

SKYWORTH

創維集團有限公司
SKYWORTH GROUP LIMITED

(formerly known as SKYWORTH DIGITAL HOLDINGS LIMITED 創維數碼控股有限公司)

(Incorporated in Bermuda with limited liability)

Stock Code : 00751.HK

Trochilus Extreme
SOC
Super Resolution Ultra
Bit Depth Plus Processing
Sparse Qualified Artifact Removing

SMART
TECHNOLOGY



2018 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Artificial Intelligence

SKYWORTH 創維

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

Skyworth Group Limited



Environmental, Social and Governance Report

1 ABOUT SKYWORTH AND BUSINESS INFORMATION

1.1 Our business

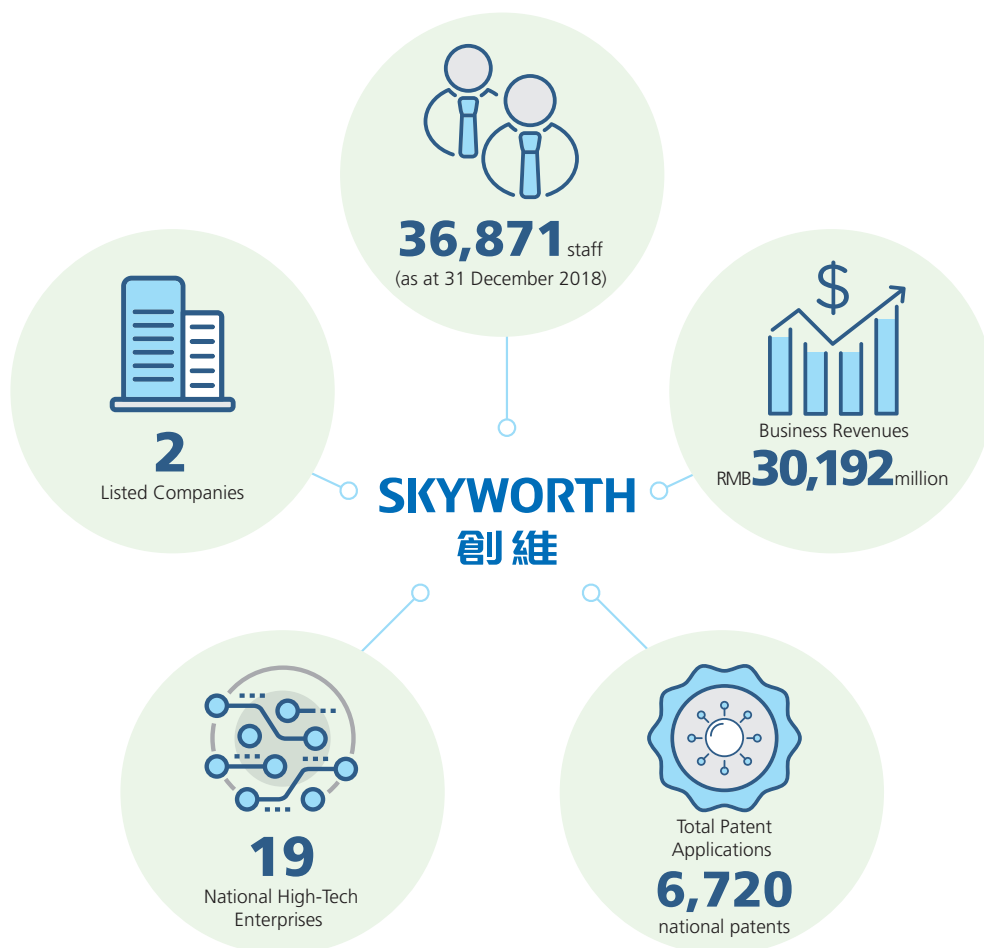
Skyworth Group Limited (the “Company”, together with its subsidiaries are referred to as the “Group”, “Skyworth”, “we” or “us”) is a smart home appliances and information technology company which principally engages in, among others, multimedia (smart TV and content operations), and household appliances (smart products such as refrigerators, washing machines, air conditioners, kitchen appliances, etc.), smart system technologies (digital access systems, automotive electronic systems, smart office and conference systems, and smart security systems) and big data, as well as modern service industries.

Skyworth was established in 1988 and listed on the Main Board of the Stock Exchange of Hong Kong Limited in 2000. Skyworth has more than 36 thousand employees and the headquarters is located at Shenzhen High-tech Industrial Park which is known as the “Silicon Valley” of innovation. Skyworth is a company rooted in China with a global presence. The Group’s TV products, digital set-top boxes and other products have already gained significant shares in various markets in Europe, South America, the Middle East and Southeast Asia.

Skyworth’s shareholders hold two listed companies, known as Skyworth Group Limited (stock code: HK00751), Skyworth Digital Co., Ltd. (stock code: SZ000810), 19 national high-tech enterprises, and has established a state-level enterprise technology centre and a state-level industrial design centre. The Group cooperated with the local government to develop an engineering laboratory. The Group’s research and development (“R&D”), manufacturing and marketing agencies are located both at China and abroad, and its products are sold worldwide. Skyworth Group has been enjoying high ranking among China’s top 100 electronics companies for many consecutive years and selected as one of the first exemplary enterprises for smart manufacturing in the national “Made in China 2025” plan.



Business Highlights of Skyworth for the Financial Year 2018



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1.2 Our corporate responsibility philosophy

We practice our core values, vision and mission that have a profound impact on the long-term development of our business through our planning, development, production, service and delivery. Upholding the core values of “integrity” and “win-win cooperation”, we strive to create values for our customers, shareholders, employees and the society. In addition to proactively improving its operational efficiency, product quality and financial performance, the Group also allocates resources to the environmental protection, talent development and community investments. The Group takes on the mission of “Green Skyworth, Green Audio-visual, Green World” and endeavours to focus on four aspects below:

Skyworth’s Corporate Responsibility Philosophy





2 ABOUT THIS REPORT

2.1 Principle, period and scope of the report

As a leader in the electronics industry, Skyworth believes that environmental, social and governance (“ESG”) report is one of the channels to convey the Group’s sustainability strategy, management direction and performance to the stakeholders, and promotes the integration of sustainability concept into the Group’s business.

This ESG report (the “Report”) is prepared in accordance with the disclosure requirements set forth in the “Environmental, Social and Governance Reporting Guide” (“ESG Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This Report is disclosed based on the principles of materiality, quantitative, balance and consistency.

