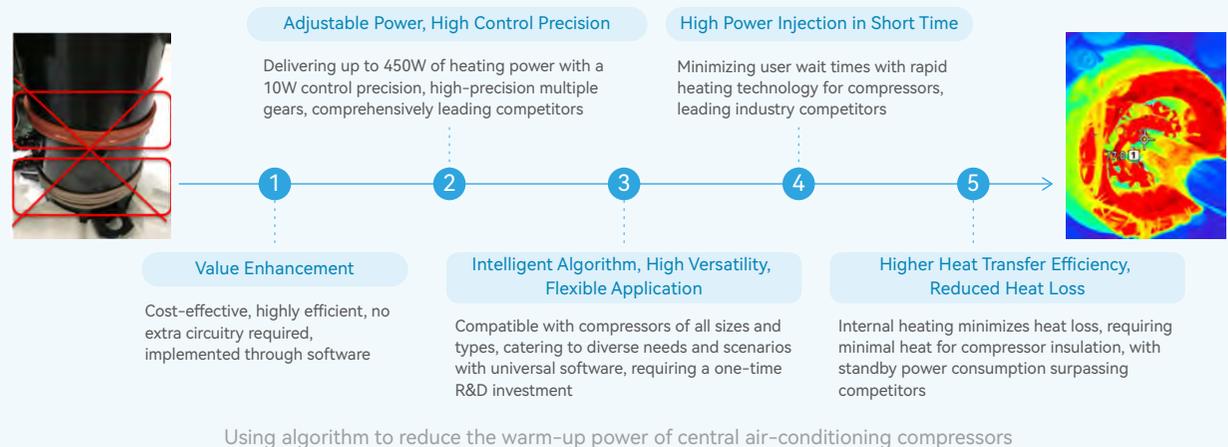
CASE

Hisense Group's Water Villa VF energy-efficient central air conditioners

Hisense's Water Villa VF energy-efficient central air-conditioning series is centered around the characteristics and scenario needs of spacious villas. It pioneers the integration of numerous cutting-edge technologies and concepts. Taking into account diverse architectural requirements and functional zoning, this product series offers comprehensive indoor environment solutions that encompass the entire space, scenario, and time. These solutions address air demand through various features, including radiant floor heating, room temperature zone control, secondary heat exchange in the central air-conditioning water system, intelligent dehumidification technology with variable water temperature, and cooling and heating with radiation technology.



Hisense's Water Villa VF energy-efficient central air-conditioning series



🔍 CASE

Hisense ECO-B Intelligent Building Management System

To actively promote the achievement of the national carbon peaking and carbon neutrality goals, Hisense has introduced the ECO-B Intelligent Building Management System. This system leverages cutting-edge technologies like the Internet of Things, big data, artificial intelligence, and 5G to offer intelligent building solutions that span the entire space, scenario, and lifecycle. The ECO-B system enables comprehensive management of a building's entire lifecycle through an open platform, multi-terminal access, and multi-user, multi-authority control. By reshaping urban areas into intelligent, green, and healthy future urban spaces, the ECO-B system contributes to the development of "green life communities" between human and the space.



Hisense Group ECO-B system architecture

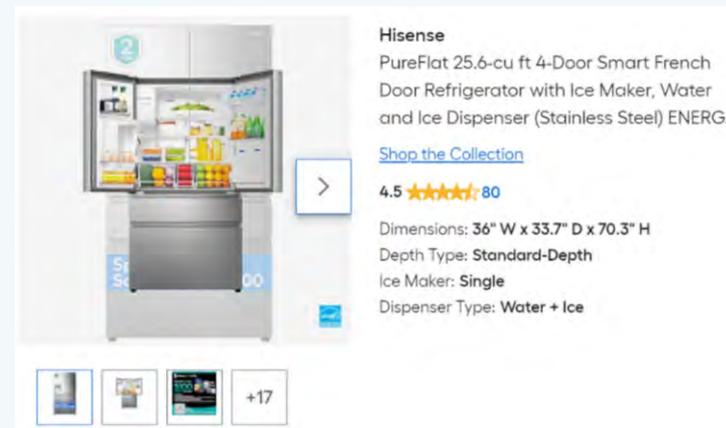
Humanization

Hisense Group strategically allocates R&D resources to optimize product and service quality through seamless global collaboration across after-sales, R&D, and manufacturing processes. By addressing user pain points with innovative R&D, Hisense meets diverse user needs and enhances the humanization of its products and services.

🔍 CASE

Identifying Localised Needs and Improving Product and Services

Hisense Group has established overseas R&D centers in the United States, Japan, Europe, and other regions to conduct extensive research on local users' use scenarios. This allows them to enhance the quality of their products and services based on personalized local needs. For instance, Hisense refrigerators have been upgraded to address specific electricity usage scenarios in American users' garages. The hardware margin of the electric control board has been optimized to mitigate issues such as abnormal tripping. Similarly, by identifying the high-frequency door opening scenarios commonly observed among Japanese users, Hisense refrigerators have improved their refrigeration and frosting logic, effectively resolving problems like frost clogging and poor refrigeration. As a result of these enhancements, the U.S. online rating for Hisense refrigerators increased from 4.1 to 4.5 in 2023, while the return rate for Hisense refrigerators in Japan decreased by 29%.



Health

Hisense Group meets users' demand for healthy living by developing innovative technologies and products focused on health. Hisense Group consistently introduces industry-leading innovative products.

CASE

Hisense Group Launches New Intelligent Healthy Series

In December 2023, Hisense Group introduced the ThinkAir Active Healthy Air Solution, a new series of intelligent and health-oriented products. This solution is driven by backward product development based on user demand and combines technology with scene-specific air requirements. By leveraging innovative applications of IoT and AI technology in the central air-conditioning field, it enables active management of air quality. As a result, users can enjoy a easy, convenient, and efficient experience with intelligent and healthy air, which satisfies their need for clean and fresh air.

In 2023, Hisense Group and its subsidiaries received numerous prestigious awards in technological innovation and product development, earning market and industry recognition for their technological capabilities from home and abroad.

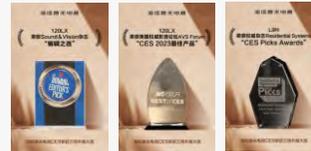


Hisense Group and its subsidiary Hisense Visual, in cooperation with Southeast University, won the **First Prize of Quality Technology Award of China Association for Quality** for the project "Development and Application of Key Technology to Improve Video Presentation Quality of Ultra-High Definition Television".



In January 2023, at the International Consumer Electronics Show (CES2023), Hisense Laser TV won three foreign media awards:

- Sound + Vision Magazine "Editor's Choice"
- AVS Forum "CES 2023 Best Product"
- Residential Systems "CES Picks Awards"



In 2023, Hisense refrigerator products were recognised as **Seven-Starred Energy Efficient Refrigerator in Australia** and won the **2023 CANSTAR Blue Innovation Award**.



Intellectual Property Management

Hisense Group strictly adheres to 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 Group formulates and implements the Intellectual Property Management Measures and other administration measures to ensure standardized management of intellectual property rights. While safeguarding Hisense Group's and its employees' intellectual property rights from infringement, Hisense Group actively cultivates employees' awareness of intellectual property rights, stimulates their innovation enthusiasm, and contributes to the prosperous development of the industry.



In 2023, **thirteen** of Hisense Group's dominant enterprises, including Hisense Visual, have been recognized as national intellectual property advantage enterprises and demonstration enterprises.

Patent Application Management

Hisense Group has established comprehensive guidelines for patent application management. Each subsidiary company is required to align patent application targets with the three-year technology development plan and the R&D project plan. Hisense Group conducts patent layouts for R&D projects and product functions that lead the industry, ensuring comprehensive patent applications for technological innovations or design patents to prevent competitors from copying or imitating Hisense Group's advancements while showcasing its innovation power. This approach contribute to foster a strong atmosphere of respecting and protecting intellectual property rights within the industry.

Intellectual Property Risk Management

Hisense Group has integrated intellectual property risk management into its business processes. It has established intellectual property risk management requirements for all subsidiary companies, suppliers, production agents, and technology providers. Hisense Group also takes specific measures, including patent risk analysis, intellectual property risk investigation and due diligence, genuine computer software utilization, rectification of intellectual property violations, and intellectual property security agreements.

R&D management department of each subsidiary company, each industrial group, and each directly affiliated company

- Organize patent risk analysis for key R&D projects. For projects with significant patent risks, convene an expert committee to discuss and enhance the project.
- Conduct patent risk analysis for major new products before project initiation. For products with significant patent risks, technicians and patent personnel should perform technical and legal circumvention and develop corresponding counter-measures. Production procedures should generally commence only after significant risks are mitigated.



Other departments of Hisense Group's subsidiary companies

- Prior to organizing major exhibitions, conduct intellectual property risk investigations or due diligence for M&A companies or R&D teams.
- Comply with the "Group Computer Software Copyrighted Management Rules" by using copyrighted computer software.
- Actively address any infringements of intellectual property rights based on legal advice from the Legal Affairs and Intellectual Property Department.



Suppliers of major components, production agents and technology providers

- Execute intellectual property guarantee agreements to secure provided products or technologies.
- If challenges in signing an intellectual property guarantee agreement arise due to market positions or other reasons, seek approval from the head of the Legal Affairs and Intellectual Property Department.



Hisense Intellectual Property Management Important Measures

Intellectual Property Litigation and Dispute Handling

Hisense Group has established clear procedures for managing intellectual property lawsuits and disputes. It defines the responsibilities of each company and department, enhancing the efficiency of legal proceedings to ensure they are handled in accordance with the law, timely and effectively.

Notify the department



Each subsidiary company within the Group must promptly inform the Legal Affairs and Intellectual Property Department by email or telephone within the specified time upon receiving intellectual property litigation letters, intellectual property warning letters, or related legal correspondence and evidence.

Report to management



For significant cases, the Legal Affairs and Intellectual Property Department must gather and organize key case information and report to the Group's supervisory leaders within the specified time from the date of receiving the information.

Collect evidence



All departments within Hisense Group should actively support the Legal Affairs and Intellectual Property Department in handling these cases. They should provide litigation-related information promptly and in accordance with specified timeline requirements.

Intellectual Property Lawsuit and Dispute Handling
Process at Hisense Group

Intellectual Property Management Training

Hisense Group regularly provides intellectual property (IP) training for its employees, which includes IPR knowledge, relevant laws and regulations, and institutional policies. This training aims to enhance the understanding of IP management among R&D personnel, patent engineers, and other employees.

For R&D personnel, Hisense Group offers "Intellectual Property Management" courses through Hisense Academy for core R&D personnel in each company. These courses ensure that relevant personnel possess the necessary skills to understand and apply intellectual property rights, as well as to master intellectual property knowledge through training. Additionally, Hisense Group's patent engineers organize regular training sessions on patent-related matters for technical staff in the R&D departments, thereby enhancing their awareness of patent quality.

For patent engineers, Hisense Group conducts monthly training sessions for patent engineers to improve their overall business capabilities, leading to the creation of more high-quality patents. Furthermore, Hisense Group organizes patent engineers to attend external professional training programs organized by the China National Intellectual Property Administration. This training activity enhances their individual patent business capabilities, enabling them to apply their knowledge more effectively in their patent-related work.



In 2023, Hisense Group had patent applications

6,373

including inventions

3,674



In 2023, Hisense Group had approved patents

4,389

including inventions (including patents of overseas companies)

2,262



As of the end of 2023, Hisense Group and its subsidiaries, Hisense Commercial Display, Hisense Hitachi, and Hisense TransTech, have received **intellectual property management system certification**.



Hisense Group's Intellectual Property Management System Certification

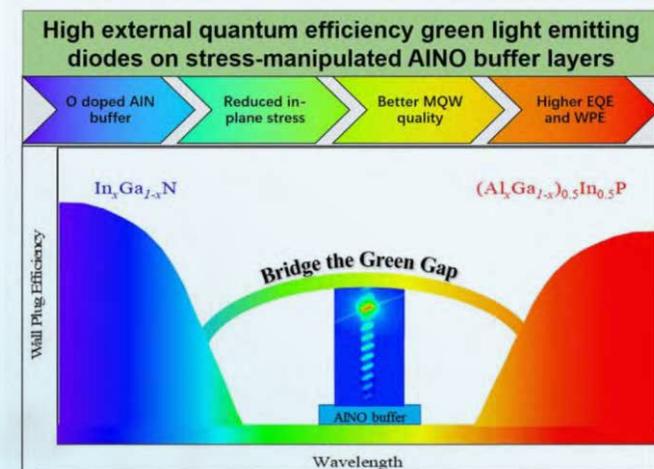
• Exchanges on Technology and Innovation

Hisense Group and its subsidiaries remain dedicated to staying up-to-date with cutting-edge industry technologies and innovation research. They actively engage in technical conferences hosted by associations and organizations, forging close partnerships with upstream and downstream enterprises, domestic universities, and research institutes to continually enhance their innovation capabilities. Hisense Group has established the joint R&D center for New Display Technologies with Xiamen University and the Collaborative Innovation Center for Semiconductor Optoelectronic Materials and Efficient Converter Devices, conducting various collaborative projects. What's more, Hisense Visual, a subsidiary company of Hisense Group, has joined over 30 domestic and international industry associations and technical organizations, including the CSA, IEC TC110, MPEG Working Group, and UHD World Association.

CASE

Hisense Group and Xiamen University co-operate to improve the photoelectric conversion efficiency of green LEDs

Currently, the photoelectric conversion efficiency of existing green LED products in the market is low, resulting in low brightness, significant light energy loss, and excessive chip heating, all of which negatively impact the product's energy efficiency and service life. Hisense Group collaborated with Xiamen University to address the issue of green LED photoelectric conversion efficiency. By introducing high-concentration oxygen to enhance the photoelectric conversion efficiency of green LEDs, the luminous brightness of green LED products has been increased, leading to reduced product energy consumption and presenting a novel approach for the development of high-efficiency green LED products.



3 Building Inclusive Workplace under the Culture of "For Good"



Employees constitute a vital pillar supporting the long-term growth of Hisense Group. Hisense Group steadfastly uphold a people-oriented approach, diligently safeguarding their rights and interests while prioritizing their health and well-being. By fostering open communication channels, we build a diverse development and training framework aimed at inspiring innovation among our workforce. Our commitment extends to establishing a safe, healthy, diversified, inclusive, respectful, and equitable workplace environment, fostering mutual growth for both the enterprise and its employees.

✦ Story of Responsibility | Inheriting the spirit of craftsmanship and cultivating outstanding talents

In 2023, during the inaugural Qingdao Craftsmen's Day, Hisense Group celebrated the theme of "Inheriting the Spirit of Craftsmanship and Advancing Manufacturing Excellence" within the organization. This event showcased the dedication of outstanding craftsmen, which inspired frontline employees to emulate their commitment, and encouraged them to strive for excellence in their respective roles. Such initiatives aim to cultivate exceptional talent characterized by high skill levels and significant contributions to performance.

✦ SDGs addressed in this chapter



Talent development

Centered around the *Talent Cultivation, Value Inheritance, Business Empowerment, and Knowledge Accumulation* as its value proposition, Hisense Group has formulated a comprehensive employee career development management system and continuously optimized the employee promotion and assessment mechanism. At the same time, the Group takes into account strategic and business needs as well as employee demands, and provides corresponding employee training programs, such as new employee training programs, leadership training programs, and professional pathway learning maps for various stages of employee career development and challenges.

Talent Acquisition and Recruitment

Hisense Group attaches great importance to the construction of a diversified talent pool and continues to recruit diversified talents. We have formulated tailored recruitment plans for different positions and aimed at attracting outstanding talents from different fields and backgrounds through diversified recruitment channels. We have increased the headcount for non-first-tier campus recruitment and social recruitment in 2023, and through a myriad of optimization measures, we have achieved a significant increase in the number of employees, with the total number of recruitment reaching more than 3,000 people.