This Report covers the environmental and social related policies, activities, performance and contribution of the Group from 1 April 2018 to 31 December 2018 (the “Reporting Period”). This Report covers the Group’s core activities of our main business segments including audio-visual and home electronic appliances businesses. In the sections related to environment protection and operating practices, we focus on the report of our TV business and set-top boxes business. These two business segments have significant implications on the Group’s operation as they contribute the most substantial revenue generation and cash flow transactions. As the Reporting Period is different from the previous reporting year (1 April 2017 to 31 March 2018), performance data might not be comparable.

In compliance with the ESG Guide and the Corporate Governance Code, the Board has taken up an overall responsibility for formulating the Group’s ESG strategy and reporting. The Board takes a proactive approach to review the Group’s ESG-related risks to ensure that effective risk management and internal control systems are in place.

3 WORDS TO STAKEHOLDERS

The continuous development of the Group and the expansion of the market give us an opportunity to bring our services and products to customers all over the world and create more values for them. However, this opportunity also brings various challenges to Skyworth, such as expanding productivity while maintaining a low environmental footprint and improving product quality, as well as hiring and guiding new employees.

To this end, we focus on five areas during our business development: focusing on product research and development to pursue technological advantage, focusing on product manufacturing to offer market-leading quality, focusing on product sales to become a market leader, focusing on process refinement to create managerial leadership, and focusing on user needs to be a leader in service delivery. We also actively implement three key strategies (namely operation smartisation, refinement and internationalisation, proceed with constructions of three key projects (namely the Shenzhen headquarter base, the Pearl River Delta smart manufacturing base and the Yangtze River Delta smart manufacturing base), and develop four key business sectors (namely multimedia, smart appliances, smart systems technology and big data, and modern services). We hope to improve the product quality and diversity, explore and expend to a larger market and achieve long-term corporate development. Furthermore, we take sustainable development as one of our important tasks. With the vision of “Green Skyworth, Green Audio-visual, Green World”, we actively seek solutions to improve energy and production efficiency, continuously enhance employees’ working environment and encourage employees to be part of our sustainable development. On the other hand, we also maintain our attention to the voices of various social groups, and participate in the promotion of community development.

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4 STAKEHOLDER ENGAGEMENT AND COMMUNICATION CHANNEL

4.1 Highlight of stakeholder engagement

Skyworth believes that the Group's sustainable development plan relies on the opinion of the stakeholders. The Group organised various engagement activities involving our stakeholders, setting up feedback mechanism and integrating the constructive advice into its operating practices.

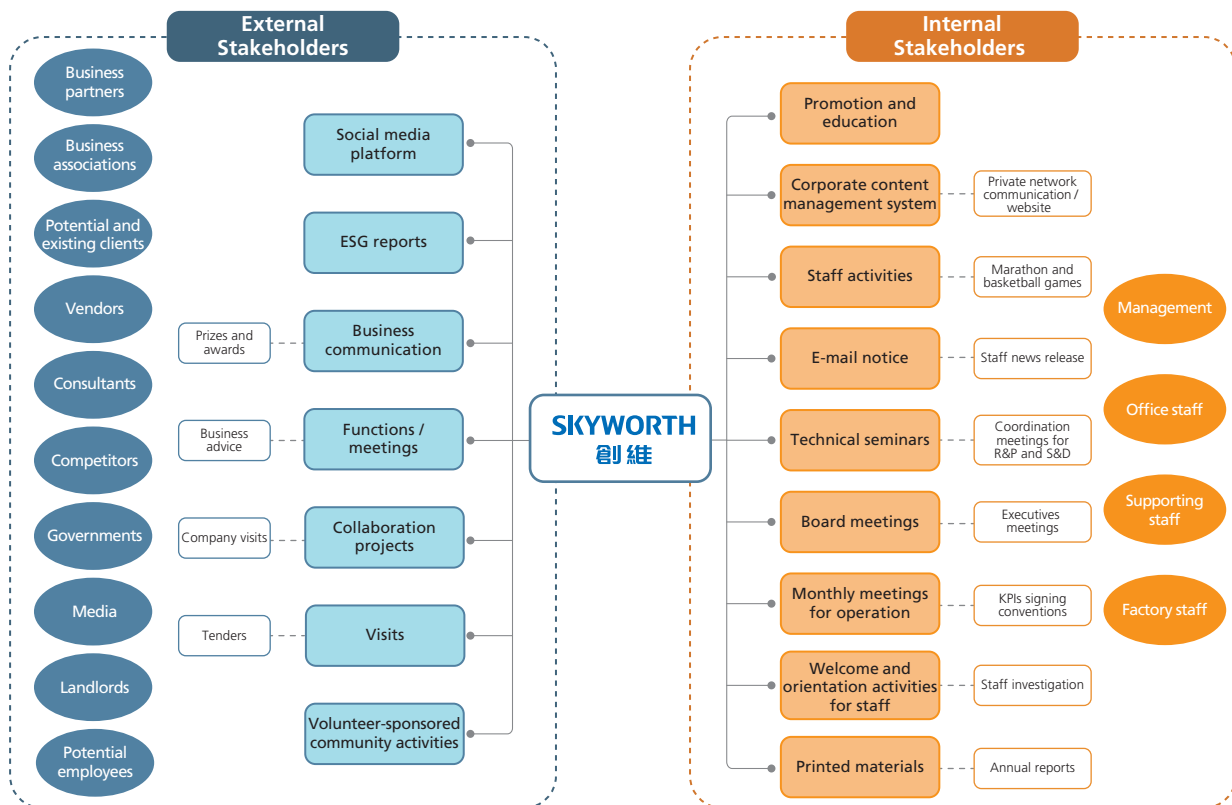
During the Reporting Period, the Group held multiple regular internal meetings such as core management weekly meeting, operation decision-making meeting, product planning meeting and technology seminar, etc. Through the internal stakeholder meetings, the Group is able to collect the employees' opinions on the business operation and convey the corporate development target and strategy to them. Externally, the Group communicates with the peers, suppliers and customers actively, and participates in various design fairs and exhibitions to maintain interflow with them.

2018 was an important year in Skyworth's history, which is the 30th anniversary of its establishment. The Group organised Skyworth's 30th Anniversary Celebration "National Manufacturing Model – Skyworth's 30th Anniversary Celebration" (國家製造典範創維家電30週年慶典) on 24 April 2018, which demonstrated the scientific and technological achievements attained by the Company over the last 30 years since its establishment to approximately 4,500 visitors from all over the world. Besides, the celebration invited over 6,700 internal employees and 1,500 guests included strategic partners, bankers, external legal consultants, external auditors, as well as guests from the academic and business sectors. Awards were granted to the outstanding employees, suppliers and distributors in recognition of their contribution to the Group's development.

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We hope to enhance the transparency of the corporate culture and governance through the establishment of various communication channels and collect various suggestions to promote the improvement in corporate sustainability.

Stakeholders and Communication Channels

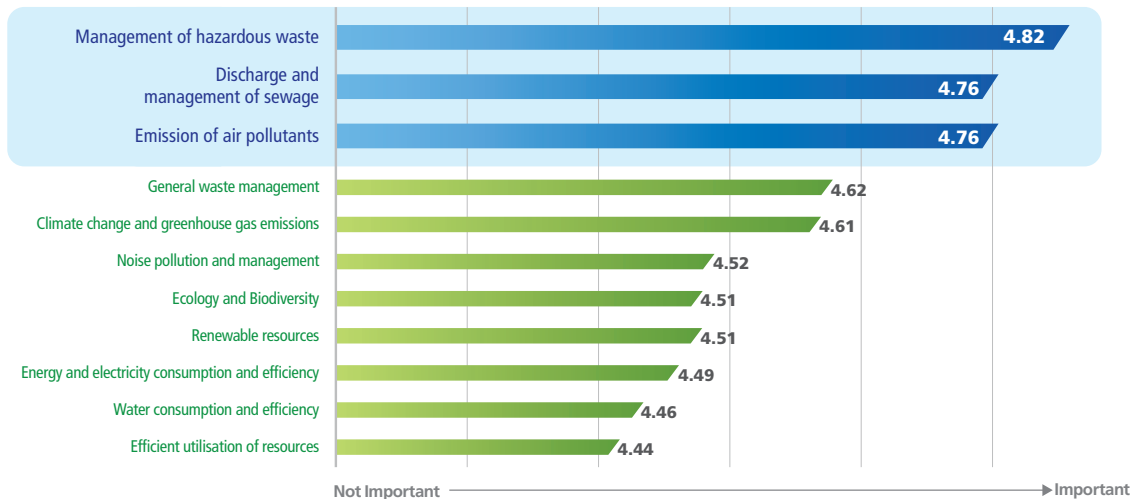


4.2 Result of materiality assessment for stakeholders

In order to further understand the views of the stakeholders on the environmental and social issues related to the Group's operation, Skyworth has conducted an internal stakeholder survey regarding such topics. According to the results of the survey, environmental issues such as "Management of Hazardous Waste", "Discharge and Management of Sewage" and "Emission of Air Pollutants", were identified by our employees as the top 3 most important environmental aspects in respect of the Group's day-to-day activities.

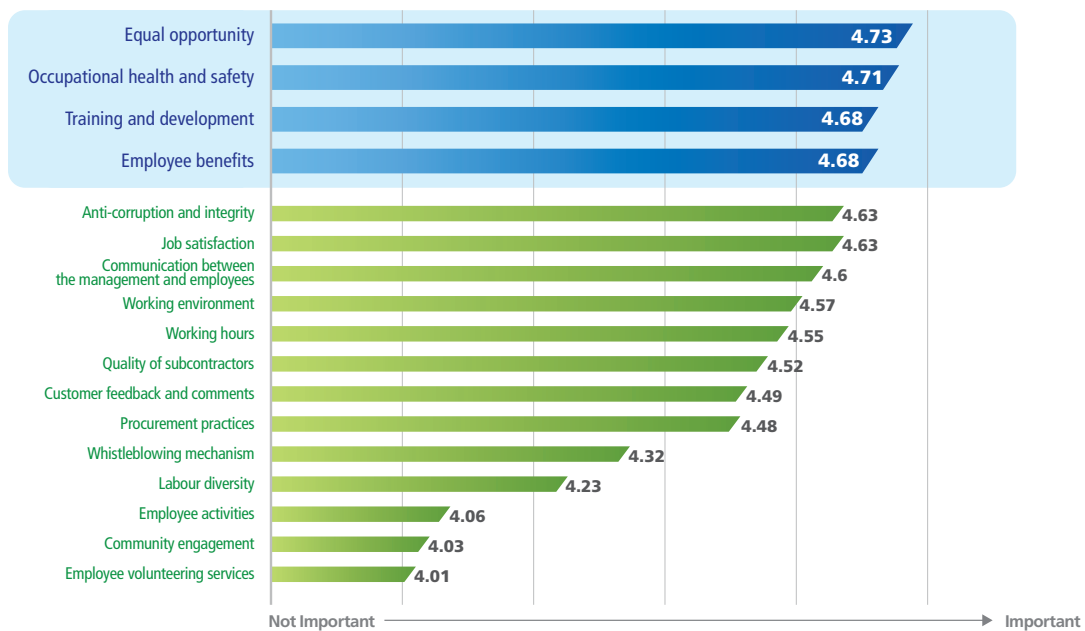
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Skyworth's Internal Stakeholders' View to the Ranking of Importance on Environmental Issues



In the social aspect, employees have shown their concern on the related rights and development opportunities experienced during their employment. "Equal Opportunity", "Occupational Health and Safety", "Training and Development" and "Employee Benefits" were identified as the most material social issues.

Skyworth's Internal Stakeholders' View to the Ranking of Importance on Social Issues





This assessment strengthens the understanding of the Group's Board of Director ("the Board") on the important environmental and social issues related to the business operation and facilitates Skyworth's internal analysis and review of the internal stakeholders' expectation on sustainability. We will continue to communicate and work with various stakeholders to gain a more detailed understanding on the material issues pertaining to Skyworth's business operations, and subsequently to allocate resources to improve the Group's performance on such issues.

5 OUR OPERATION AND PRODUCT QUALITY

5.1 Quality management system

A successful company needs to assure product quality of all stages including product development, supply chain management, production process, delivery and after-sale services. Therefore, the Group has established a quality management system, actively developed new product based on customers' needs and market trend, implemented strict supply chain management policies to ensure quality, integrity, synergy and economies of scale with respect to suppliers. Refined production techniques and smart systems and equipment are adopted in the production process to increase productivity. As part of delivery control, a mode that integrates online and offline operations is applied to examine quality of finished products. After-sales services are also provided after delivery. Skyworth is dedicated to offering the superior experience to its customers with its professionalism and commitment through the establishment of a strong brand in terms of product quality management.

Production Process Quality Control System



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5.2 Supply chain management

Supply chain management is indispensable to the business's production and operation and is critical to product quality and customer satisfaction. In order to ensure the stability of the supply chain and avoid environmental and social risks, the Group adheres to the three supply chain management principles of concentration, priority and integrity, and establishes supplier development, selection and review processes on this basis.