Expand Recruitment Scale and Scope	Optimize Recruitment Processes and Mechanisms	Enhance University-Enterprise Cooperation and Training
<p>Hisense Group significantly expanded its recruitment efforts, focusing on attracting graduates from international institutions and diverse backgrounds. In 2023, the Group recruited a total of 138 overseas students.</p> 	<p>Hisense Group streamlined its recruitment processes to enhance efficiency and quality. This included refining application procedures, improving screening efficiency, and strengthening interview and assessment protocols.</p> 	<p>Hisense Group actively collaborates with over 100 universities to foster talent development and facilitate employment initiatives. By establishing university-enterprise cooperation bases, offering internship programs, and participating in campus job fairs, the Group provides students with practical opportunities and enhanced employment pathways.</p> 

Hisense Group Talent Recruitment Optimization Measures in 2023



CASE

Hisense realises digital global talent supply chain

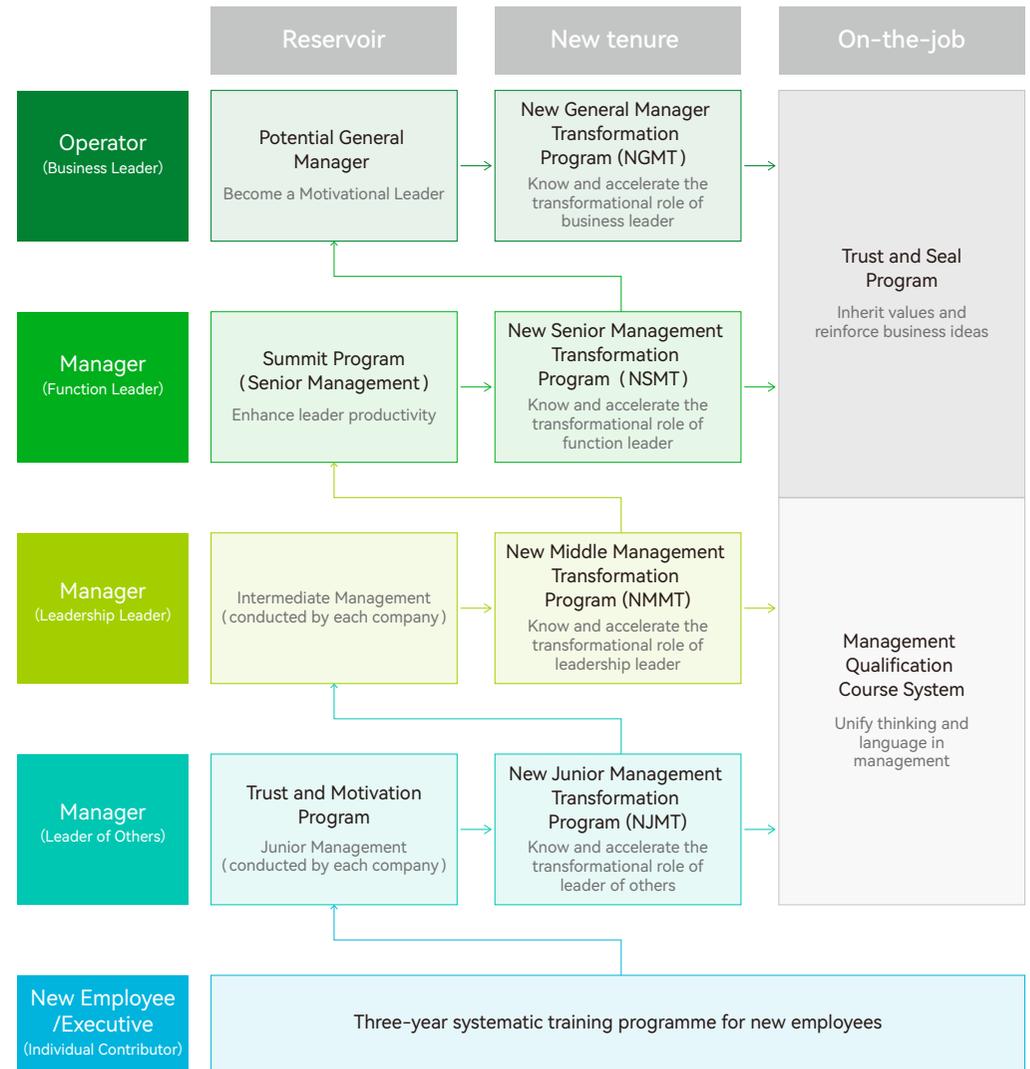
In recent years, Hisense Group has embraced "a user-centric" approach and aligned organizational and talent development goals with the aim of creating value for users. This has ushered in the era of "HR Digital Transformation 2.0" at Hisense Group, leading to the implementation of talent management initiatives, living water platform and employment self-supporting system. These systems have greatly enhanced HR's ability to accurately identify employee development needs and optimize talent utilization. For instance, the *living water platform* enables precise candidate matching based on job requirements. This not only assists HR in identifying suitable candidates for specific roles but also provides employees with visibility into suitable internal positions. This empowers employees to make autonomous decisions regarding their career progression, significantly increasing the ratio of promotion from the internal talent pool and minimizing the attrition of high-performing individuals, and truly becoming "a pool of living water" that improves the efficiency of human resource allocation and stimulates organizational vitality.

● Career Development Opportunity

Hisense Group formulates and implements employee career development and training management systems such as *Hisense Group Job Title Management Measures* and *Hisense Group Qualification Management Measures*, to create a comprehensive career development system, a dual-channel for experts and managers, and to guide the employees to improve their professional and vocational skills. The professional channel is centered on the value of ability, while the management channel is centered on the value of position. Both of them formulate qualification standards for different channels according to their professional skills and career development needs, thus encouraging employees to continuously convert their knowledge and skills into performance to receive promotions and salary increases.

● Talent Training System

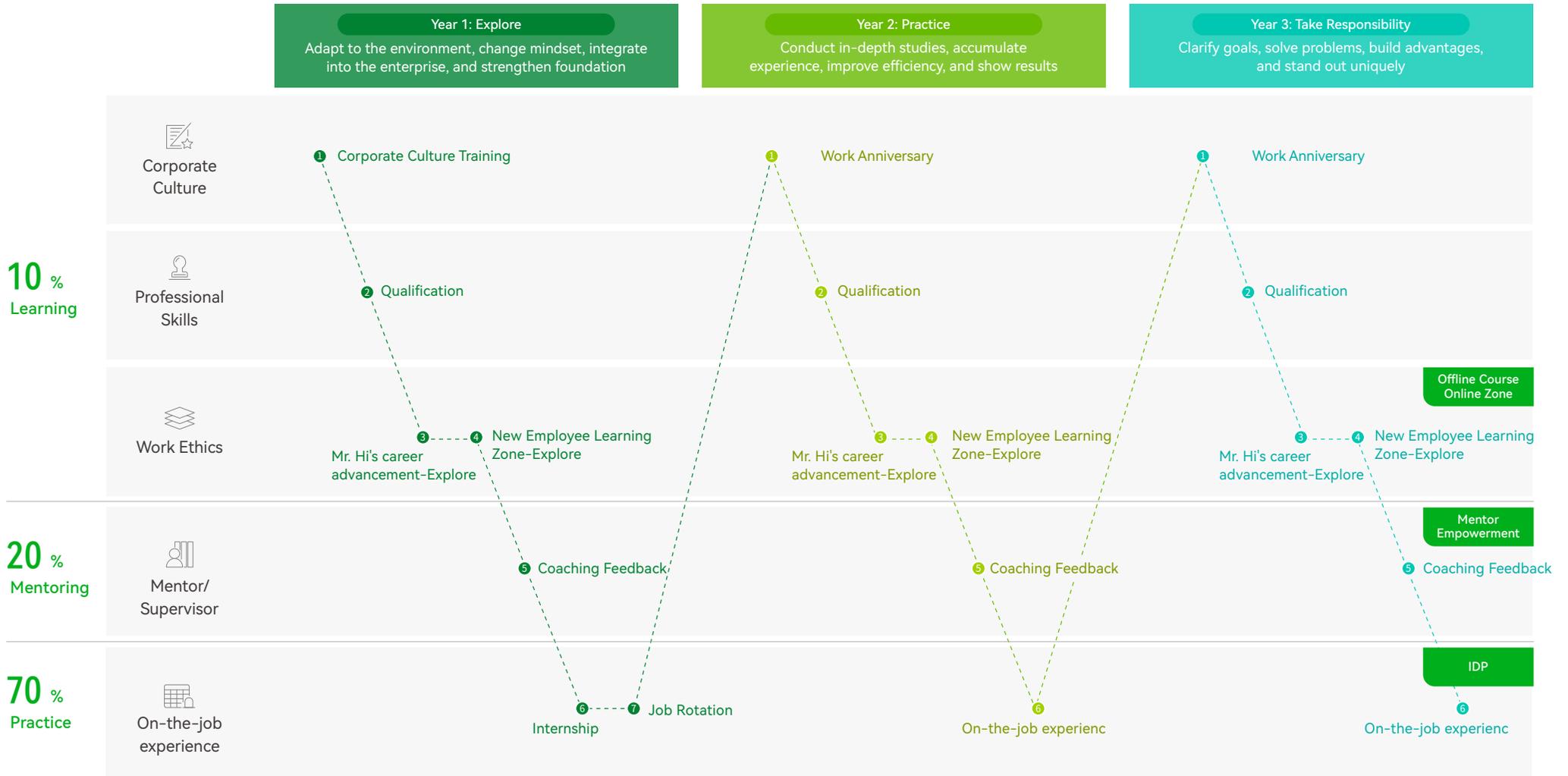
Hisense Group has established a corporate university, Hisense College, to build a talent training system based on the career development of employees. By enabling each company to form a consistent implementation, interconnection and support at all levels, it ensures that employees and managers receive timely training assistance at each key stage of their career development, fully play their value in their current roles and create performance, and build a talent echelon for the company with consistent language and the same desires. The talent training system focuses on the differentiated design of training for employees at different levels (new employees-grassroots managers and reserves-middle-level managers and reserves-operational level and reserves) at different development stages (reservoir period-new tenure period-on-the-job period).



Hisense Group's Talent Training System

New Employee Training

New employee training includes on-boarding training for new campus-recruited employees, three-year systematic training for new employees, and the Trust and Motivation Program, which is tailored to the different stages of new campus-recruited employees, and prepares new employees with job skills and coping strategies.



Hisense Group's New Employee Training System

CASE

Hisense Group new employee training – *Good Beginning* Power Camp

Hisense Group's *Good Beginning* Power Camp, held in September 2023, marked the start of over 700 new employees recruited from the university. This 11-day event featured diverse activities including a president's sharing, onboarding training, sports tournaments, stand-up comedy, debates, fun activities, a 10-kilometer outdoor hike, and a music festival. During this camp, we collaborated with new employees to explore intellectual and physical boundaries, immerse in Hisense Group's culture and ethos, and embody the values of *sincerity, transformation, energy, unity, and passion*. Together, they embarked on a transformative journey, opening new chapters in their careers.



Hisense Group Launches New Employee Training Activities

Leadership Training

Hisense Group offers leadership training programs, including the trust and seal program, the transformation program for new managers at all levels, reserve training program at all levels, and the summit program, aiming to cultivate potential management personnel and thus contribute to Hisense Group's stable and long-lasting development.



Trust and Seal Program

Enhance senior management's grasp of business concepts, including management techniques, strategic changes, and core values.



Transformation Program for new Managers

Using the leadership ladder theory, a systematic training program based on the 1-3-5 transition model (one transition, three elements, five behaviors) is implemented for managers at all levels during their transition phase. This is aimed at enabling them to understand and excel in their new roles, thereby enhancing their leadership capabilities and team performance.



Reserve Training Program

Broaden horizons and improve leadership through centralized training, coaching, etc.



Summit Program

The rapid development of high-potential individuals is fostered through challenges and training, with a focus on cultivating a reserve of managers and the pillar of strategic transition.

Hisense Employee Leadership Training System

Deeper Cooperation and Training Mechanism

Hisense Group has struck a partnership with outstanding resource providers in the industry to facilitate exchanges and learning and talent training. At the end of 2023, Hisense Group has built a number of joint laboratories with our partners in the fields of electronic control, display, and foaming, etc. Both sides work together to invest in manpower and equipment, define projects and goals, and realize more efficient operations through effective mechanisms. Meanwhile, Hisense Group continues to implement the mechanism of external tutoring provided by partners' experts, so as to output joint innovation results and cultivate talents jointly.

Overseas Employee Training

Hisense Group and its subsidiaries have developed talent training programs, encompassing new employee induction, technical training, and management training, which are tailored to align with the Company's overseas business development and the career advancement needs of employees. Additionally, we have actively facilitated the participation of employees from overseas subsidiaries in these training sessions to support their learning and growth.

Q CASE

Hisense Group Helps Train Employees at the Branch in Ethiopia

Based on the business development of Hisense Branch in Ethiopia and the local market demands, Hisense Group has helped the Branch design a talent training program. This program includes new employee orientation, technical training, and management training to enhance the professional skills and management capabilities of local staff, thereby supporting the Company's growth. Additionally, Hisense Group facilitates local employees' training at the Qingdao headquarters to learn advanced production techniques, which are then applied to projects in Ethiopia.



Training for Staff from the Hisense Branch in Ethiopia



Staff from the Hisense Branch in Ethiopia Visited Qingdao Headquarters for Training

Global Vision Training

Hisense Group offers relevant training courses to enhance employees' international vision, cross-cultural communication, and expertise exchanges in the context of its globalization strategy. Hisense College also organizes and carries out the *Global Vision Salon Series* to help Hisense Group implement its globalization strategy.

Q CASE

Hisense College's *Global Vision Salon Series*

In 2023, Hisense College held four sessions of *Global Vision Salon Series*, with the participation of more than 600 cadres and key employees. Among them, two sessions were led by internal executives as they recapped the experience and practices of Hisense Group in globalization process, while the remaining two sessions were led by senior external consultants who gave theoretical knowledge and benchmarking practices on business globalization deployment. Through the four sessions of Global Vision Salon, Hisense Group has raised the awareness of cadres and key employees on cross-cultural work and globalization progress and altogether delivered more than 100 pieces of studying notes.

Employee Rights and Benefits

Hisense Group prioritizes a people-oriented approach and actively safeguards the rights and interests of all employees. The Company continuously enhances the remuneration and welfare system, provides comprehensive support for employees' work and personal lives, and fosters an inclusive and harmonious work environment. This ensures that each employee can fully utilize their potential and pursue limitless opportunities.

● Equal Employment

Hisense Group adheres rigorously to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and all pertinent regulations in countries where it operates. The Group follows internationally recognized human rights standards such as the *UN Guiding Principles on Business and Human Rights*, the *ILO Declaration on Fundamental Principles and Rights at Work*, and *Ten Principles of UN Global Compact*. The Group have established a comprehensive employee framework encompassing labor contract management, compensation and performance appraisal, training oversight, and recruitment administration. These policies are diligently enforced and monitored to safeguard the legitimate rights and interests of employees effectively. Hisense Group staunchly prohibits the use of child labor and forced labor, we conduct education and training on labor rights for human rights in China and overseas to enhance global employees' awareness and respect for human rights.

Hisense Group upholds the principles of equal employment and pay equity, and ensures that all employees and candidates have fair opportunities across recruitment, promotion, training, and compensation compliance. Aligned with principles of fairness and voluntariness, Hisense Group executes labor contracts in strict adherence to legal protocols for signing, renewal, termination, and cancellation. We ensure that employees receive their rightful benefits upon retirement or departure. Hisense Group pays attention to the employment of people with disabilities and provides them with equal employment opportunities and due benefits. Additionally, for our international workforce, we comply rigorously with local employment laws, signing contracts that grant employees their legal entitlements.

• 2023



In 2023, the Group's labour contract signing rate

100 %

In 2023, the Group **did not** have any violations related to child labour and forced labour

In 2023, the Group encouraged Group-wide **ISO 45001 certification**

Human Resource related awards won by Hisense Group in 2023

- *Best Employer Award 2023* by Zhaopin Recruitment
- *Extraordinary Employer Award* by Liepin
- *The Most Influential Employer 2024* by Haitou.cc
- *The Most Attractive Employer 2023* by Shixiseng
- *China Best ESG Employer 2023* by Aon
- *NFuture Best Employer for School Recruitment 2023* by Nowcoder
- *Best Workplace 2023* by Shanghai Pudong New District

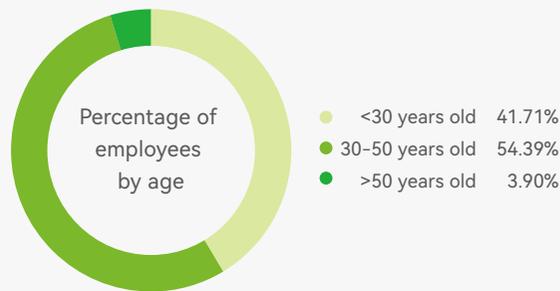
Diversity and Inclusion

Hisense Group is committed to cultivating a diverse, inclusive, respectful and equal working environment that accommodates the diverse cultural backgrounds and diverse needs of our employees. Hisense Group respect the diversity of talents and cultures, and we resolutely eradicate discrimination, harassment and other inappropriate behaviors that occur due to nationality, geography, race, ethnicity, color, gender, age, marital status and other factors. Hisense Group have a well-established complaint or reporting channel, and we encourage our employees to report any inappropriate behavior or bad work practices in their daily work, and the Group will strictly take corrective or disciplinary measures if such behavior or practices are confirmed to be true. There were no incidents of discrimination or sexual harassment and other employee complaints in the Hisense Group in 2023.



At the end of 2023, Hisense Group had a total of **107,429** employees

Employee Composition



2023 Employee Turnover

Percentage of total employee turnover	4.30%	
Employee turnover by gender	Male	5.03%
	Female	3.24%



Hisense Group pays attention to the work situation of employees over 50 years old and provides more support. The turnover rate of employees over 50 years old in 2023 is

0.41 %

● Protection of Women's Rights and Interests

Hisense Group strictly enforces the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Special Provisions for the Work Protection of Female Employees* and other laws and regulations, and we strictly prohibit female employees from being assigned to work on jobs that are prohibited by the country. We strictly implement the marriage, maternity, breastfeeding and Women's Day holidays. Female employees shall not be subject to any reduction in salary, dismissal, or termination of their labor or employment contracts due to pregnancy, childbirth, or breastfeeding. At the same time, we have formulated and implemented regulations on the management of female employees within the Group to protect the rights and interests of female employees from being violated, to ensure that the demands of female employees for occupational equality and career development are addressed, and to support female employees in realizing their self-values in the workplace. In addition, Hisense Group provide diversified benefits for female employees, including providing nursing rooms, providing additional female-specific physical examination services, organizing female workplace care seminars and training, as well as holding various activities for female employees on a regular basis and preparing holiday gifts for working mothers, so as to facilitate the all-around development of the physical and mental health of our female employees.

🔍 CASE

Hisense Group's *Caring for Women's Health* Public Lecture

On July 23, 2023, staff from the Qingdao CDC's Immunization Planning Institute visited Hisense Group, organizing and carrying out the *Four Deliveries, Four Inputs, Four Improvements* health promotion campaign - *Caring for Women's Health* to introduce women's health knowledge to the enterprise. The staff systematically introduced the prevention and treatment of cervical cancer to Hisense female workers from the aspects of causative factors, clinical symptoms, prevention and diagnosis, treatment and so on, so as to make everyone have a more scientific and systematic understanding of the prevention of cervical cancer, and to effectively strengthen their self-protection ability.



● Overseas Employees Localization Management

Hisense Group attaches great importance to localized management, and we regard it as an important cornerstone for overseas development. Hisense Group abide by the employment laws and regulations of the countries where we work, and respect local cultures and religious beliefs. In addition, we take into account the national conditions and requirements of the countries where we work to establish and optimize our employee localized management system, forming a standardized, institutionalized, and normative management system that covers talent recruitment, contract signing, education and training, work responsibilities, remuneration and benefits, and discipline and non-compliance to safeguard the legitimate rights and interests of our employees overseas. Hisense Group also value cross-cultural exchanges and cooperation. Through activities such as exchanges of professional skills between Chinese and foreign employees, sports games, holiday celebrations and cultural exchanges, we allow employees from different regions to build trust, learn from each other as well as grow together.

🔍 CASE

Sports Games of Hisense Group – Connect Hisense Employees Worldwide

On October 23, 2023, the 25th Sports Games of Hisense Group was successfully held at Qingdao Guoxin Stadium. The event featured a variety of competitions with participation from over 1,000 employees and nearly 10,000 spectators, including international teams from various countries. The Games aimed to enrich employees' lives and promote multicultural exchange, fostering mutual understanding, unity, and trust, and enhancing the Group's cohesion.



● Remuneration and Benefits

Hisense Group upholds principles of fairness and respect and offers employees competitive compensation, benefits, and protection. Remuneration is determined based on factors such as position, performance, abilities, and market standards, ensuring equitable compensation for comparable work. Building upon this foundation, Hisense Group have established a sound employee performance incentive system that serves as a catalyst for employees to unleash their full potential, enhance work efficiency, and foster mutual growth for individuals and the Group. This system includes goal-related rewards, performance bonuses, and career development opportunities. To continually enhance our remuneration and benefits management system, in 2023, Hisense Group enhanced the incremental pay management mechanism, building upon the existing remuneration appraisal system. This involved practicing organizational performance management and innovating diverse incentive mechanisms, allowing employees to reap the rewards of operational growth alongside the Group.

Additionally, Hisense Group prioritize employee welfare by not only complying with legal requirements such as the provision of five insurance and housing fund, statutory holidays, and other mandated benefits but also extending additional support. This includes transportation and housing subsidies, allowances for extreme weather conditions, holiday benefits, birthday gifts, and paid educational leave for employees whose children are taking middle school entrance examinations and college entrance examinations.

New employee care	Induction training
Maternity support	Maternity leave Prenatal check-up Breastfeeding leave Paternity leave and other holidays Mother and baby room
Regular holidays	Statutory holidays Paternity leave for children's schooling
Cultural and sports activities	Holiday party Sports events
Health management	Annual check-up Occupational health examination Mental health care service Summer benefits for frontline staff
Insurance cover	Commercial insurance
Family life support	First-time home loan Rental discounts Discounts on home appliances
Holiday sympathy	Holiday greetings and gifts Special buses to transport employees from remote areas during the Spring Festival New Year's Eve dinner for employees who stay in the factory



🔍 CASE

Green welfare - Hisense Group's pollution-free vegetable supply

Hisense Group ensures its employees' food safety by operating a pollution-free vegetable base in Pingdu, covering an area of 320 acres. This base annually supplies market-beating prices for organic vegetables and sustainable farming practices to both staff dining facilities and individual employees. Emphasizing health and freshness, the base meticulously monitors and controls the planting and breeding processes to maintain vegetable and livestock quality. The *Vegetable Mall* online platform enables swift product stocking and same-day delivery, garnering widespread employee appreciation and trust.

● Employee Care

Hisense Group actively practices its welfare and care systems, offering tailored programs for various employee categories, including special hardship assistance for those in severe difficulties and additional support for retirees beyond basic retirement benefits. Hisense Group also encourage employees to pursue personal interests outside of work and organize diverse cultural and recreational activities to promote a better work-life balance and enhance their sense of belonging to the Group.

🔍 CASE

Hisense Retired Elderly Care Activities

Hisense Group has grown into a global enterprise with an annual revenue of more than RMB 200 billion, which is inseparable from the old colleagues who have made outstanding contributions to Hisense Group, and inviting the retired old colleagues to "back home" before the Spring Festival every year has become the cultural heritage of Hisense. On the 8th of February 2024, Hisense extended invitations to a group of retired colleagues. Accompanied by the chairman of the board and other executives of the Hisense Group, they were cordially welcomed to the Hisense International Centre to explore the Group's newly constructed headquarters building, immerse themselves in the latest advancements in innovations and smart homes, and engage in conversations centered around Hisense Group's friendships and growth.



🔍 CASE

Hisense's New Event - Harry Music Festival

In 2023, an innovative initiative by Hisense Group, Harry Music Festivals were held in Huangdao Industrial Park, Hisense Plaza (a special session for model workers and craftsmen), R&D Center, and Heduo Industrial Park. The festivals witnessed the participation of 7,000 employees and generated a strong response. Aimed at providing soul-healing through music, this music festival conveys the power of positivity and fosters a profound sense of Hisense's humanistic care among employees.



● Employee Communication

Hisense Group places great emphasis on effective communication and engagement with its employees. We have implemented robust communication and feedback channels, including public mailboxes and internal forums, to gather opinions and suggestions on corporate culture, management practices, policies, and more. This enables us to listen to our employees' voices and address their needs. Specifically, we have established a dedicated performance communication mechanism to address performance-related issues. This includes discussions on goal-setting, process communication, feedback on results, and ongoing support tailored to individual working conditions, promoting mutual growth for both employees and the Group.

Annually, Hisense Group conducts diverse employee satisfaction surveys covering various aspects such as human resources services, dining facilities, and Hisense Hospital. Hisense Group thoroughly analyzes improvement feedback and suggestions from these surveys, assigning relevant departments to follow up and implement improvements and provide targeted feedback to employees, ensuring a closed-loop management system that enhances overall employee satisfaction.

In instances of work-related problems or misconduct, employees can voice their concerns through public mailboxes, triggering immediate investigations by respective departments upon receipt. Furthermore, the Group upholds strict confidentiality for whistleblowers during investigations of complaints.

• 2023



Employee service
satisfaction

92.74 %

Satisfaction with
dining facilities

95 %

The overall Employee
Engagement score
(out of 5)

4.41

Satisfaction with
apartment

98.67 %

Satisfaction with
Hisense Hospital

99.49 %

Occupational Health and Safety

Hisense Group always adheres to the policy of *safety first, prevention first and comprehensive management*, and has established and improved the occupational health and safety management system so as to ensure safe production throughout the entire process of production and operation, and to provide solid protection for the working environment and personal safety of its employees through a number of initiatives such as risk-source investigation, risk assessment, safety IT building, and employee physical examinations.

● Safety Management

Hisense Group strictly complies with the *Work Safety Law of the People's Republic of China*, the *Prevention and Control of Occupational Diseases Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, and the requirements of laws and regulations of various operating locations, and has formulated a number of management systems, such as the *Measures for the Prevention and Control of Occupational Disease and the Regulations for the Management of Safety Training*, in order to standardize and guarantee the safe operation of the business. The subsidiaries of Hisense Group have passed the ISO 45001 Occupational Health and Safety Management System Certification as required, of which Hisense (Chengdu) Refrigerator Co., Ltd., Hisense Rongshen (Yangzhou) Co., Ltd. and Hisense Rongshen (Guangdong) Refrigerator Co., Ltd. have passed the Class I Safety Standardization Certification of the Machinery Industry in 2022 and 2023, respectively.

In accordance with the requirements stipulated in the *Management Measures of the Group's Safety Professional Committee*, the Group has integrated the Group's specialized safety resources and set up 10 professional safety committees to clearly define priorities of the Group's safety work, sort out the professional safety requirements and standards in a systematic manner, and carry out the production safety responsibility mechanism, so as to continuously improve the occupational health and safety management level.

Hisense Group and its subsidiaries have established the safety target of "zero accident", and have made efforts to reduce the recordable injury rate of 200,000 working hours by 20%. In order to achieve the occupational health and safety goals, Hisense Group have incorporated the safety goals into the Group's performance evaluation, established a monthly, quarterly and annual safety evaluation mechanism in accordance with the *Measures for the Management of Safety Production Performance*, and created a *Special Incentive Package for Safety system* to provide special incentives to the organizations and personnel who have achieved the safety goals; and established the *Safety Innovation and Improvement and Incentive Management Measures* to provide incentives for various types of innovation in safety. In 2023, Hisense Group's recordable injury rate of 200,000 working hours dropped by 47.9%.

In 2023, Hisense Group introduced production safety equipment such as Lidar, intelligent AI monitoring, gravity carpet and human-material differentiation light-beam muting sensor, providing *multi-protection* for equipment and facilities and workplaces with greater risks, pushing forward basic safety construction of equipments, and effectively safeguarding the health and safety of our employees.



01

IT-based development

Hisense Group has completed the second phase development of its workplace production IT platform, integrating AI monitoring to enhance employee behavior management and safety oversight. Hisense used an intelligent management system for forklifts within their facilities, regulating speed limits and driving routes to bolster safety management efficiency and accuracy.



02

Third Party Professional Inspections

Annual inspections of hazardous working environment points are conducted by external, independent third parties. Based on the inspection outcomes, targeted safety enhancements are implemented, particularly focusing on daily operational aspects of individual protection equipment and occupational hazard facilities. This ensures that employees are provided with a conducive and safe working environment.



03

Identification of Major Dangerous Sources

Each company within the Group has developed management systems to identify and assess major sources of danger, conducting regular inspections to mitigate identified risks. They prioritize the control of critical risk sources based on safety risk assessments and oversee the management of potential major accident risks.



04

Risk Assessment

Every year, each company within the Group conducts a thorough safety risk assessment. This also encompasses the timely reassessment of situations triggered by any changes. This proactive approach ensures that potential risks are promptly identified and mitigated, maintaining the highest standards of safety and operational integrity.

Key Safety Management Measures

Chemicals Management

Hisense Group has formulated the *Safety Management System for Hazardous Chemicals* in accordance with the *Work Safety Law* and the *Regulations on the Safe Management of Hazardous Chemicals*, etc., and revised it in 2023, which adds new requirements for the safe management of the entire process of hazardous chemicals selection, procurement, transportation, delivery and storage, distribution and use, disposal, abolition, and emergency response management, and adds requirements for the storage and use of special gases. In addition, we carry out regular chemical safety education and training for relevant employees to ensure that employees have the necessary knowledge of work safety, safe operation skills and risk control capabilities, and at the same time, we regularly organize and carry out skills training on emergency response, knowledge of emergency response, self-rescue and rescuing one another, and evacuation and escape, so as to improve the emergency response capabilities of employees.

● Health Management

Hisense Group attaches great importance to the management of employees' physical health and has been continuously upgrading the health management system covering all employees. We have formulated the Administration Measures for Physical Examination of Working Employees, which clearly stipulates the contents of health examination for working employees, categories of physical examination, and management of physical examination files, etc. Hisense Group also organizes regular physical examinations for employees, including routine checkups and special physical examinations for female employees, at Hisense Hospital. In addition, Hisense Hospital has established medical alliance cooperation units with eight hospitals including Qingdao University Affiliated Hospital, Qilu Hospital (Qingdao), and Haici Hospital, and regularly provides basic medical services such as expert consultations, consultations, and health management. Our medical checkups use advanced medical equipment that is identical to those used in three-A hospitals. Before the checkups, the content of the medical checkup packages is designed according to the different conditions of the employees, and after the checkups, we utilize the Employee Health Management System that is independently developed by Hisense to manage different employees' health statuses. For instance, chronically ill employees (Health Classification Level 2) enrolled in the chronic disease management program are given control targets, receive regular follow-up reminders, and provide feedback on treatment outcomes, ensuring long-term, cyclical, and standardized management. Consequently, the prevalence of chronic diseases among Hisense Group employees has significantly decreased, remaining well below the national average.

The employee health management system is a three-way linkage between the physicians, health administrators, and employees, forming a closed-loop management workflow and realizing the digitalization of the entire process before, during, and after the checkups, which helps the Hisense Group understand the health status of its employees in a more comprehensive manner and provide them with personalized health management and care.



Hisense Employee Health Management Center

● Prevention and Control of Occupational Diseases

Hisense Group strictly abides by the *Prevention and Control of Occupational Diseases Law of the People's Republic of China*, the *Provisions on the Administration of Occupational Health at Workplaces* and other laws and regulations, and has formulated the *Measures for the Administration of Prevention and Control of Occupational Diseases*, adhering to the policy of *prevention as the mainstay, prevention and control in combination with classified management, and comprehensive management*, and implementing the management system of *supervised by the Group company, accountable by the directly-affiliated enterprises, graded management at different levels, fixed-term and quantitative assessment* to take responsibility for the prevention and control of occupational diseases and to strengthen the administration level of such prevention and control. For employees who are exposed to hazardous jobs, Hisense Group issues the *Notice of Occupational Disease Hazards* before they start work, and carries out pre-work, on-the-job, off-the-job and temporary occupational health checkups. The Group will identify the objectives and targets of occupational health management, carry out source management, continuously reduce occupational health risks, improve occupational health management performance, and realize *zero accident* in occupational health for the whole year of 2023.

The prevalence of hypertension among Hisense Group employees is

5.66%

• far lower than the national average prevalence rate of **27.00%**

The prevalence of diabetes among Hisense Group employees is

2.22%

• far lower than the national average prevalence rate of **11.90%**

The prevalence of obesity among Hisense Group employees is

12.49%

• far lower than the national average prevalence rate of **16.40%**

● Safety Culture Development

In order to raise the safety awareness of all employees, Hisense Group actively carries out safety culture building and training activities in various forms. 2023, Hisense Group made full use of internal and external platform to promote the safety culture, with a total of 135 times of safety guidance issued on the internal platform and a total of 39 times of safety related reports or honors on the external platform, which has effectively raised the voice of the safety management, thus making the concept of safety production rooted in every employee's heart.