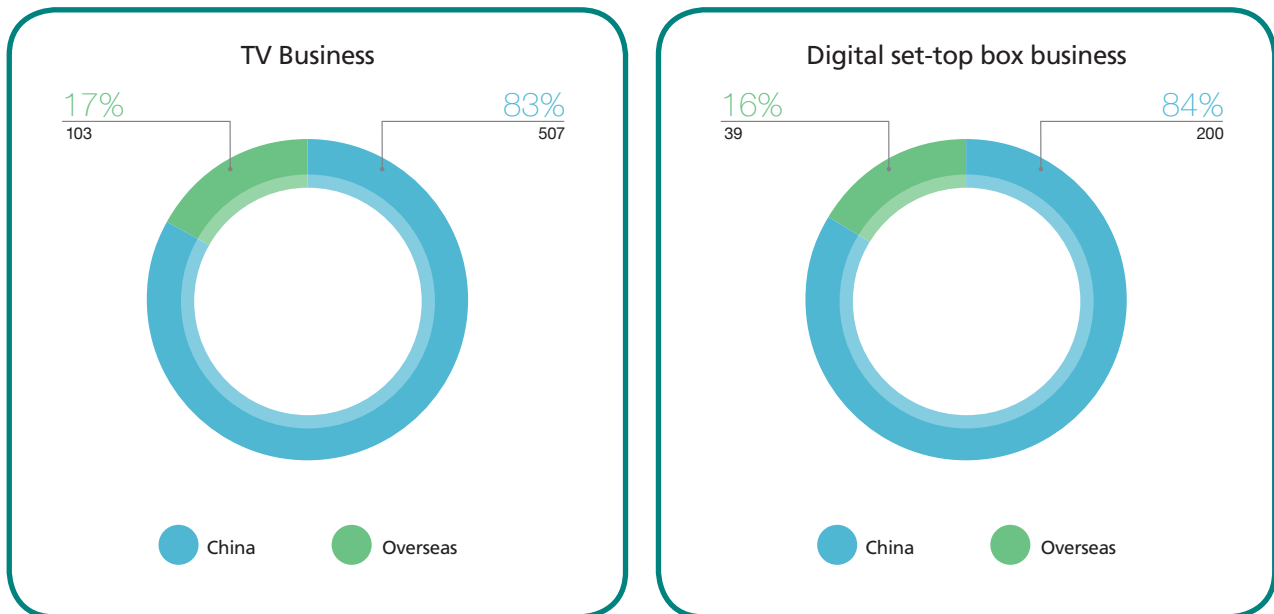
According to the principle of concentration, the Group centralises the procurement to a reasonable extent and maintain a reasonable number of suppliers in same categories so that the suppliers are able to obtain sufficient orders and reduce the production costs. Throughout the collaboration with suppliers, the Group appraises supplier performance on a monthly basis in terms of delivery, quality, cost and services. The results of the appraisals serve as a standard for the allocation of procurement proportion and the phasing-out of suppliers.

The Group prioritises the selection of suppliers with industry recognition, high quality, strong creativity, comprehensive materials and law and regulation compliance in order to maintain the stability of the supply chain. The Group also requires the suppliers to adhere to the principle of integrity. The suppliers will be phased out if any violation of the principle is discovered, and the Group will reserve the right to seek all remedies available by law. In case of any emergency incidents caused by a supplier, relevant departments will perform a review the supplier in accordance with internal standards and procedures. During the review process, the Group provides improvement guidance and advice to these suppliers through emails and site visits. If the suppliers have not been able to resolve the issues for a long period of time, the Group will phase out them based on its internal guidelines.

To shorten the shipping time and minimise transportation pollution, Skyworth adopts the principle of proximity and selects the suppliers close to the production line. During the Reporting Period, over 80% of suppliers were from China which are close to the Group's production line.



Total number of suppliers in China and overseas in the Reporting Period



5.3 Product responsibility

In terms of products, Skyworth takes “honour the commitment towards creating a healthy, technology-empowered life for mankind” as our mission, and implements strict product responsibility policies to provide healthy, safe and high-quality product and services to customers. Corresponding departments are responsible to record, monitor and review the products in accordance with internal guidelines, laws and regulations relating to product and services in each of the countries and jurisdictions in which the Group operates. In addition, products are required to undergo certain tests before delivery, including safety test, high/low temperature test, energy efficiency test and stand-by power to ensure products to pass and exceed national and industrial safety and quality standards.

The Group have established relevant procedures for handling complaints concerning products and services or product recall for the TV and digital set-top boxes business respectively. Once a complaint is received, complaint specialists will follow through and implement appropriate service compensation mechanisms. Complaint specialists are also required to analyse and summarise complaints on a monthly basis and provide feedback to relevant departments to implement enhancement plan. The Group requires the corresponding departments to handle the recalled product in accordance with the process for proper disposal to prevent the environmental hazards brought by disposing of scrapped products irresponsibly.

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During the Reporting Period, Skyworth achieved “zero” recalls of digital set-top boxes while TV recalling rate was 0.002%. The Group only received 12 complaints about digital set-top boxes and the complaint rate was nearly zero. The complaint rate of the TV products was 1%. All complaints and recalls were handled in accordance with the Group’s product recall and complaints procedure. The performances of TV business and digital set-top boxes business during the Reporting Period are listed as below:

Product Recall and Complaint in the Reporting Period

Category	Product/Production line	
	TV business	Digital set-top boxes business
Total Production	11,760,111	33,137,286
Complaint		
Total Complaint	14,675	12
Product Complaint	3,300	12
Sale Complaint	1,292	–
Service Complaint	9,399	–
Other Complaint	684	–
Complaint Rate	1%	0%
Recall		
Product Recall	104	–
Recall Rate	0%	0%

The Group regards the protection of personal information and customer privacy as an important part of the responsible operation. Internal guidelines and data system were set up for the appropriate handling of important privacy information. Data system is encrypted and prior approval is required from the Information Technology Department for access to customer related information. The Group has complied with the laws and regulations on matters relating to advertising and labelling. There was no material case of non-compliance with the laws and regulations on product safety, advertising, labelling and privacy across the Group during the Reporting Period.

5.4 Intellectual property management

The Group understands the risks of infringement on intellectual property (“IP”) right may arise during the research and development of the electronics products and in the cooperation with digital set-top boxes software vendors. Therefore, Skyworth attaches great importance to matters related to IP, and strives to safeguard, protect and manage its IP rights.

In TV business, the Group establishes IP management team under the legal department to manage all internal and external matters involving IP. The team’s responsibilities include formulation of IP goals and strategy, application, safeguard, use of and negotiations for licensing related to intellectual property rights of the Group. For the digital set-top boxes business, the Group installs patent management software to monitor and manage patent proposal, production and protection, and arrange specialised employees for maintenance.



Through outstanding intellectual property management, there was no material case of non-compliance with the laws and regulations relating to intellectual properties during the Reporting Period.

5.5 Awards and recognitions of Skyworth

Skyworth's strict operation management and high-quality products are recognised by the industry, and attained the following awards and recognitions in 2018:

Organiser	Corporate Award Name
China Video Industry Network	2018 Audio and Video Technology and Application Direction Forum Product Innovation Award 2018 Audio and Video Technology and Application Direction Forum Application Innovation Award
China Electronics Chamber of Commerce	2018 Consumers' Favourite TV Brands Top Ten TVs 2018
CRC Organisation	2018 Innovative Design 2018 Innovative Product
China Video Industry Network	2018 Innovative Design 2018 Innovative Product Award
All View Cloud	CES Made in China Brand Award CES Made in China Product Award
China Die & Mould Industry Association	China's Key Enterprise of Die & Mould Manufacturing Certificated by CDMIA
China Chamber of Commerce for Import and Export of Machinery and Electronic Products	China Top 10 Washing Machine Export Companies
China Refrigerator Industry Symposium Organizing Committee	Promising Smart Preservation Brand of 2017 – 2018 China Refrigerator Industry
PChome	2018 PChome Product Selection Excellent Picture Quality Award
Zol.com.cn	2018 ZOL Awards
Guangdong Machinery & Mold Technology Association	First Prize of Transparent Cover Mould for Large Medical Devices 2018 Guangdong Machinery Mould Industry Innovation Achievement
Shenzhen Market Supervision and Administration	Guangdong Province's "Respecting Contract and Credit" Enterprises
Nanjing Municipal Science and Technology Bureau	Nanjing Intellectual Property Demonstration Enterprise
PCPOP.com	Best AI TV of 2018
PjTime.com	Annual Festival of Large Screen Display Best Quality Award

Environmental, Social and Governance Report

6 OUR ENVIRONMENTAL PROTECTION PRACTICES

6.1 Environmental strategies

Skyworth places a high value on environmental friendly operations to lessen the burden of the environment and strive for the vision of “Green Skyworth, Green Audio-visual, Green World”. We take the internationally recognised Environmental Management System (ISO14001:2015) and Energy Management System (ISO50001:2011) as the guidance to incorporate the concept of environmental protection into each part of the operation, and actively implement four environment protection initiatives, namely “Production Design”, “Operational Energy Saving”, “Concepts of Environmental Protection” and “Clean Energy”, and enhance the Group’s performance on creating the environmentally friendly workplace, saving energy and reducing emission.

Skyworth’s Long-term Green Initiatives





6.2 Green workplace

The Group strives to create an environmentally friendly workplace to convey the vision of green operation and protect the environment with its employees.

Skyworth integrates a green concept for design, energy-saving technologies and products into the construction and renovation of its buildings and factories to create an eco-friendly and healthy workplace. For instance, we integrated the eco-friendly design into the construction prior to the design of Skyworth Shi Yan Industrial Park ("Industrial Park"), and installed atmospheric control areas of class 1, water protection area, rubbish recycling area and sewage treatment station to protect the production area and the ecological environment nearby. In order to improve the quality of the environment in which our employees work and live, the Group reserves a greenery coverage of about 30% in the Industrial Park to clean the air and beautify the environment.

In addition to the design of the Industrial Park, the Group also applied the following green architectural materials and equipment in most of its construction projects to achieve energy saving and environmental protection:

- **Environmentally-friendly and Thermal Insulation Materials:** glass walls of the building are made of LOW-E glasses, which can effectively block the transmission of heat from the sun and the penetration of ultraviolet rays. Thermal insulation materials are used to construct the building roof, floors, and other structures. All these measures can indirectly reduce the indoor temperature while saving energy with less air-conditioning.
- **Solar Energy:** solar panels and solar hot water supply system have been installed on the roof of the building and the staff quarters within the Industrial Park to generate electricity and heat. All electricity, gas and water supply systems are engineered to minimise transmission losses.
- **LED Lighting:** LED lamps have been installed for the underground garage of the building, multiple commercial shops and office areas, and the basements of the Industrial Park to replace traditional fluorescent lamps. LED lamps can save more than 60% of electricity in comparison with traditional lamps at the same wattage level, which have enabled the Group to reduce its overall electricity consumption.
- **Environmentally-friendly air conditioning system:** compare with regular models, the water cooling and heat recovery design of the air conditioning in the building can save approximately 10% to 20% electricity consumption each year. Use environmentally friendly air-conditioning equipment, which have ozone depletion potential ("ODP") and global warming potential ("GWP") of 0 and 0.29, respectively, to reduce environmental impact.

In order to promote the concept of green office, Skyworth carries out green education in various forms. For example, launching propaganda posters and banners relating to a green and ecological Industrial Parks in public areas to emphasise the importance of green civilisation to its employees. We encourage our employees to switch off the machines after completion of the operation and arrange staff to ensure all electrical appliances in each office are turned off before going off duty. Skyworth hopes its employees keep an eye on specific matters to avoid unnecessary waste, and encourage them to put forward feasible suggestions on energy conservation.


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6.3 Use of energy and greenhouse gas ("GHG") emission

Climate change nowadays is one of the biggest challenges faced by the world and a problem that we must work together to solve. Therefore, the Group endeavours to decrease the GHG emissions and carbon footprint through enhancing the energy efficiency of the operation.


Skyworth's main energy consumption comes from the electricity, natural gas and diesel used in production, and these energies are also the major source of GHG emissions of the Group. In order to increase energy efficiency and reduce carbon emission, Skyworth has established energy monitoring and management systems to centrally manage energy usage in the production process. The Group promotes the target-oriented energy management system across different departments and encourages employees to use online and electronic tools to reduce paper consumption and business trip frequency in order to reduce the GHG emitted from waste handling and transportation.

The Group also keeps investing in energy saving measures to strengthen the Group's environmental performance while lower its long-term operating cost. Skyworth's energy saving renovations include the followings:






Adopting new environmentally friendly refrigerant to improve cooling efficiency:
(1) replacing the existing refrigerant with the new environmentally-friendly refrigerant, and (2) adding high efficiency catalyst to conventional refrigerant.



Using clean and efficient fuel to save energy and reduce emission:
(1) using clean natural gas fuel to replace conventional coal water slurry and (2) replacing the original diesel forklift trucks with electric forklift trucks



Improving production equipment to minimise energy consumption:
(1) renovating relevant cooling equipment such as air-conditioning cooling towers, using hydrodynamic system to replace conventional motors with significant power consumption; (2) adopting new technologies, replace conventional AC motors with energy-saving servo system and eliminating high energy consuming motors; (3) replacing incandescent lamps with energy-saving LED lamps.