Hisense Group organized special training on *Machinery Risk Assessment, Equipment Inspection and Maintenance Operations and Electricity Safety*, etc., and turned all three-level safety education and training for workers at all domestic production sites into online training so as to improve management compliance and management efficiency. In 2023, the number of Hisense Group employees participating in safety training reached 138,926.

Specialized Training

All levels of safety management personnel and the main person in charge of the unit are required to receive training and obtain a *certificate of safety training*, the content of which includes national policies and laws related to work safety, basic knowledge of work safety management, domestic and foreign advanced experience in work safety management, typical accidents and emergency rescue cases.



Training for Other Employees

New employees of the Hisense Group's subsidiaries are subject to a strict *three-level safety training and education* program, and are required to pass an examination on Hisense's online learning platform and complete the examination and sign a file before they are allowed to start work.



Emergency Response Plan

Regularly revise the emergency response plan, and organize and carry out *real-life* exercises as required so that we can continuously optimize and improve our emergency response capability.



Safety Events

Conduct activities such as safety month, fire fighting demonstrations and other large-scale safety-themed activities to cultivate the safety culture in our company.



🔍 CASE

Hisense Group's Second Fire Fighting Games

In December 2023, Hisense Group's Second Fire Fighting Theme Sports Games was held, which was aimed to let the staff learn fire fighting and emergency response knowledge in fun games. The fun games include *cross the fire*, *water pipe connection*, *triathlon* and other solo or team activities. From quiz to the practical fire rescue, this transition will help employees to grasp the knowledge of fire safety and turn it into self-rescue knowledge and rescue practice, which helps employees learn and master practical fire fighting skills and enhance fire safety awareness in various interesting competitions.



Hisense held fire fighting games event

4 Collaborating and Empowering to Create Diversified Value

✦ Story of Responsibility | Actively Participating in Public Welfare and Supporting Rural Revitalization

Hisense HA focuses on supporting the development of the collective economy in villages and has set up the *Landi River North Forestry Association for the People*, which utilizes unused land to dredge more than 16,000 meters of ditches and plant more than 4,000 splendid begonias and ash trees. In addition, Hisense HA have improved rural infrastructure by bringing in running water and sewage pipes, installing fitness equipment, and others to boost the construction of beautiful villages.

✦ SDGs addressed in this chapter



Hisense Group upholds the belief in common and shared progress, insists on making progress, sharing development and creating value with suppliers and partners. Hisense Group collaborates to create a win-win situation, fuels the development of the industry, actively fulfills its social responsibility, and jointly creates a good environment of peace and stability, equality and mutual trust, harmony and win-win, fairness, honesty and openness.



Empowering Supply Chain Sustainability

Hisense Group upholds the concept of win-win cooperation, constructs a sustainable supply chain, and works with upstream and downstream stakeholders to build a sustainable industrial ecosystem. Hisense Group has set up a Supply Chain Committee to coordinate and manage the sustainable development of Hisense Group and its subsidiaries with respect to suppliers throughout the entire life cycle, and to enhance the high-quality development of the value chain.

Sustainable Procurement Governance

The Hisense Group Supply Chain Committee, chaired by the top manager of Hisense Group, is responsible for formulating sustainable procurement strategies and policies and supervising the implementation. In addition, Hisense Group incorporates sustainable procurement into the performance evaluation of procurement personnel and encourages procurement personnel to emphasize environmental protection, the balance between social responsibility and economic benefits, and the consideration of long-term interests in the procurement process.



Top Managers

Senior management, acting as chairpersons, are responsible for developing and approving the sustainable procurement strategy, ensuring alignment with Hisense Group's overall strategy, and supervising its implementation.



Purchasing Manager

Procurement managers are responsible for devising and executing sustainable procurement strategies, which include establishing procurement standards, evaluating suppliers' sustainability credentials, and supervising procurement practices.



Purchaser

Purchasers are accountable for executing purchasing plans aligned with sustainable procurement strategies. Their responsibilities encompass selecting suppliers that meet sustainability criteria, monitoring suppliers' sustainability performance, and nurturing long-term supplier relationships.

Sustainable Supplier Management

Hisense Group incorporates sustainable development into the whole life cycle management mechanism of suppliers, and works with suppliers to practice responsible purchasing, and empowers the sustainable development of suppliers and builds a responsible ecosystem while implementing the requirements of Hisense Group's supply chain sustainable development.



CASE

Hisense Group Supports Subsidiaries in Supplier CSR Management

Hisense Group prioritizes the sustainable development of its subsidiaries' supply chains and supports the sustainable procurement practices of its subsidiaries. Guided by Hisense Group, Hisense Visual, a subsidiary, has established a Corporate Social Responsibility Agreement. This agreement outlines requirements for suppliers regarding labor, health and safety, the environment, and business ethics, encouraging suppliers to adopt sustainable practices.

Supplier Admission

Hisense Group clearly stipulates the supplier admission process and the procurement process, which clearly stipulates the supplier admission process and the procurement process of Hisense Group and its subsidiaries, and defines the threshold qualification standards of the different categories based on aspects such as material quality, resource classification, and procurement risk, etc. In terms of sustainable supply chain development, Hisense Group focuses on evaluating suppliers' performance of social responsibility in compliance management, social responsibility, green development and other aspects.

Supplier Assessment

Hisense Group pays close attention to the social and environmental management behaviors of its suppliers constantly and takes active measures to ensure the compliance and sustainability of its supply chain. Hisense Group implements the supplier evaluation management process in accordance with the Supplier Evaluation Management Measures. The procurement department initiates supplier assessment and is responsible for the supplier's Delivery (D) evaluation, Cost (C) evaluation, and Historical Contribution (H) evaluation. The R&D department is responsible for the Technical (T) evaluation, and the quality department is responsible for the Quality (Q) evaluation. After conducting the evaluations of the five dimensions, the procurement department classifies suppliers into five levels, namely excellent, approved, restricted, disqualified and prohibited, according to the scoring results. Also, the procurement department carries out differentiated management for suppliers at different levels, and gives priority to excellent suppliers in resource planning, new product development and other aspects of allocation.

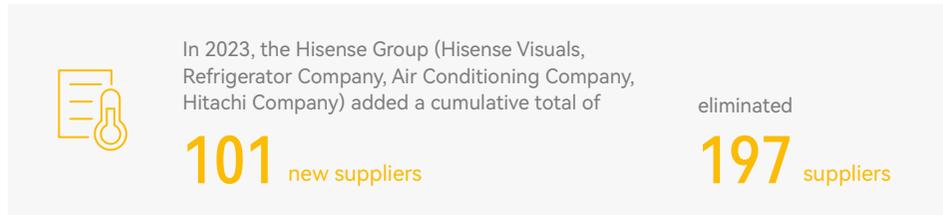
Meanwhile, Hisense Group has developed a mechanism for releasing supplier evaluation results and a SRM system for supplier relationship management. Hisense Group's procurement department announces the evaluation results to suppliers on a quarterly basis, discloses the suppliers' monthly TQDCH (Technology, Quality, Delivery, Cost, Historical Contribution) scores and the items that need to be improved by the suppliers, and communicates with the relevant suppliers about the progress of the improvement in a timely manner. Subsidiaries that have established SRM systems are required to disclose their suppliers' scores for each TQDCH dimension on a quarterly basis in accordance with Hisense Group's management requirements.

Supplier Grading	Selection Requirements	Management Measures
Excellent Supplier Green	<ul style="list-style-type: none"> TQDCH composite score of 90 and above 	Priority given to them in resource planning, new product development, share allocation and long-term agreements
Optional Supplier Orange	<ul style="list-style-type: none"> TQDCH composite score of 60 and above 	Ensure equitable resource planning, new product development, share allocation, and long-term agreements
Restricted suppliers Yellow	<ul style="list-style-type: none"> TQDCH quarterly composite score of 60 or less, or monthly quality score of less than 60 	Manage restricted suppliers through dedicated meetings with their senior management to limit their involvement in new product development and share allocation
Eliminated Suppliers Red	<ul style="list-style-type: none"> Two of the four consecutive quarterly material evaluation scores are below 60, or Two consecutive quarterly quality scores are below 60, or Significant quality problems have occurred 	Initiate the material elimination process
Prohibited suppliers Black	<ul style="list-style-type: none"> Supplier has had more than half of the categories of materials supplied rated as eliminated twice within the Group, or is engaged in serious violations of business ethics such as bribery 	Ban those suppliers within the Group, terminate cooperation immediately, and cease any future collaborations

*Note: Each score is calculated based on a full score of 100.

Supplier ESG Performance Assessment

In terms of supplier performance evaluation, Hisense Group incorporates ESG-related indicators into its supplier performance management and evaluation methods, and sets sustainability-related performance requirements for suppliers of different levels, so as to regulate supplier's targets for water consumption, minimum salary of workers, and work-related injury rate. Hisense Group will regularly track the progress of suppliers' sustainability goals.



Supplier Training

Hisense Group has always emphasized the exchange and communication with suppliers, and has empowered them through various means such as high-level supplier training. Hisense Group conducts supplier training every year, which includes topics such as procurement licensing process, material quality management, integrity and honesty, etc., to help suppliers improve their managerial practices and enhance their quality control capabilities.

CASE

Hisense Group Organizes Supplier Training Activities

In 2023, Hisense Group organized training for suppliers on the licensing process for new product bulk purchases, handshaking instructions for working with suppliers to improve material delivery quality, etc. In addition, the company also conducted integrity training for major suppliers, introducing principles of quality integrity and continuous integrity concepts to suppliers so as to build up an atmosphere of quality integrity among suppliers. Hisense Group reiterated the bottom line of integrity to suppliers, providing clear reporting channels through phone numbers and email addresses. In the subsidiary Hisense Visual, Hisense Group successfully provided training to over 300 mid-to-high-level suppliers representatives.



Empowering Industry Development

Hisense Group focuses on and advocates green development together with partners in the industry chain, actively collaborating with business partners upstream and downstream of the value chain to promote sustainable innovation and transformation of the business ecosystem, and applying higher sustainability standards to its business, starting with greener, safer, and smarter products and services, and moving to more diverse, inclusive, and trustworthy consumer experiences.

Business Cooperation

- Cooperated with Wanhua Chemical to develop ultra-low-density thin foam technology, enabling Hisense's ultra-thin products to reach a 33mm wall thickness, which is 44% less than the wall thickness of ordinary products, and reducing foaming material by 1.92kg per product, which can reduce carbon emissions by 6.86kg.
- Cooperated with upstream and downstream enterprises in the global supply chain, such as BASF, Honeywell, Texas Instruments, etc., to build a green ecosystem by sharing or co-developing leading technologies and solutions.

Industry-University-Research Cooperation

- Increase cooperation with government, universities and research institutions, carry out seminars and symposiums, participate in international and domestic industry exchanges, complement each other and grow together, and contribute our energy and wisdom to push forward the economic and social development of the region and to promote the development of the industry.

Hisense Group actively leads or participates in the formulation of international and domestic industry standards, fully exerts the supporting and leading role of standards and technical specifications on the development of the industry, and helps the industry to step forward to a new stage of high-end, intelligent and green development. In addition, Hisense Group actively participates in industry organizations and serves as an important player, joining hands with partners to improve the development of the industry and its innovation, and contributing to the realization of the "carbon peaking and carbon neutrality goals".

CASE

Hisense Group Empowers Global Laser Display Technology and Industry Develop in Higher Quality

Hisense Group was invited to participate in the 2023 Global Laser Display Technology and Industry Development Conference, which was held in September 2023 in Qingdao. Laser display is a technological and industrial upgrade driven by technological innovation. Hisense Group has created a new leading industry in China's high-end manufacturing through innovation, contributing to the optimisation of the industry chain's resource allocation and the promotion of the in-depth fusion of laser display technology with advanced manufacturing, smart cities, cultural and entertainment tourism and other fields.



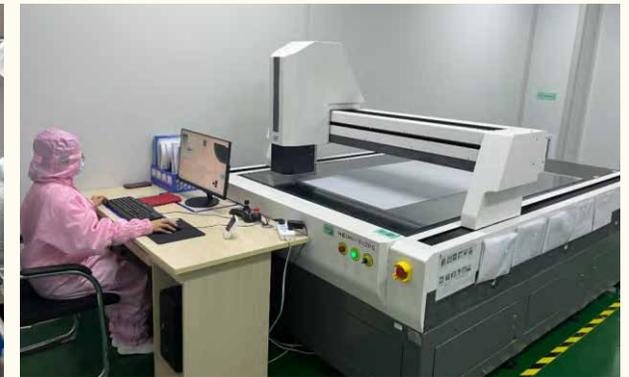
Hisense Group attended the 2023 Global Laser Display Technology and Industry Development Conference

CASE

Hisense Group gathers enterprises to Achieve Win-Win for All Parties

As one of Hisense TV's three major production sites in China, Hisense Guiyang is based in Guizhou and is deeply rooted in the Southwest market. It continuously introduces supporting enterprises, improves the local supply chain, and expands the proportion of local supporting and supplying enterprises. At the same time, as a "chain-leader" enterprise, Guiyang Hisense utilizes its own advanced and mature manufacturing experience to empower local small and medium-sized enterprises, so that the supporting enterprises can synchronously implement the digital transformation, and information on production and inventory can be interconnected among the enterprises, which greatly reduces the manufacturing and logistics costs of the supporting enterprises.

In recent years, through its development, Hisense Group has driven the growth of the scale of remote control, cases, PCBA, back panel and other related TV supporting industries and has incubated two enterprises with sales of more than 100 million. At present, Hisense Group and its subsidiaries have 12 supporting enterprises in the province, helping to unite the industry chain and highlighting the agglomeration effect.



Production Workplaces of Hisense Group and Supporting Enterprises

Empowering Smart City Operation

Smart cities represent a critical stage in implementing ESG practices. Hisense Group integrates the ESG concept into smart cities, adheres to the Smart City to Faith, adheres to the people-oriented, anchored in the application-oriented, builds a green and sustainable development model that encompasses all stages of product development, production, and service delivery. In line with this model, Hisense Group creates innovative products and solutions such as the Urban Cloud Brain, the Leadership Cockpit, the Intelligent Traffic Control System, and the Intelligent Rail Transit Station. By doing so, Hisense Group facilitates comprehensive upgrades and enhancements in urban governance, extending beyond traffic management to encompass broader aspects of city management. These efforts position Hisense Group as a leading AI expert in urban management, contributes to green and high-quality development across cities.

CASE

Empower Public Transport to Cater for Passenger Flow Layout

Hisense Group utilizes big data and other cutting-edge technologies to optimize public transport operations by monitoring passenger flow to arrange buses. This approach ensures improved service levels while effectively reducing operating costs. In the case of Xining, the optimization of 60 bus routes has resulted in a daily average reduction of inefficient mileage by approximately 22,000 kilometers. As a result, monthly operating costs have been reduced by around RMB 5 million. Furthermore, Hisense Group has successfully expanded its presence outside the domestic market by securing public transport projects in Ethiopia and Laos through a competitive bidding process, accelerating the delivery of high-quality services overseas.



Bus is Arranged in Accordance With Passenger Flow

CASE

Empower Urban Traffic to Allow Vehicles Run Smoothly Green Wave Band

Hisense Group has demonstrated innovation in urban traffic management by pioneering the automatic tuning of regional green wave systems. This approach enables the identification of specific lines and time periods suitable for implementing green wave synchronization. By integrating these green waves into a network, regional efficiency can be enhanced by more than 20%, resulting in a reduction of vehicle stops from 10 to 2. This optimization enables a smoother and continuous flow of vehicles, providing an improved travel experience.

Data analysis reveals that the use of the Hisense intelligent traffic system in a city leads to a 10% increase in traffic flow rate. This system also reduces the number of vehicle stops and the amount of time vehicles spend on the road by 30%. Furthermore, it contributes to a 20% reduction in exhaust emissions, thereby effectively addressing traffic congestion-induced carbon emissions. The utilization of 10,000 sets of Hisense signaling machines is estimated to bring about indirect economic benefits of nearly RMB 20 billion per year. Additionally, the fine-tuning of traffic signals results in reduced waiting time for parking and enhanced traffic efficiency, leading to decreased motor vehicle fuel consumption and exhaust emissions.