During the Reporting Period, the energy saving renovation measure saved around approximately RMB 16 million from the energy cost and created economic benefit of approximately RMB 45 million.

Economic benefits created by energy-saving renovation measures of Skyworth from 2015 to 2018 (in RMB ten thousand)

Retrofit measures	Year				Accumulated economic benefits
	2015	2016	2017	2018	
Replacement of traditional lighting with LED lights	110	150	135	135	530
Addition of refrigerant to central air-conditioning system	88	88	88	–	264
Energy-saving reconstruction of the water tower	15	15	15	20	65
Highly-efficient and energy-saving moulding machine	–	308	308	268	884
Energy-saving renovation of injection moulding machines	274	466	603	713	2,056
Solar photovoltaic project	–	41	40	33	114
Replacement of diesel forklift Trucks	25	88	125	125	363
Improvement of injection moulding process	–	–	–	155	155
Replacement of old air compressor by new energy-saving air compressor	–	–	–	7	7
Heat recycling of boiler exhaust	–	–	–	97	97
Total	512	1,156	1,314	1,553	4,535

Apart from energy saving renovations, we actively facilitate technological innovation within the Company and have established automated production lines to enhance productivity and reduce unnecessary energy consumption and emissions from equipment. Through unremitting efforts, Skyworth has become one of the 46 “Smart Production Pilot Demonstration Enterprises” first recognised by the Ministry of Industry and Information Technology.

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On the basis of boosting productivity, Skyworth also applies renewable energy in the Industrial Park, and install solar photovoltaic power generation system on the roofs of 9 buildings in the Industrial Park. The installable area of approximately 50,000 m², with a total capacity of approximately 4 MW. The Group has been generating electricity by the solar photovoltaic system for three years. Currently, the Group's operation can be fully satisfied by the solar photovoltaic system while the remaining power generated is re-inserted in the municipal electricity grid to supply other energy consumers. During the Reporting Period, the photovoltaic power system generated a total of approximately 3,208.2 MWh of electricity.



Electricity consumption of Skyworth in the Reporting Period

Electricity consumption	Business	
	TV business	Digital set-top boxes business
Total consumption (kWh)	80,098,159	13,418,680
Intensity (kWh/per thousand produced product unit)	6,811	405

Natural gas consumption of Skyworth in the Reporting Period

Natural gas consumption	Business	
	TV business	Digital set-top boxes business
Total consumption (m ³)	1,374,558	–
Total consumption (kWh)	14,864,818	–
Intensity (kWh/per thousand produced product unit)	1,264	–



Skyworth not only pays attention to energy saving and emission reduction during the production process but also cares about the energy consumption of its products, in order to provide customers with more energy-saving products. The Group assesses the energy consumption and emissions of its various products and sets relevant indicators. We encourage innovation, research and development, and actively promote the upgrading of LED LCD TVs, energy-saving LED LCD TVs and OLED TVs and other products to enhance the energy efficiency of products.

During the Reporting Period, the Group did not aware of any violation of laws relating to GHG emissions.

Greenhouse gas emission by Skyworth in the Reporting Period

GHG emission type	Business	
	TV business	Digital set-top boxes business
GHG emission (Scope 1) (tCO ₂ equivalent)	4,777,337	–
GHG emission (Scope 2) (tCO ₂ equivalent)	49,150	8,008
GHG total emission (tCO ₂ equivalent)	4,826,487	8,008
Intensity (tCO ₂ equivalent/per thousand produced product unit)	410.41	0.24

6.4 Water consumption

Water consumption of the Group's business is limited and the water resources are mainly supplied by municipal governments through the water pipe network. Although there is no difficulty in obtaining water resources, Skyworth still hopes to enhance water efficiency, reduce wastewater discharge and protect the local environment through implementing water saving measures.

We first reduce operating water usage through good daily water saving practice. The Group designated staff to regularly inspect the building pipe network and water supply facilities to timely repair the water leakage. The Group has also established an independent water consumption account for each unit to record water consumption of each month for data analysis. For units with high consumption, we will formulate improvement measures and review the effectiveness regularly.

For the production process, the Group is gradually replacing old expanded polystyrene (EPS) moulding machines to save water consumption. In 2018, a total of 10 machine was replaced and 2,941 tonnes of water were saved. In order to further promote the water utilisation and lower wastewater generation, Skyworth has also established a water recycling system to enable further treatment of sewage and turn it into reclaimed water with a higher standard. The system also applies to cleaning, greenery and flushing water. The total amount of yearly reclaimed water exceeded 300,000 m³.

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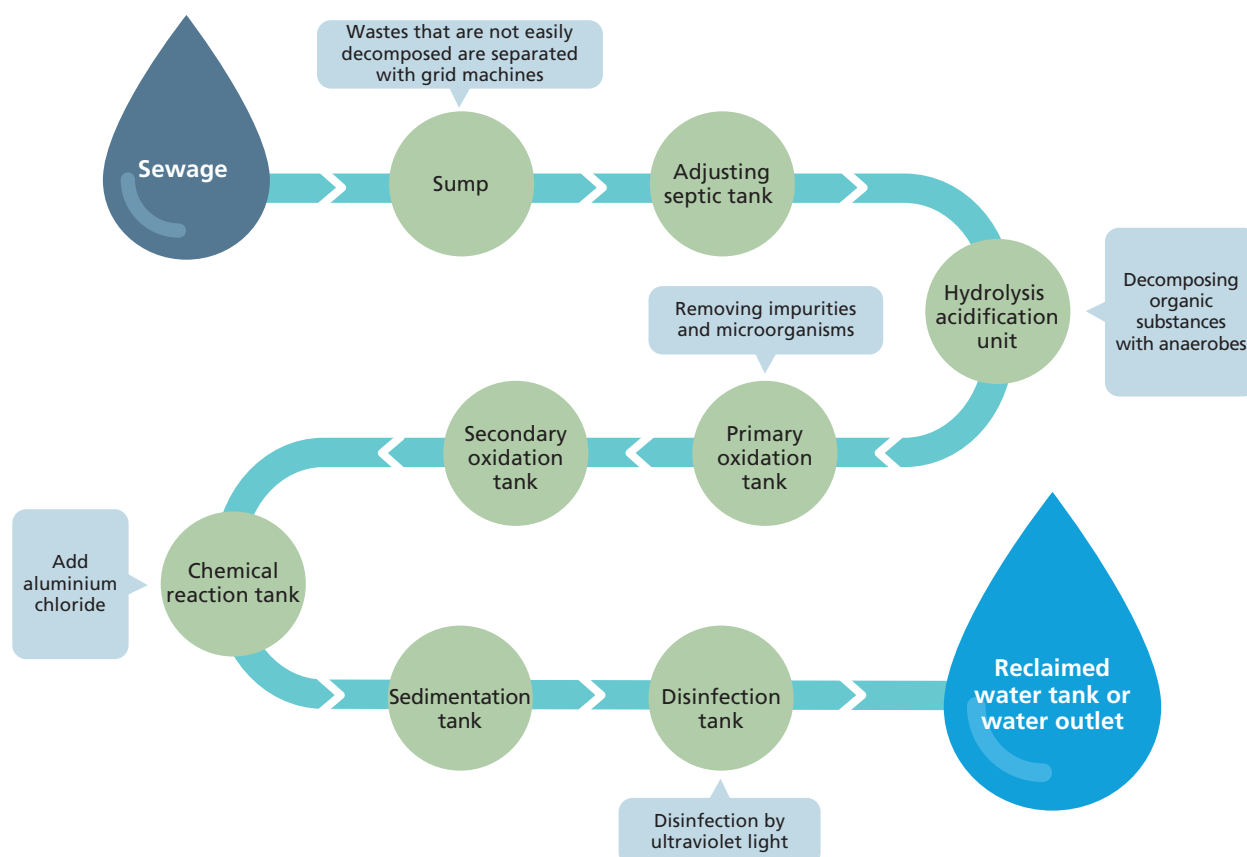
The Group's water consumption during the Reporting Period is as below:

Water consumption of Skyworth in the Reporting Period

Water consumption	Business	
	TV business	Digital set-top boxes business
Total consumption (m ³)	1,245,712	104,830
Intensity (m ³ /per thousand produced product unit)	105.93	3.16

The Group has built a comprehensive sewage treatment facility in the Industrial Park, which is controlled automatically and monitored online by the Ministry of Environmental Protection of China. The facility has a domestic sewage treatment capacity of approximately 5,500 m³ per day, ensuring that the sewage discharge complies with the A-grade national standard after treatments. During the Reporting Period, the Group was not aware of any violation of laws relating to the discharge of sewage.

Process Adopted by Skyworth for Treatment of Domestic Wastewater





6.5 Reduce waste disposal

The Group's waste management approach is mainly waste reduction at source and material recycling, and minimise waste generation in the production process and recycling materials.

Skyworth reduces the consumption of raw materials by optimising the manufacturing process. The Group regularly conducts maintenance on the machines throughout the production process to ensure the efficiency and raw material utilisation. During the Reporting Period, the Group reduced waste generated in tin slag, waste board and waste oil by 8%, 25% and 60% respectively. During the procurement of raw materials, the Group strives to opt eco-friendly materials and recycle the packaging materials. The Group formulates waste management guidelines and arranges employees to manage and handle the waste by category. The remaining non-recyclable waste is treated by qualified companies.

During the Reporting Period, the Group did not record any violations of laws relating to waste disposal.

Waste generated by Skyworth in the Reporting Period

	Non-hazardous waste (tonne)	Non-hazardous waste recycled (tonne)	Liquid hazardous waste (litre)	Solid hazardous waste (tonne)
Group total*	40,356	742,809	423	19

* Note: Including TV business and digital set-top boxes business

Besides, in order to utilise the packaging materials and convey Skyworth's values of environmental protection to customers, Skyworth uses recyclable materials in packaging stage. The packaging materials meet EU directive RoHS2.0. During the Reporting Period, the Group has purchased 15,190,097 paper boxes and the usage of other packaging materials is as below:

Packaging materials used by Skyworth in the Reporting Period

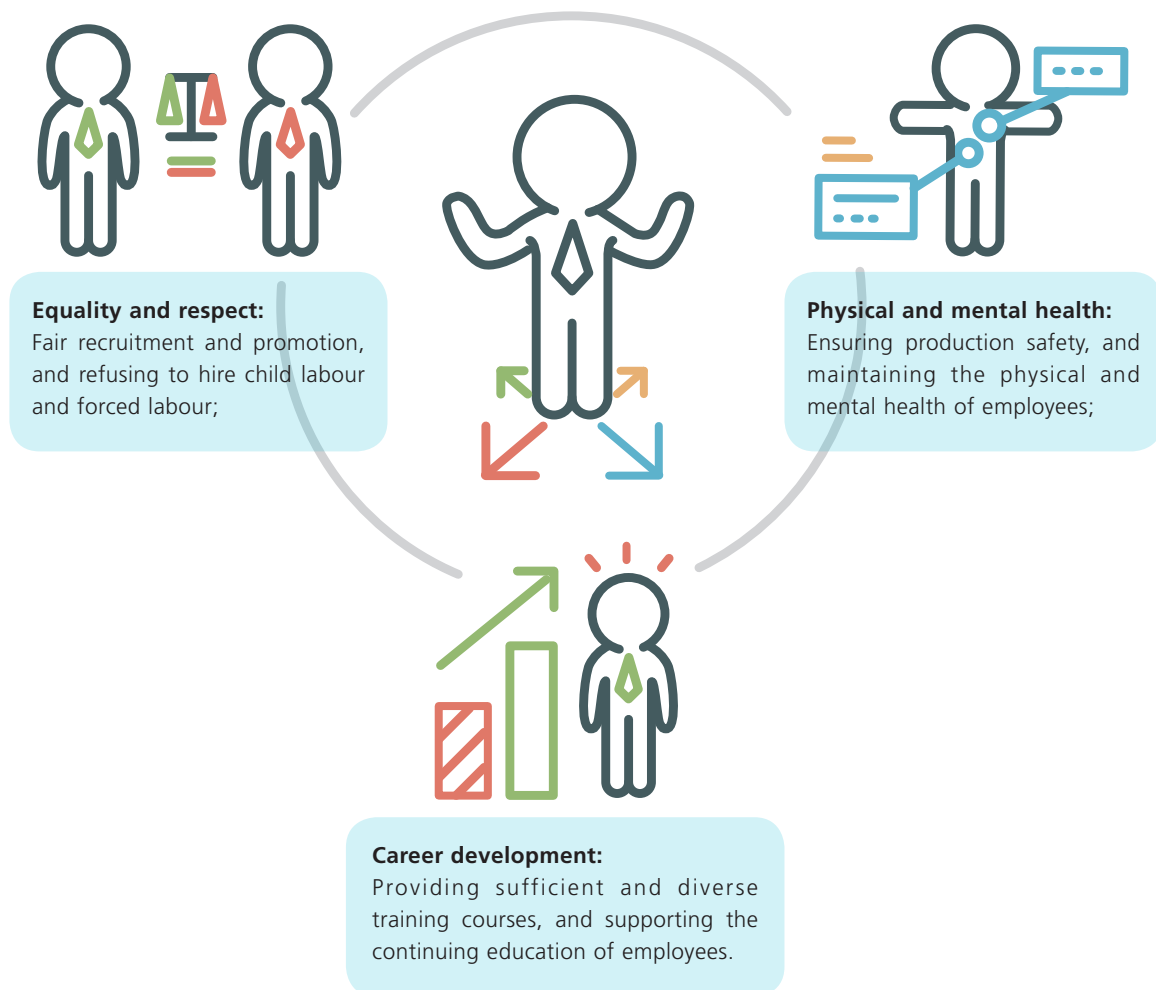
Packaging materials type	Business	
	TV business	Digital set-top boxes business
Paper (tonnes)	45,370	5,400
Plastic (including polystyrene foam, plastic) (tonnes)	3,533	4,348
Packaging bag (tonnes)	1,323	76
Other packaging materials (tonnes)	7,476	594
Total packaging materials (tonnes)	57,702	10,418
Intensity (tonnes/per thousand product for sale unit)	4.91	0.31