Regional Green Wave Auto-tuning

Q CASE

Empower the *Smart Brain* for Railway Transportation

Hisense Smart Station addresses the needs of cost reduction and efficiency, active service, and safe operation by leveraging video AI and a scenario-based engine. This approach ensures the efficient management of business processes and proactive identification of safety events, effectively mitigating the high operational pressure and delayed detection of potential hazards. This led to an enhanced and user-friendly experience. Currently, Hisense Smart Stations are operational in Qingdao Metro Line 6, Jiangyin Hospital of TCM Station on Wuxi Metro Line S1, and Provincial Medical Station on Guiyang Line 2, among others.

For instance, in Qingdao, Hisense Group has transformed Line 6 into the nation's first fully intelligent station line, featuring comprehensive coverage, the most complete operational scenarios, and the highest level of intelligence. This includes 20 smart stations and 66 smart operational scenarios, leading to a 60% increase in operational efficiency and an annual manpower cost reduction of 10 million.



Smart Stations Help Reduce Costs and Increase Efficiency

Q CASE

Advanced Intelligent Transportation Technology Successfully Spreads Overseas

In line with its commitment to social responsibility, Hisense Group actively contributes to the development of local transportation in overseas areas by providing advanced intelligent transport technologies. This helps improve the travel experience of citizens, alleviate traffic congestion, decrease exhaust emissions, enhance air quality, and further promote the sustainable development of urban transport.

Hisense Group has successfully implemented an intelligent bus system for Addis Ababa, the capital city of Ethiopia. This pioneering initiative applies advanced technology and innovative will concept to revolutionize local bus travel by delivering the following notable enhancements:

- 📌 **Bus punctuality increased by 20%:** The intelligent dispatching system and real-time road condition monitoring enable buses to optimize their routes and avoid traffic congestion, resulting in improved punctuality.
- 📌 **Average waiting time for public transport reduced by 15%:** The intelligent bus stop sign system displays real-time information on bus arrivals, allowing passengers to plan their travel accordingly and reducing waiting time.
- 📌 **Public transport passenger satisfaction increased by 10%:** The combination of convenience, comfort, regular frequency, and punctuality provides passengers with an enjoyable and reliable riding experience, resulting in a significant increase in passenger satisfaction.



Ethiopian TV Reports on Intelligent Transport Project

Empowering Community Development

Hisense Group regards the practice of social responsibility as an important part of its corporate development, and strives to assume the responsibility and commitment of an international enterprise. Doing public welfare and treating the community well are Hisense Group's basic principles for engaging with society, and *persistent philanthropy* is an important part of Hisense Group's corporate culture. Hisense Group strives to synchronize its business development with social development and humanitarian care, using the driving force of a large enterprise to advocate good social virtues, make public welfare more caring, and make the world a better place.



Balanced Education Development

In love with technology, Hisense Group continues to deepen product innovation and technological innovation, empowering education with science and technology, so that high-quality educational resources can extend to a larger scope. Hisense Group provides assistance to colleges and universities, primary and secondary schools, and kindergarten education in updating intelligent education equipment and carrying out education informatization development. By establishing funds and scholarships for education, Hisense Group contributes to the development of school education and provides opportunities for students from impoverished families who want to further their education. In collaboration with local cultural and public welfare organizations and educational journals, Hisense Group offers a variety of public welfare activities to give students a chance to learn and gain knowledge through different kinds of *learning experiences*.

CASE

Hisense Classroom a New Space for Learning

As an important public welfare project of Hisense, the Hisense Refrigerator-Yuchen Charity Program provides material donations, curriculum development, faculty training, psychological counseling, and collaborates with various sectors of the community to initiate poverty-alleviation activities through education. Hisense Vacuum Refrigerator-Yuchen Charity Program together with caring members of society initiated the founding of the tenth *Hisense Classroom-Yueshi Library* which was inaugurated on June 20, 2023 in the central elementary school of Lancun Township, Mayang Hmong Ethnic Autonomous County, and it will become a new cradle for children in remote mountainous areas to develop their special skills and talents.



Inauguration Ceremony of Hisense Classroom Yueshi Library

The Hisense Classroom is a learning space that integrates reading, teaching, and activities. It is different from in-class learning, and it provides a variety of extracurricular programs and supplementary activities, such as extracurricular reading, special skills training, and online teaching. The Classroom will take into account the different needs of schools in each region and design learning styles and teaching methods based on local culture and customs. Since the start of *Hisense Classroom* in 2022, the program has been implemented in Yunnan, Gansu and other places, and has become an important public welfare program of Hisense Vacuum Refrigerator-Yuchen Charity Program. Several thousand students have benefited from the program, which opens up a brand-new world of knowledge for children in remote mountainous areas, lighting up the road to their dreams.

Q CASE

Hisense School a New Place for Learning

In order to be grateful to and repay the society, Hisense Group actively undertakes social responsibility, solving the problem of the lack of basic education resources in the local community, and ensuring young children have access to educational opportunities, it founded Hisense School, a nine-year compulsory private school for primary and junior high schools. Hisense Group empowers education with science and technology, adheres to the educational philosophy of *hardware* and *software*, and treats empowering education as a long-lasting and persistent endeavor, so as to make Hisense School an educational temple that can carry the responsibility of cultivating students with profound humanistic heritage, distinctive scientific and technological awareness, and broad international vision.



Hisense School Empowers Education Development

Q CASE

East-West Collaboration Marine Culture Exchange Camp Program Successfully Held

In October 2023, more than 100 children and teenagers and teachers from Dingxi, Longnan and Shigatse came to Qingdao to participate in the 4-day Qingdao Dream Tour East-West Collaboration Marine Culture Exchange Camp. The program builds a bridge between the mountains and the sea for the youth of Qingdao and its partner cities, facilitates cooperation between the two sides in education, culture, science and technology, and creates a new model of cooperation and integration between the East and the West. Meanwhile, in helping to improve the capacity of primary medical and healthcare services, Hisense Medical has repeatedly donated ambulances and medical equipment to Longnan and Dingxi in Gansu Province, delivering love and warmth and actively practicing social responsibility. In 2023, Hisense Medical's donations totaled RMB 3.81 million.



Qingdao Youth Marine Culture Exchange Camp Program

Engage in Public Welfare and Charity Activities

Hisense Group strives to be a company with warmth and affection, upholds the principle of being a responsible enterprise that dedicates itself to doing public welfare and making products with passion, being philanthropic and virtuous, and integrating charitable services into community development, volunteer services, environmental protection, and other public welfare fields, and continues to work on the standardized operation and branding development of volunteer services.



2023 Charity One-Day Donation Certificate



Promote the spirit of Lei Feng

In March 2023, Hisense Hitachi united with the local community to carry out volunteer activities on Lei Feng Day. Employees actively responded to the call and went to the co-construction unit to carry out environmental sanitation work, deeply practicing and promoting the spirit of Lei Feng, helping to create a civilized city, and manifesting corporate social responsibility.



Caring for the disadvantaged groups

Hisense Group, along with Hisense Hitachi, Hisense Air Conditioning, and other subsidiaries, carried out activities such as donations and visits for the elderly on Chinese Double Ninth Festival and expressed warm and birthday blessings to them.

LDK invited the Shibe District Disabled Persons' Specialized Association to visit the Hisense Discovery Centre, aiming to build cultural confidence among disabled individuals.

Smart Precision Engineering participated in the volunteer service program called "Caring Mothers" at the Qingdao Children's Welfare Institution and provided material donations.



Response to Charity One-Day Donation

Hisense Group actively responded to the "Charity One-Day Donation" activity. In 2023, a total donation of RMB 244,312.34 was made, contributing to Qingdao City's charitable assistance programs for the needy, medical patients, the elderly, the disabled, and students.



Participated in environmental protection

Hisense Air Conditioning, together with the NPO Green Life Public Welfare Organization, kicked off the "Carbon Green Silk Road" Hisense Desert Oasis Co-construction Initiative at the Yangguan Forest in Dunhuang, Gansu Province, turning 10,000 pike trees into "Hisense Healthy Public Welfare Forests" to help Dunhuang's desertification prevention and control cause.



Actively helped in disaster relief

After the earthquake in Jishishan, Gansu in December 2023, Hisense Group's employees actively fulfilled their selfless love and social responsibility by donating money to Gansu to help the people in the disaster area to tide over the difficulties.

Deepening Global Responsibility

Hisense Group adheres to the localization of R&D, production and sales in its overseas development and global business layout, as well as hiring local employees, contributing to tax revenues, and promoting the development of the local economy and society. At the same time, Hisense Group actively participates in the construction of the *Belt and Road Initiative*, fully fulfills its overseas social responsibilities, respects local customs and habits, integrates into local communities, and engages in public welfare, to build understanding and mutual trust, and to spread and heighten Hisense Group's reputation and brand recognition overseas. At present, Hisense Group's business covers 126 countries along the *Belt and Road Initiative*, building up a bridge of people-to-people communication in the countries along the *Belt and Road Initiative*.

Localized Employment

- ▶ In September 2023, Hisense Group's Ice Cold Factory in Valjevo, Serbia was completed and started operation. In September 2023, Hisense Group's Ice Cold Factory in Valjevo, Serbia was completed and started operation in September 2023. This is the 3rd plant of Hisense Group's Ice Cold Factory in Valjevo, Serbia, which mainly produces refrigerator products for Hisense, Jorenje and ASKO. This will further promote Hisense Group's localized R&D, production and marketing layout in the European market, and at the same time, it will bring thousands of jobs to the local area, contributing to the local people's quality of life and skill improvement.



Hisense Europe Valjevo Ice Cold Factory in Operation

Education Support

- ▶ In response to the serious shortage of electricity in South Africa, Hisense South Africa Industrial Park China-Africa Development Fund, and Mozambique Wanbao Agricultural Park jointly initiated the *Light of Hope* China-Africa Love Donation Ceremony in May 2023, donating 800 solar desk lamps to improve the lighting environment of local children's studies and contribute to the education and growth of local children.

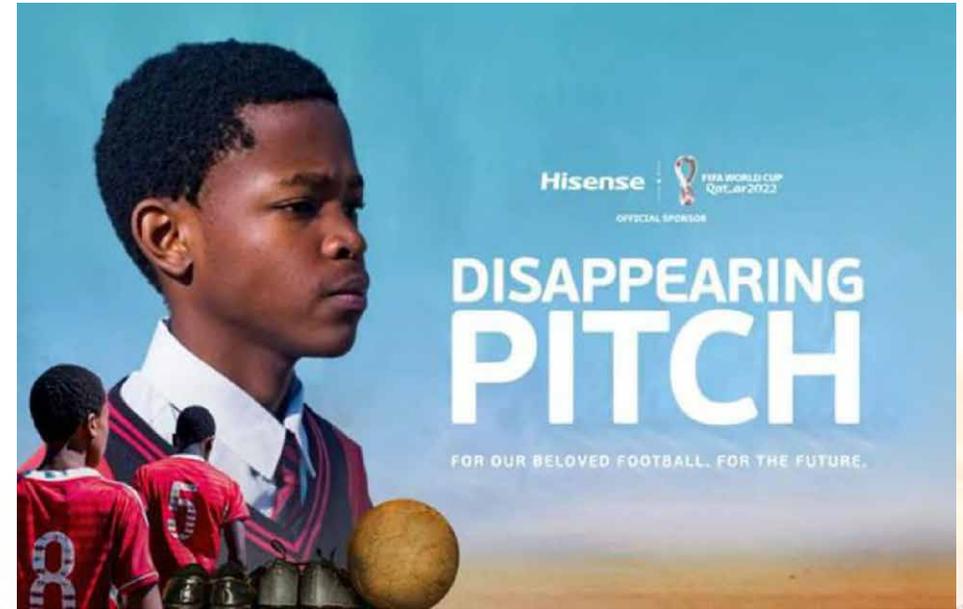


"Light of Hope" Donation Activity

- ▶ In September 2023, Hisense established the HVAC Academy at Tashkent International University in Uzbekistan, relying on Hisense's advantages in R&D, manufacturing and service of multi-connected central air conditioning products, it enrolls students from five Central Asian countries to cultivate talents in technology, sales and service, and to boost the local HVAC industry. And this project has been selected as one of the outstanding cases of industrial and investment cooperation among the five Central Asian countries by the National Development and Reform Commission (NDRC).

Environmental Public Welfare

- ▶ Hisense Group and FIFA co-organized a public welfare course on environmental protection in Johannesburg, South Africa, which inspired young people to save more green stadiums through practical actions. Hisense Group's environmental classroom project in Johannesburg, South Africa, has also been selected as one of the *"Belt and Road" Enterprise Public Welfare Action Cases* published by the International Cooperation Center of the National Development and Reform Commission (NDRC) and the organizing committee of the China Public Welfare and Charity Project Exchange and Exhibition.



5

Strengthen the Foundation
for Operation Compliance
and Soundness

Hisense Group consistently upholds the values of honesty and integrity, integrating compliance and risk management throughout its domestic and international business operations and management. Hisense Group systematically addresses key areas such as anti-corruption, anti-fraud, information security and privacy protection, business compliance, and sustainable development. This comprehensive approach strengthens Hisense Group's resilience to risks, solidifies the foundation for stable operations and transformation, and creates long-term sustainable value for stakeholders.

✦ SDGs addressed in this chapter

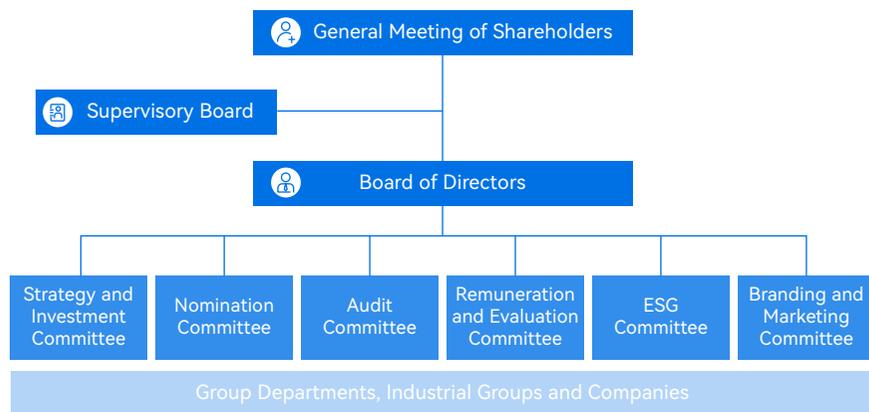


Corporate Governance

Hisense Group continuously improves and strengthens its governance mechanisms to optimize effectiveness and safeguard investors' rights and interests. This is achieved by consistently clarifying the Board of Directors' responsibilities and rights, strengthening the diversity and independence of the Board of Directors, and incorporating ESG factors into the assessment system.

Governance Structure and Mechanism

Hisense Group strictly adheres to the *Company Law of the People's Republic of China* and other relevant laws and regulations. Hisense Group has promoted corporate governance reforms and top-level design changes to improve its governance structure and internal control system. Hisense Group has established a governance structure comprising the General Meeting of Shareholders, the Board of Directors and its subordinate committees, the Board of Supervisors, and the Executive Management. Hisense Group delineates powers and responsibilities, ensuring coordination and checks and balances among the power, decision-making, supervisory, and executive bodies, thus committing to the sound modernization of governance structure, strengthening Hisense Group's endogenous development dynamics and fully safeguarding the legitimate rights and interests of Hisense Group and its shareholders.



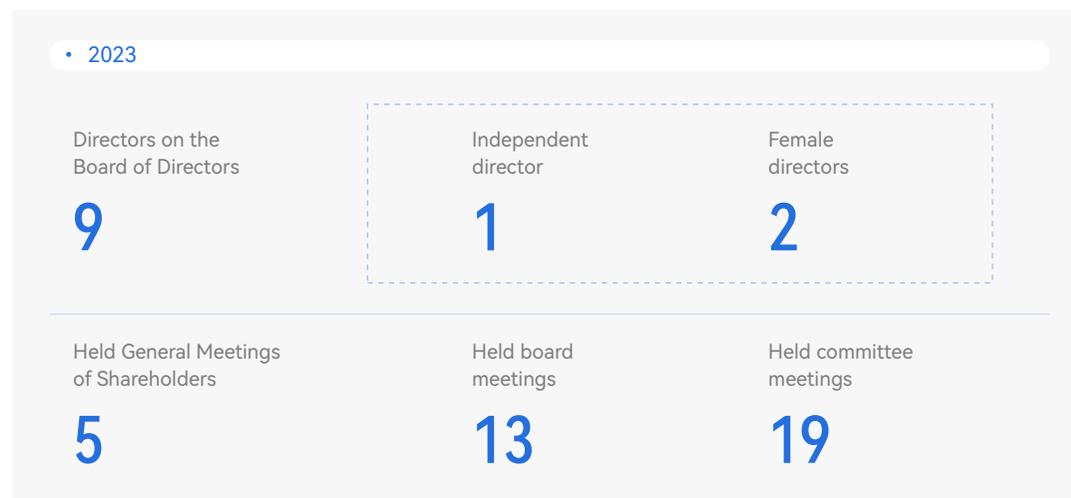
Hisense Group's Organisational Structure

Diversity and Professionalism

To ensure scientific, comprehensive and objective decision-making and to align decisions and actions with the highest standards, Hisense Group implements the principle of diversity in appointments by considering candidates' gender, age, cultural and educational backgrounds, professional expertise, and experiences. The current Board members have extensive experience in finance, investment, corporate management, risk management, and strategy. Hisense Group have the necessary professional knowledge and skills to fulfill their duties and offer effective decision-making support for Hisense Group's strategic planning. Additionally, Hisense Group appoints independent directors in compliance with relevant laws, regulations, and regulatory requirements, and provides independent directors' remuneration as per the criteria approved by the General Meeting of Shareholders.

Remuneration and Incentives

In accordance with the Articles of Association, the remuneration of Directors and Supervisors is decided by the Shareholders' General Meeting, while the remuneration of senior management is determined by the Board of Directors. Also, Hisense Group has built a profit and risk-sharing mechanism between shareholders, operating management, and core technical (business) backbone, and incorporated performance related to sustainable development into the mechanism design, aiming to facilitate the realization of Hisense Group's future development strategies and business objectives. Hisense Group carries out equity incentive plans for core employees. By sharing the benefits of corporate growth with employees through transparent remuneration and equity incentive policies, Hisense Group enhances employee cohesion and demonstrates its commitment to good corporate governance and balanced interests to shareholders and other stakeholders.



Compliance Operation

Hisense Group places a strong emphasis on compliance management, and adheres to the philosophy of "Operate with Compliance, Develop with Integrity". Hisense Group is committed to building a sound compliance management system that evolves comprehensively, effectively, progressively and independently. Continuous efforts are made to enhance Hisense Group's organizational structure, systems, risk control, and cultural assurance, thereby laying a solid foundation for sustainable and healthy development.

● Optimize Compliance Management

Hisense Group strictly implements comprehensive compliance management and pursues a value-creating compliance management system, forming a compliance mechanism that ensure system robustness, standardizes workflows, guarantee operational procedure effectiveness, and fit Hisense Group's corporate culture and its current situation, thus safeguarding Hisense Group's legitimate rights and interests and providing crucial support and guarantee for sustainable development. Hisense Group has also established a robust top-down compliance management organizational system based on the current organizational structure to coordinate, plan and implement compliance management. Also, Hisense Group integrates compliance management into annual assessments, management appointments, and performance evaluations.

Hisense Group strictly adheres to the laws and regulations of the countries where it operates and continuously enhances its compliance management system. In 2023, Hisense Group formulated and revised several compliance management systems and standardized documents, including the *Group Compliance Management Measures*, the *Group Export Compliance Management Measures*, and the *Hisense Group Overseas Operation Compliance Guidance Manual*. These documents effectively apply to all employees and business partners, covering all areas of labor and employment, data governance, anti-monopoly, trade compliance, customs compliance, anti-unfair competition, anti-corruption, and anti-fraud in both domestic and international operations. This ensures that the entire compliance management process is governed by clear rules, regulations, and preventive measures.



Three Lines of Defence in Compliance Management

Export business and customs compliance

In accordance with the Hisense Group's *Compliance Management Measures for Exporting Countries*, conduct thorough risk assessments, and establish effective mechanisms to comply with applicable laws and regulations from the United Nations, United States, European Union, and Japan

IP

Ensure prompt application, bolster protection measures, authorize and transfer in accordance with regulations



Privacy and Data Protection

Adhere to domestic and international laws, enhance data and information protection frameworks, ensure lawful practices in data collection, processing, retention, cross-border transfer, and utilization

Business Ethics

Strengthen self-regulatory and integrity systems to foster greater compliance with legal statutes and regulations

Compliance management in key areas

● Building a Culture of Compliance

Hisense Group prioritizes the conceptual promotion and cultural building of compliance operations by formulating and updating management protocols. Hisense Group integrates compliance training into the employee training plan and develops an annual compliance training plan based on internal management measures. This plan includes both general compliance training and specialized training in professional areas, and covering company equity incentives, contract risk prevention and control, quality issues, work injury management, non-competition, Internet advertising, litigation guidelines, etc, with the effectiveness of these activities measured through exams and tests. In addition, Hisense Group actively encourages its employees and business partners to report any clues or situations that may violate Hisense Group's compliance management regulations to the Legal Affairs and Intellectual Property Department, the Ombudsman's Office, or other relevant departments within Hisense Group. Rewards will be given if verified.

🔍 CASE

Strengthening Tax Compliance Management

Hisense Group incorporates tax compliance management into the entire chain of enterprise operations. Hisense Group firmly embeds the concept of tax compliance across the entire process, from planning and preventing in advance, to monitoring and inspecting during events, and evaluating and optimizing afterwards, to manage tax compliance risks effectively. Hisense actively advocates for digital tax operations and management, strengthens the integration between its internal financial system and tax system, enhances data synchronization and sharing, and improves tax compliance through the effective collaboration of the information system and skilled professionals. Furthermore, Hisense places significant emphasis on preventing and mitigating customs compliance and tariff risks in the import and export of its business. It formulates and implements *Customs and Tariff Compliance Management Rules* and other management systems, closely monitors changes in customs regulations, and takes proactive measures to mitigate tax and business risks, thereby enhancing its capacity for global expansion.

• 2023



Conducted specialized compliance trainings

41

key position holders involved

100 %



Conducted thematic sharing sessions for key areas and key target markets

14

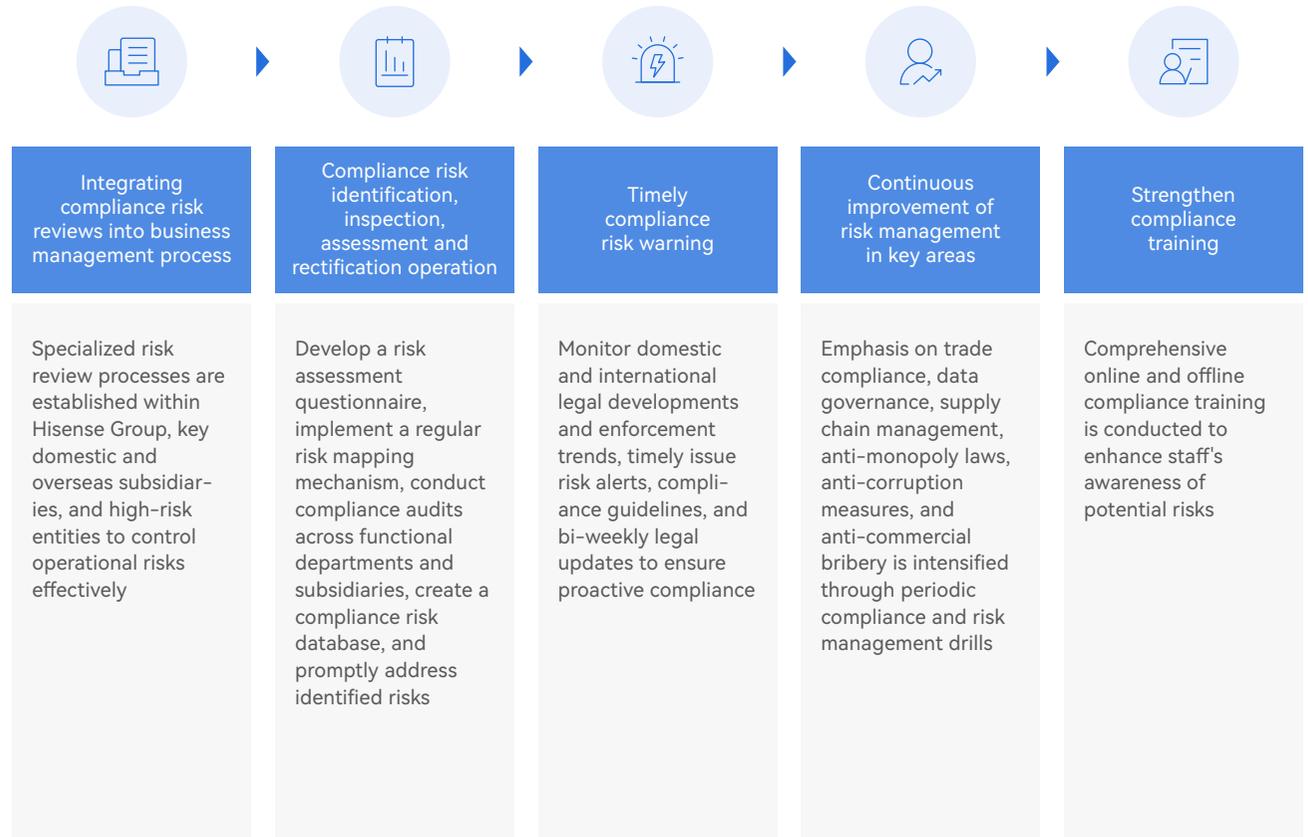
Strengthening Internal Controls

Hisense Group continues to optimize the top-level design of internal control and risk management, improving risk management procedures and processes. Hisense Group also strengthens internal auditing and monitors the effectiveness and implementation of risk management and internal control to enhance its internal risk prevention and control capabilities. These efforts aim to enhance the safety of Hisense Group, fortify its operations, and promote higher-quality development.

Risk Management

Hisense Group refines its risk management structure by forming a risk management department and appointing risk management specialists from each business unit. Hisense Group has drawn upon the *Guides on Comprehensive Risk Management for Central State-owned Enterprises* and the COSO Risk Management Framework to establish internal management protocols, delineate risk management principles, define management processes, supervision and improvement while fostering a culture of compliance and conduct assessments. These efforts have culminated in a closed-loop risk management process that encompasses risk identification, assessment, response, and continuous improvement, all tailored to Hisense Group's unique risk appetite and business characteristics.

In 2023, Hisense Group conducted an annual compliance risk inspection of key departments and subsidiaries' operations and management. Based on the inspection results, various compliance risks were carefully identified and organized, leading to the formulation of *Compliance Risk Library* and *Compliance Risk List*. This framework enables robust control over compliance risks within Hisense Group and effectively guides business departments in their compliance risk management.



Risk Management Closed Loop Process

ESG Risk Integration

Hisense Group attaches great importance to ESG risk identification, assessment, management, early warning, and review. The daily risk management process encompasses a comprehensive spectrum of environmental, social, and governance risk categories, including labor and employment, anti-corruption, workplace safety, corporate governance, natural environment, social and cultural environment, tax, and R&D risks. Hisense Group has integrated specific compliance inquiries on ESG matters, such as carbon emission management, energy conservation and environmental protection, and sustainable development, into its internal risk control activities through the compliance risk assessment questionnaire. This approach aids in identifying ESG risks within Hisense Group's functional departments and key subsidiaries during routine compliance evaluations.

CASE

Regularised Training to Strengthen Overseas Risk Management

In 2023, the Compliance and Foreign Law Department of Hisense Group conducted various overseas training sessions for Hisense Group and its subsidiaries. Given the intricate international landscape and legal developments, the department leveraged the collective insights gained from analyzing Hisense Group's major risks and provide targeted training for the general managers of each company across multiple areas of overseas operations. The training covered 14 topics, including corporate governance, labor and employment, commercial disputes, and anti-monopoly, and an average training duration of 2 hours per person.



Internal Audit

Hisense Group adheres to the *Audit Law of the People's Republic of China* and other applicable laws and regulations and has developed and implemented the *Management Rules for Compliance and Internal Audit of Hisense Group*, drawing from the ISO 9000 framework, to ensure the standardized operation of internal auditing work. Hisense Group has integrated compliance, risk management, and internal control into regular audits, and established a comprehensive and global audit supervision network to standardize overseas audits, foster compliance awareness, and promote compliance across Hisense Group. In 2023, to further enhance the quality of audits, strengthen risk management, and boost staff professional capabilities and career competitiveness, Hisense Group's Audit Department organized several departmental professional training sessions and research initiatives. It also coordinated and participated in various audit activities and exchange meetings to accomplish these objectives.

• 2023



Audit work plan
completion

98.72 %



Rectification
completion

99.81 %

Adherence to Business Ethics

Hisense Group upholds the core value of honesty and integrity characterized by the highest standards of honesty and integrity in all business transactions. Hisense Group promotes standardized and closed-loop management through constantly improved regulations to establish an honest, clean, healthy and transparent business cooperation environment.

● Strengthening Integrity-Building

Hisense Group strictly adheres to the *Law Against Unfair Competition of the People's Republic of China*, the *Interim Regulation on the Prohibition of Commercial Bribery*, and other relevant laws and regulations in the jurisdictions where it operates. Hisense Group has established 23 internal rules and regulations, including the *Guides on Business Activities for Hisense Employees* and the *Guides on Business Activities for Hisense Partners*. These guidelines address diverse areas such as bribery, acceptance of bribes, conflict of interest, fair competition, and anti-monopoly measures to govern and monitor the commercial conduct of employees and partners.



Substantial penalties and corrective actions



Lawsuits related to anti-unfair competition, and anti-monopoly

Hisense Group has executed an effective multi-level anti-fraud supervision and implementation system. The business ethics governance structure is overseen by the Board of Directors with participation and the dedicated department head coordinates the efforts of all functional departments and subsidiaries in line with relevant rules and regulations to ensure the robust enforcement of the business ethics code. Furthermore, Hisense Group has established an employee fraud response task force that includes representatives from the finance, internal control, audit, and legal departments, to manage the comprehensive response to fraudulent behavior.

Governance	Management	Execution
<ul style="list-style-type: none"> The Board of Directors is responsible for overseeing and making final decisions on Hisense Group's anti-fraud and other related business ethics work. The Audit Committee is responsible for overseeing Hisense Group's accounting and financial reporting procedures, including reviewing and approving all proposed related party transactions, etc., in order to fully protect shareholders' rights and interests. 	<ul style="list-style-type: none"> Overseeing the integrity of Hisense Group's cadres and employees and the fulfilment of their duties and powers through the handling of clues, integrity talks, warning education, and cadre appointment control. Adhering to the concept of "investigating all cases, combating all corruption and purging all corruption", and taking a "zero-tolerance" attitude, investigating and dealing with corrupt behaviours in accordance with rules and regulations in a strict and timely manner. In accordance with the requirement of "one position, two responsibilities", seriously hold the managers responsible for serious corruption problems in their respective fields or units. 	<ul style="list-style-type: none"> Functional departments of Group companies, industrial groups and companies undertake specific anti-corruption and integrity work. The person in charge of each functional department of Hisense Group and each subordinate company shall be the primary responsible person for anti-corruption and anti-fraud.

Anti-Corruption and Anti-Fraud Supervision and Implementation System

● Enhancing Whistle-Blowing Management

Hisense Group attaches importance to integrity commitment and review in its operations, management, and business transactions. It mandates its employees and partners to proactively identify and report potential business ethical risks and acknowledge corresponding commitment letters or agreements. Hisense Group has established the *Management Rules for Clue Handling* and *Management Rules for Inspection and Supervision Clue Handling*, as well as other anti-corruption reporting and management systems in line with legal requirements. Hisense Group has standardized the reporting process and set up several reporting channels to prevent and manage integrity risks through a dual approach of confession and reporting.

Hisense Group has clearly outlined in the *Management Rules for All-Employee Supervision* that the identity, company, address, and contact information of the whistleblower, along with the report's content, are strictly confidential. Hisense Group explicitly prohibits the transfer of reporting materials to the person involved in the report. Hisense Group adopts a zero tolerance stance against any retaliation towards the whistleblower and takes decisive action to uphold the rights and interests of the whistleblower, in line with relevant provisions for whistleblower protection.

✉ Mail / letter address	Hisense Group, Block A, Hisense International Center, No. 88 Hong Kong East Road, Laoshan District, Qingdao, Shandong Province, China
✉ Reporting Email	guanliaojubao@hisense.com
☎ Reporting hotline	0532-80878056

Corruption Reporting Channel

Under the development of relevant management rules, Hisense Group has established a clear research and processing mechanism for handling reported information. Depending on the size and nature of the cases, Hisense Group employs various methods for disposal, including investigation, conversation and inquiry, pending investigation, and closure. Hisense Group incentivizes the reporting of significant cases by providing rewards upon completion of the investigation, to encourage greater participation in upholding Hisense Group's integrity.

In 2023, Hisense Group introduced reporting channels such as reporting mailboxes, reporting hotlines, written letters, and face-to-face visits. All clues were promptly processed in line with the six principles of unified acceptance, centralized management, collective research and judgment, classified handling, compliance with rules and laws, and strict confidentiality" as outlined in the relevant management rules. In this year, Hisense Group addressed 103 clues, and confirmed 5 corruption-related litigation cases (all of which have been concluded). Subsequent actions against relevant personnel varied and included referral to the judiciary, warnings, dismissal, demotion, and termination of labor contracts.

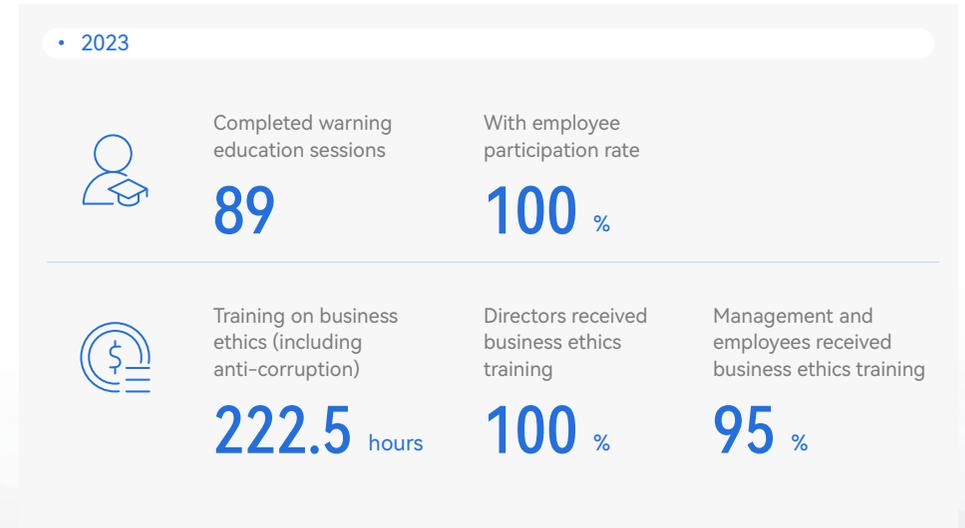
● Building Integrity Awareness

Hisense Group actively conducts integrity education activities for all employees, management personnel, and suppliers. It continuously strengthens the corporate culture of integrity and fosters an organizational atmosphere of cleanliness through the signing of commitment letters, training, and performance appraisals.

Enhance case investigations	implement corruption prevention measures	Reinforce the anti-corruption foundation
<ul style="list-style-type: none"> Intensify investigations to establish a form effect 	<ul style="list-style-type: none"> Identify corruption risks Facilitate accessible reporting channels Conduct interviews with accountable officials and staff Organize integrity discussions Prevent corruption through proactive management practices before events 	<ul style="list-style-type: none"> Emphasize warning education Promote reforms through case-driven initiatives Enhance system infrastructure

Anti-Corruption and Integrity Work Arrangement

Hisense Group actively organizes warning education to ensure comprehensive coverage across new employees, newly promoted middle-level management, and key field personnel. Hisense Group has established the Letters platform for reporting anti-corruption issues and launched the Anti-Corruption and *Integrity section* in the KOA system as an education and warning module. Hisense Group enhances the effectiveness of warning education with vivid materials, such as creating the educational film "Here Comes the Uncle," aimed at alerting and educating all staff.



Information Security and Privacy Protection

Hisense Group has consistently prioritized information security and privacy protection. Hisense Group established a four-level management system for privacy protection and formed an internal audit team dedicated to privacy security management and compliance. This includes developing the expertise of team members in data privacy, aimed at safeguarding Hisense Group's critical information and data, as well as customer privacy and third-party data.

● Establishment of a sound management system

Following information security management standards such as ISO/IEC 27001, ISO 27701, and related requirements of level protection, Hisense Group has developed a comprehensive information security management system focused on organization, management, technology, training, and supervision. Hisense Group has formulated and implemented the *Management Standards for the Protection of Personal Information of Hisense Group*, *Management Standards for the Incident Management of the Request for Data Subject Right*, and *Management Rules of Cyberspace Security of Hisense Group*, both domestically and internationally. These measures are applied across domestic and international business operations, with all employees, suppliers, and partners required to adhere to them. Hisense Group's Confidentiality and Network Security Management Committee is tasked with coordinating, planning, guiding, and promoting the systematic development of information security and privacy protection management.



Information Security and Privacy Protection Management Work

Customer Privacy and Data Security Protection

Hisense Group practices a rigorous data access control and authority management system, which clearly defines the methods for managing data collection, deletion, and information security audits. Additionally, Hisense Group conducts regular risk assessments and vulnerability scans, and formulates measures and plans to prevent data leakage and respond to emergencies, thereby mitigating information risks at the source, putting customer information and privacy protection into practice. In 2023, Hisense Group organized a privacy protection awareness training program for all employees, including suppliers, with all employees completing the training and passing the examination.

• 2023

Incidents of non-compliance with GDPR rules

0

Confirmed complaints related to infringement of customer privacy and loss of customer information

0

Information security incidents

0



Step 1

Develop and improve policies

- Establish a comprehensive data security and privacy protection policy and management system to clarify the handling of sensitive and privacy information by employees, including data access rights, data transmission encryption, and data backup.

Step 2

Take technical precautions

- Adopt technical means, including firewalls, anti-virus software, intrusion detection systems, data leakage prevention, data desensitisation, data encryption, to protect the security of Hisense Group's internal network and data systems.

Step 3

Conduct staff training

- Regularly train employees on data security and privacy protection, raise employees' awareness of data security and privacy protection, and educate employees on how to avoid data and privacy information leakage and respond to security incidents.

Step 4

Develop emergency response

- Establish a comprehensive incident response plan, including a clear incident reporting process, emergency response team members and their responsibilities, and emergency contact information.

Step 5

Take regular drills

- Organize regular drills for data security incidents and privacy breaches, test the effectiveness of the emergency response plan, identify problems and make timely improvements.

Step 6

Carry out audits

- Conduct information security audits, including special APP compliance checks, information security compliance reviews and external third-party audits.

Sustainable Development Management

Hisense Group attaches great importance to sustainability management, integrates ESG factors into Hisense Group's corporate governance, and development strategic planning, and actively carries out communication and cooperation with various stakeholders as it constantly builds an ESG system with the characteristics of Hisense Group to enhance the core competitiveness of the enterprise.

● ESG Management System

In order to further enhance the effectiveness and timeliness of the supervision of sustainability matters at the Board of Directors' level, and to strengthen the integration of the sustainability strategy with the operating policy, in January 2024, Hisense Group established an ESG Committee under the Board of Directors. Hisense updated and issued the *Implementing Rules for the Operation of Specialized Committees of the Board of Directors of Group Companies*. These rules serve to strengthen the roles and responsibilities of the Board of Directors and the ESG Committee in formulating Hisense Group's ESG strategy, identifying material issues, managing ESG risks and opportunities, overseeing ESG compliance, and managing ESG performance, to enhance Hisense's governance and sustainable development management practices.

Hierarchy	Communication Mechanism	Main Responsibilities
 Board of Directors	At least 1 meeting a year	<ul style="list-style-type: none"> The highest authority responsible for ESG issues Overseeing the development and implementation of the organization's sustainability strategy, policy guides, objectives, rules and regulations, annual plans, performance indicators, audit management practices, and committee operation management methods Guiding and incorporating major sustainability trends into the sustainability strategy in alignment with the organization's overall business approach Reviewing and overseeing the identification and management of ESG risks and opportunities related to Hisense Group's business Reviewing and managing ESG-related information disclosure and other important matters
 ESG Committee	Holding Meetings as necessary and reporting regularly to the Board of Directors	<ul style="list-style-type: none"> Assisting the Board in managing and making decisions on ESG matters under its authorization Assessing and managing ESG governance strategies and risks Developing ESG work plans and organizing their implementation Disclosing ESG information and reviewing ESG related matters
 Functional Departments and Business Units	Departments collaborate to give irregular reporting to the ESG Committee	<ul style="list-style-type: none"> Ensure compliance with the sustainability strategy, policy guides, objectives, rules and regulations, annual plan, performance indicators, audit management methods, and committee operation management methods Conduct sustainability performance audits and implement closed-loop management Reinforce sustainability best practices and put stakeholder concerns into practice

ESG Governance Structure and Division of Responsibilities at Hisense Group

● Values for Sustainable Development

Hisense Group, driven by its vision of "to be a century-old company, and to become the most reliable brand in the world", embraces the scenario-inspired future through technology and innovation. Hisense Group is committed to promoting green co-construction throughout its value chain and fostering sustainable development. It aligns its goals with the United Nations Sustainable Development Goals and integrates them with its operational objectives and industry vision. As its sustainable development concept and value model, Hisense Group has introduced the concept of Hisense HOME, which emphasizes creating harmonious homes, building shared homes, shaping quality homes, and creating ecologically friendly homes. With a focus on low-carbon, green, and technological advancements, Hisense Group has established a comprehensive approach to environmental, social, and governance (ESG) management. This ESG lifecycle approach covers all aspects of the business and various scenarios, enabling Hisense Group to promote its smarter, more diverse, more ecological, more inclusive and greener sustainable development as well as that of the industry as a whole.



● Stakeholder Communication

Hisense Group places significant emphasis on meeting the expectations and demands of all stakeholders. Hisense Group is committed to establishing a systematic stakeholder communication mechanism to facilitate ongoing engagement. This involves attentively considering the views and suggestions of regulators, shareholders, creditors, employees, customers, partners, communities, the media, and other stakeholders. Hisense Group actively conducts regular communications and interactions through various channels, including organizing meetings, executing surveys, and administering questionnaires. Additionally, Hisense Group integrates stakeholders' expectations and concerns into its operational processes and decision-making, aiming to consistently enhance stakeholders' recognition and confidence in Hisense Group.

Stakeholders	Expectations and Demands	Communication Methods	Form of Response
 Government and Regulators	<ul style="list-style-type: none"> Compliance management Tax payment Economic contribution Anti-corruption Product liability 	<ul style="list-style-type: none"> Supervision and inspection Meetings Work reports 	<ul style="list-style-type: none"> Responding to the national development strategy Operating in compliance with the law Multiple initiatives to achieve performance growth Tax payment
 Shareholders / Creditors	<ul style="list-style-type: none"> Corporate governance Compliance operation Risk control Shareholder rights ESG performance Business ethics 	<ul style="list-style-type: none"> General Meetings of Shareholders ESG reports and other information disclosure On-site research Conference call Investor relations website 	<ul style="list-style-type: none"> Stable and compliant operation Dynamic risk control Achieving performance growth Multi-channel dynamic communication Focusing on rewarding investors
 Employees	<ul style="list-style-type: none"> Right protection Remuneration and benefits Employee care Employee training and development Employee safety and health 	<ul style="list-style-type: none"> Workers' congress Internal communication platform Customer satisfaction survey Performance appraisal Trade union 	<ul style="list-style-type: none"> Practicing fair labour policy Improving remuneration incentive mechanism Carrying out diversified training Healthy working environment Considerate employee care
 Customers / Consumers	<ul style="list-style-type: none"> Product responsibility management Customer experience and satisfaction Product development and innovation Customer privacy protection Responsible marketing 	<ul style="list-style-type: none"> Customer satisfaction survey Complaint and suggestion hotline Social media platform Customer follow-up visit 	<ul style="list-style-type: none"> Focusing on product and service quality Practicing responsible marketing Customer service hotline Questionnaire and survey Multi-channel information exchange

Stakeholders	Expectations and Demands	Communication Methods	Form of Response
 Supplier	<ul style="list-style-type: none"> • Integrity in performance • Sustainable purchasing • Product quality and safety • Business ethics • Intellectual property protection 	<ul style="list-style-type: none"> • Online supplier platform • Supplier training • Supplier conference communication • On-site research • Exhibition 	<ul style="list-style-type: none"> • Open communication channels • Harmonious partnership • Strictly executing co-operation agreement • Conducting due diligence • Providing training support
 Partners	<ul style="list-style-type: none"> • Win-Win collaboration • Industry development • Integrity in Contract Performance • Risk prevention and control 	<ul style="list-style-type: none"> • Strategic collaboration • Industry exchange • Site visit 	<ul style="list-style-type: none"> • Executing contracts carefully • Strengthening operational risk management • Strengthening strategic cooperation • Setting industry standard
 Community and the Public	<ul style="list-style-type: none"> • Rural revitalisation • Education support • Public welfare • Environmental protection • Community development 	<ul style="list-style-type: none"> • Public welfare activities • Community activities • Media communication • Public consultation 	<ul style="list-style-type: none"> • Education assistance • Voluntary activities • Creating local job opportunities • Disaster relief • Targeted assistance • Deepening the fulfilment of responsibilities overseas
 Media	<ul style="list-style-type: none"> • Product liability • ESG performance • Employee rights protection • Business performance 	<ul style="list-style-type: none"> • Press conference • Social media platforms • Public opinion monitoring • Field interviews 	<ul style="list-style-type: none"> • News reporting and publicity • Participating in theme forums • Open communication channels between the public and the media
 Industry Associations and Social Organisations	<ul style="list-style-type: none"> • Research and innovation • Talent cultivation • Good public relations 	<ul style="list-style-type: none"> • Industry activities and co-operation • Public welfare activities • Specialised conferences • Phone call and mail 	<ul style="list-style-type: none"> • Support NGO activities • Strengthen communication and collaboration with industry organisations

ESG Material Issues Management

To keep abreast of stakeholders' concerns and expectations about sustainable development, Hisense Group conducts an annual identification and assessment of substantive sustainable development issues. Hisense Group utilizes materiality analysis as a crucial reference for formulating the annual ESG report, organizing the ESG management indicator system, and establishing ESG management objectives. In 2023, Hisense Group updated its material issues database based on the Hisense Group's materiality concerns for 2022, international disclosure guidelines, subsidiary issues, and peer concerns. This update was deliberated upon by relevant personnel within the internal ESG governance structure and culminated in the creation of Hisense Group material issues pool, comprising 25 issues. Considering the materiality of ESG issues in 2022, business operations and development, as well as the trends and stakeholders' expectations, Hisense Group identified 12 issues with high importance. These were confirmed by the ESG Committee as a reference guideline for the disclosure of key responses in this annual report to further strengthen the scientificity and effectiveness of Hisense Group's ESG governance.

● Environment ● Social ● Governance

Materiality Matrix at Hisense Group



▼ Impacts of Material Issues on Value Chain

Type of issue: ● Environment ● Social ● Governance high Importance: Medium importance: Low importance:

Material Issues	Location	Supply Chain	Production/Operations	Products	Employees	Social Engagement
1 Energy Consumption Management and Clean Energy Utilisation	Towards Green, Embracing Green Intelligent Manufacturing	✓	✓	✓	✓	
2 Waste Emission and Resource Recycling	Towards Green, Embracing Green Intelligent Manufacturing Pollutant Management		✓	✓	✓	
3 Product Carbon Footprint Management	Towards Green, Embracing Green Intelligent Manufacturing	✓	✓	✓	✓	✓
4 Green Products and Packaging	Towards Green, Embracing Green Intelligent Manufacturing	✓	✓	✓		
1 Employee Development and Training	Talent Development				✓	
2 Occupational Health and Safety	Occupational Health and Safety	✓	✓		✓	
3 Supply Chain Management	Empowering Supply Chain Sustainability	✓	✓			
4 Product Responsibility Management	Product Responsibility Management	✓	✓	✓		
5 Customer Experience and Satisfaction	Improving User Experience			✓		✓
6 Product Development & Innovation	Towards Green, Embracing Green Intelligent Manufacturing Product Development and Innovation	✓	✓	✓	✓	
1 Compliance Operation	Compliance Operation	✓	✓	✓	✓	
2 Business Ethics	Adherence to Business Ethics	✓	✓	✓	✓	✓
5 Water Management	Water Management		✓		✓	
6 Pollutant Management	Pollutant Management		✓	✓	✓	
7 Climate Change	Addressing Climate Change	✓	✓	✓	✓	
7 Employee Rights & Benefits	Employee Rights and Benefits	✓	✓		✓	
8 Diversity, Inclusion & Equal Opportunity	Employee Rights and Benefits				✓	
9 Philanthropy and Community Relations	Empowering Community Development				✓	✓
10 Data Security & Privacy	Information Security and Privacy Protection	✓	✓	✓	✓	
11 Intellectual Property Protection	Product Development and Innovation		✓			
12 Advertising and Responsible Marketing	Improving User Experience			✓	✓	
3 Corporate Governance	Corporate Governance		✓	✓	✓	✓
4 Risk Management	Strengthening Internal Controls Compliance Operation		✓	✓	✓	✓
8 Green Operations	Green Operation		✓		✓	
13 Industry Development and Economic Contribution	Going Global with Technology and Goodwill Empowering Industry Development Empowering Smart City Operation	✓				✓

Index Guide

(i) SDGs Index

SDGs	Actions	Locations
 SDG1 No Poverty	<ul style="list-style-type: none"> Actively supporting rural revitalization, providing targeted assistance to those in need, and caring for disadvantaged groups Fostering localized employment opportunities in overseas markets to enhance the livelihoods of local communities 	<ul style="list-style-type: none"> Collaborating and Empowering to Create Diversified Value
 SDG3 Good Health and Wellbeing	<ul style="list-style-type: none"> Creating a healthy, safe and comfortable working environment for employees and providing regular check-ups Conducting activities such as donations and visitations for the elderly during the Double Ninth Festival, and extending care and love to Children's Welfare Institutions 	<ul style="list-style-type: none"> Building Inclusive Workplace under the Culture of "For Good" Collaborating and Empowering to Create Diversified Value
 SDG4 Quality Education	<ul style="list-style-type: none"> Empowering education with technology through the establishment of education funds and scholarships, sponsorship activities for the Yuchen Charity Program, the creation of Hisense Schools, and providing intelligent educational equipment and diverse teaching activities to schools 	<ul style="list-style-type: none"> Collaborating and Empowering to Create Diversified Value
 SDG5 Gender Equality	<ul style="list-style-type: none"> Ensuring equal employment opportunities and pay for equal work Addressing the career equality and development needs of female employees 	<ul style="list-style-type: none"> Building Inclusive Workplace under the Culture of "For Good"
 SDG6 Clean Water and Sanitation	<ul style="list-style-type: none"> Establishing water conservation targets and management systems, and proactively implementing water-saving initiatives to ensure sustainable water resource usage 	<ul style="list-style-type: none"> Building Green Homes to Share Environmental Responsibility
 SDG7 Affordable and Clean Energy	<ul style="list-style-type: none"> Actively developing the use of clean energy, maximizing the use of distributed photovoltaic systems on plant roofs, carports, and other buildings, and continuously increasing the proportion of clean energy utilization 	<ul style="list-style-type: none"> Towards Green, Embracing Green Intelligent Technology
 SDG8 Decent Work and Economic Growth	<ul style="list-style-type: none"> Safeguarding employees' rights and interests, promoting employees' well-being and health, facilitating open communication channels for employees, and fostering a diversified, inclusive, respectful, and equitable work environment Hisense's business in countries along the Belt and Road initiative spans 126 countries, emphasizing localization of R&D, production, and sales, employing local staff, contributing to tax revenues, and promoting local economic and societal development 	<ul style="list-style-type: none"> Building Inclusive Workplace under the Culture of "For Good" Collaborating and Empowering to Create Diversified Value

SDGs	Actions	Locations
 <p>SDG9 Industry, Innovation, and Infrastructure</p>	<ul style="list-style-type: none"> Proactively building multifunctional and integrated green factories, expanding energy storage and ice storage capacities, enhancing power demand response capabilities, and improving resilience to climate change Promptly responding to disaster areas and actively participating in rescue and reconstruction efforts in earthquake- and flood-affected regions 	<ul style="list-style-type: none"> Towards Green, Embracing Green Intelligent Technology Collaborating and Empowering to Create Diversified Value
 <p>SDG10 Reduced Inequalities</p>	<ul style="list-style-type: none"> Focusing on the South African and African markets, employing localized management, and establishing R&D centers, and bringing positive impacts on local manufacturing levels, socio-economic development, employment, residents' lives, and the ecological environment 	<ul style="list-style-type: none"> Going Global with Technology and Love Going First
 <p>SDG11 Sustainable Cities and Communities</p>	<ul style="list-style-type: none"> Implementing the intelligent bus project, AAE high-speed ETC construction project, and intelligent traffic signal construction project in Ethiopia, contributing to the expansion and advancement of intelligent transportation systems in overseas markets. Concentrating on B2B industries such as precision medicine, intelligent transport, smart cities, and optical communications 	<ul style="list-style-type: none"> Going Global with Technology and Love Going First Collaborating and Empowering to Create Diversified Value
 <p>SDG12 Responsible Consumption and Production</p>	<ul style="list-style-type: none"> Practicing responsible production concepts through the product lifecycle management of green R&D and design, green production and manufacturing, and green recycling and disposal Implementing responsible marketing management by enhancing user experience and satisfaction and conducting various innovation and exchange activities to ensure excellent product and service quality 	<ul style="list-style-type: none"> Towards Green, Embracing Green Intelligent Technology Building Green Homes to Share Environmental Responsibility Optimising Product Experience with Supreme Quality
 <p>SDG13 Climate Action</p>	<ul style="list-style-type: none"> Adhering to four fundamental green principles: low energy consumption, low production resource demand, low raw material usage, and low recycling costs during product use to promote low-carbon smart manufacturing. Identifying and assessing the impact of climate change on operations, and proactively addressing climate challenges and opportunities through diversified low-carbon strategies Responding to calls for support in disaster recovery and reconstruction efforts 	<ul style="list-style-type: none"> Towards Green, Embracing Green Intelligent Technology Building Green Homes to Share Environmental Responsibility Collaborating and Empowering to Create Diversified Value
 <p>SDG16 Peace, Justice and Strong Institutions</p>	<ul style="list-style-type: none"> Establishing sound corporate governance structures with clearly defined responsibilities Launching a new sustainability framework led by the Board of Directors 	<ul style="list-style-type: none"> Strengthen the Foundation to Pursue Compliance and Sound Operation
 <p>SDG17 Partnerships for the Goals</p>	<ul style="list-style-type: none"> Developing sustainability concepts and management guidelines that reflect the demands of all stakeholders Promoting green development and fostering sustainable innovation and transformation within the business ecosystem through industry chain partner seminars, symposiums, standardization, and project cooperation 	<ul style="list-style-type: none"> Strengthen the Foundation to Pursue Compliance and Sound Operation Collaborating and Empowering to Create Diversified Value

(ii) GRI Index



Disclaimer

Hisense Group has prepared this report with reference to the Global Reporting Initiative (GRI) standards for the reporting period from January 1, 2023 to December 31, 2023



GRI used

GRI1: Basis 2021

Topic Criteria	Disclosure Items	Page
GRI 2: General Disclosure	2-1 Organizational details	3-10
	2-2 Entities included in the organization's sustainability reporting	1
	2-3 Reporting period, frequency and contact point	1
	2-4 Restatements of information	/
	2-5 External assurance	/
	2-6 Activities, value chain and other business relationships	5-6, 66-68
	2-7 Employees	48-64
	2-8 Workers who are not employees	/
	2-9 Governance structure and composition	78
	2-10 Nomination and selection of the highest governance body	78
	2-11 Chair of the highest governance body	2, 78
	2-12 Role of the highest governance body in overseeing the management of impacts	78
	2-13 Delegation of responsibility for managing impacts	78

Topic Criteria	Disclosure Items	Page
GRI 2: General Disclosure	2-14 Role of the highest governance body in sustainability reporting	78
	2-15 Conflicts of interest	83, 90-91
	2-16 Communication of critical concerns	2, 90-91
	2-17 Collective knowledge of the highest governance body	2
	2-18 Evaluation of the performance of the highest governance body	78
	2-19 Remuneration policies	58
	2-20 Process to determine remuneration	58
	2-21 Annual total compensation ratio	/
	2-22 Statement on sustainable development strategy	88-89
	2-23 Policy commitments	/
	2-24 Embedding policy commitments	/
	2-25 Processes to remediate negative impacts	/
	2-26 Mechanisms for seeking advice and raising concerns	90-91
2-27 Compliance with laws and regulations	79-80	
2-28 Membership associations	/	
2-29 Approach to stakeholder engagement	90-91	
2-30 Collective bargaining agreements	/	
GRI 3: Material Topics	3-1 Process to determine material topics	92
	3-2 List of material topics	92
	3-3 Management of material topics	92

Topic Criteria	Disclosure Items	Page
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	/
	201-2 Financial implications and other risks and opportunities due to climate change	21-24
	201-3 Defined benefit plan obligations and other retirement plans	/
	201-4 Financial assistance received from government	/
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
	202-2 Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	/
	203-2 Significant indirect economic impacts	/
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	/
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	83-85
	205-2 Communication and training about anti-corruption policies and procedures	84-85
	205-3 Confirmed incidents of corruption and actions taken	84-85
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	79, 82
GRI 207: Tax	207-1: Approach to tax	80
	207-2: Tax governance, control and risk management	80
	207-3: Stakeholder engagement and management of concerns related to tax	80
	207-4: Country-by-country reporting	/

Topic Criteria	Disclosure Items	Page
GRI 301: Materials	301-1 Materials used by weight or volume	29
	301-2 Recycled input materials used	29
	301-3 Reclaimed products and their packaging materials	29
GRI 302: Energy	302-1 Energy consumption within the organization	13
	302-2 Energy consumption outside of the organization	13
	302-3 Energy intensity	13
	302-4 Reduction of energy consumption	11-13
	302-5 Reduction in energy requirements of products and services	11-13
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	28
	303-2 Management of water discharge-related impacts	28
	303-3 Water withdrawal	28
	303-4 Water discharge	28
	303-5 Water consumption	28
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	/
	304-2 Significant impacts of activities, products, and services on biodiversity	/
	304-3 Habitats protected or restored	33
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	/
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	21
	305-2 Energy indirect (Scope 2) GHG emissions	21
	305-3 Other indirect (Scope 3) GHG emissions	21

Topic Criteria	Disclosure Items	Page
GRI 305: Emissions	305-4 GHG emissions intensity	21
	305-5 Reduction of GHG emissions	21
	305-6 Emissions of ozone-depleting substances (ODS)	30
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	30
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	29
	306-2 Management of significant waste-related impacts	29
	306-3 Waste generated	29
	306-4 Waste diverted from disposal	29
	306-5 Waste directed to disposal	29
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	66-68
	308-2 Negative environmental impacts in the supply chain and actions taken	/
GRI 401: Employment	401-1 New employee hires and employee turnover	55
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	58
	401-3 Parental leave	58
GRI 402: Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	/
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	61-62
	403-2 Hazard identification, risk assessment, and incident investigation	61-62
	403-3 Occupational health services	63

Topic Criteria	Disclosure Items	Page
GRI 403: Occupational Health and Safety	403-4 Worker participation, consultation, and communication on occupational health and safety	61-62
	403-5 Worker training on occupational health and safety	64
	403-6 Promotion of worker health	63
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	63
	403-8 Workers covered by an occupational health and safety management system	63
GRI 404: Training and Education	403-9 Work-related injuries	63
	403-10 Work-related ill health	63
GRI 404: Training and Education	404-1 Average hours of training per year per employee	/
	404-2 Programs for upgrading employee skills and transition assistance programs	50-53
	404-3 Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	55
	405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	54
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	/
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	54

Topic Criteria	Disclosure Items	Page
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	54
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	/
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	57
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	/
	413-2 Operations with significant actual and potential negative impacts on local communities	/
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	66-68
	414-2 Negative social impacts in the supply chain and actions taken	/
GRI 415: Public Policy	415-1 Political contributions	/
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	40
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	/
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	36
	417-2 Incidents of non-compliance concerning product and service information and labeling	/
	417-3 Incidents of non-compliance concerning marketing communications	/
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	/

(iii) IFRS S2 Recommended Disclosure Index

Recommended Disclosure Content	Page
Governance	
The governing body (including the board of directors, committee or other equivalent governing body) or individual responsible for supervising climate-related risks and opportunities.	/
Management's role in monitoring, managing and supervising governance processes, controls and procedures for climate-related risks and opportunities.	/
Strategy	
Climate-related risks and opportunities that could reasonably be expected to affect the subject's development prospects.	21-25
The current and expected impact of climate-related risks and opportunities on the subject's business mode and value chain.	21-25
The impact of climate-related risks and opportunities on the subject's strategy and decision-making, including information on climate-related transformation plans.	21-25
The impact of climate-related risks and opportunities on the subject's financial situation, financial performance and cash flows for the subject's reporting period, as well as the expected impact on the subject's financial situation, financial performance and cash flows in the short, medium and long term, with disclosure of the expected impacts to take into account how the subject has reflected these climate-related risks and opportunities in its financial planning.	21-25
By considering the climate-related risks and opportunities identified by the subject, the strategy of the subject and its business model for climate resilience to climate-related changes, developments and uncertainties.	21-25

Recommended Disclosure Content	Page
Risk Management	
The subject's processes and related policies for identifying, assessing, prioritizing and monitoring climate-related risks.	/
The subject's processes for identifying, assessing, prioritizing and monitoring climate-related opportunities, including whether and how the subject uses climate-related scenario analysis to help identify climate-related opportunities.	/
The subject's processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities, including the extent to which, and how, they are integrated into and affect the subject's overall risk management processes.	/
Metrics and Targets	
Information related to cross-industry indicator types.	/
Industry-specific indicators related to specific business modes, activities, or other common characteristics that indicate the subject's participation in an industry.	/
The subject's objectives for mitigating or adapting to climate-related risks, or capitalizing on climate-related opportunities, and any objectives that the subject is required by law or regulation to achieve, including indicators used by the governing body or management to measure progress towards these objectives.	21

(iv) SASB Indicator Index

Category	Topic Code	Disclosure Items	Measurement	Page
Sustainability Disclosure Topics and Measurements				
Product Safety	CG-AM-250a.1	(1)the number of product recalls and; (2) the total number of products recalled	Unit	40
	CG-AM-250a.2	Discussion of identifying and managing risks associated with product use	n/a	38-39
	CG-AM-250a.3	Economic losses due to lawsuits related to product safety	Reporting currency	/
Environmental impact of product life cycle	CG-AM-410a.1	Percentage of eligible products that meet energy efficiency certification by revenue	Percentage of revenue	/
	CG-AM-410a.2	Percentage of qualified products that meet environmental product life cycle standards by revenue	Percentage of revenue	/
	CG-AM-410a.3	Statement of efforts made to manage product end-of-life impacts	n/a	11-15
Activity Indicators				
Annual production	CG-AM-000.A	/	Unit	/

Reader Feedback

Thank you for reading the Hisense Group Environmental, Social and Governance Report 2023. In order to provide you and other stakeholders with more valuable information and help Hisense Group improve its ESG management capability and level, we sincerely welcome your comments and suggestions on the report and feedback to us via email at: hiesg@hisense.com

1. Which of the following types of stakeholders are you?

- Consumers
- Shareholders/Investors
- Community
- Other _____
- Government & Regulators
- Partners (suppliers/distributors)
- Public interest organizations/Industry associations
- Employees
- Media

2. In your opinion, does this report fully reflect the performance of Hisense Group in environmental, social and governance aspects?

- Yes
- Neutral
- No

3. Do you think this report fully responds to the expectations and requirements of Hisense Group's stakeholders?

- Yes
- Neutral
- No

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

- Yes
- Neutral
- No

5. Do you think the wordings of this report are clear and easy to understand?

- Yes
- Neutral
- No

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

- Yes
- Neutral
- No

7. What would you like to know that is not disclosed in this report?

8. What other comments and suggestions do you have regarding Hisense Group's ESG management and ESG report?