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7 OUR EMPLOYEES AND THEIR DEVELOPMENT

7.1 Employee management

Employees are important assets of the Group and are driving force for our business growth. Therefore, we are committed to establishing a workplace that is equal, diverse, healthy and caring, and building a platform for employees to strive at. Thus, the Group manages its employees based on the following three aspects:





7.2 Our employees

As a corporate with more than 36,000 employees, Skyworth is committed to protection of employees' rights and interests, and strictly abiding relevant national laws and regulations to carry out human resources management. Based on the Labour Law of China, the Employment Ordinance of Hong Kong and other relevant laws and regulations, the Group has established comprehensive human resources management policies and systems covering recruitment, staff transfer, salary adjustment, promotion, separation and equal employment opportunity and other relevant matters. The Group adopts a fair and transparent approach on recruiting and promoting employee, and selecting talents based on their skills and qualifications, regardless of their background of race, age, nationality, gender, religion, sexual orientation and marital status. In addition, for the purpose of recognising high-performing talents, Skyworth has also put in place its own incentive mechanism where the Company rewards employees in various forms for their outstanding performance, for example, award for continuous contribution.

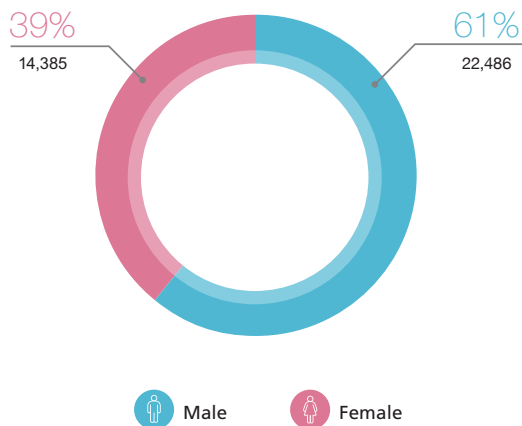
Skyworth prohibits any forms of child and forced labour, and has detailed descriptions on execution approach in its issued "Social Employment and Staffing Policy". The Group updates information on its employees on a monthly basis and uploads cases involving forced labour to a platform that features information related to labour and employment issues of enterprises, for the review of functional departments of the Chinese government at various levels. In the event of any non-compliance, the Group will take immediate corrective actions against the employees involved in accordance with the requirements of current rules, and deal with issues related to their relocation and compensation in a proper manner. To prevent the recurrence of similar incidents, the Group provides employees with targeted trainings on labour standards on a regular basis. Besides, the Group evaluates all check points in the operation, remedies management loopholes, and develops new requirements and guidance based on actual needs.

During the Reporting Period, the Group has strictly complied with the relevant rules and regulations of Mainland China, Hong Kong and other relevant jurisdictions relating to the avoidance of child and forced labour, and it did not record any significant non-compliance with labour-related laws and regulations.

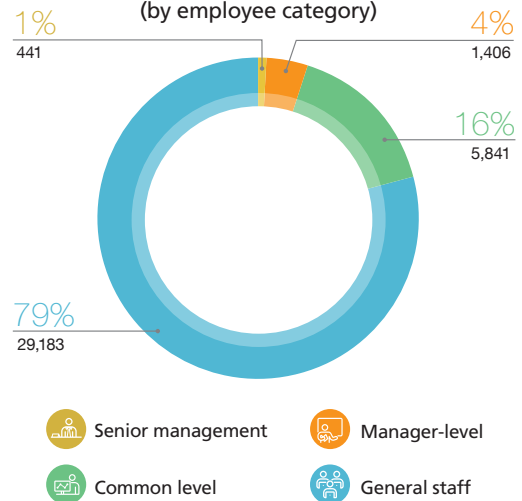
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As at 31 December 2018, Skyworth employed a total of over 36,000 full-time employees to serve different posts in the Group, including, among others, its management team, innovation development team and frontline manufacturing operation.

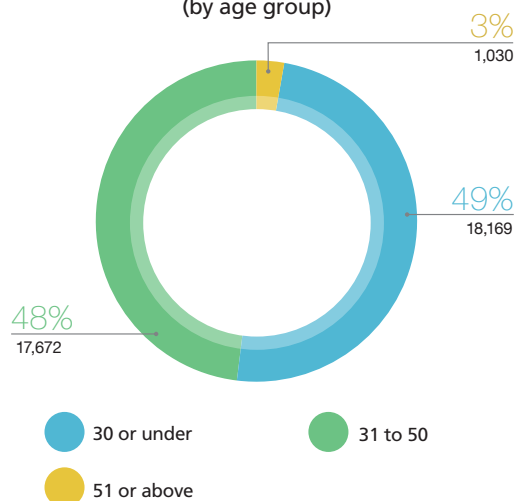
Percentage of full-time employees during the Reporting Period (by gender)



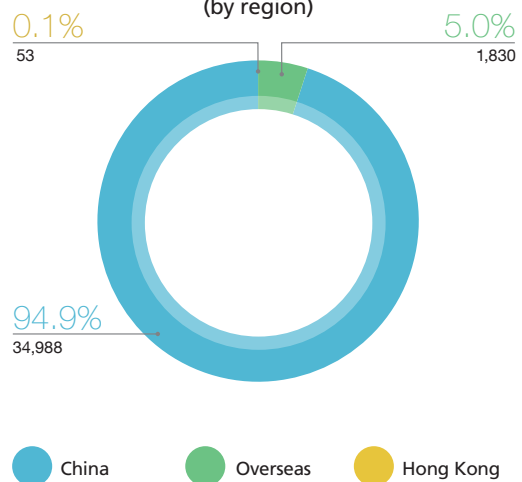
Percentage of full-time employees during the Reporting Period (by employee category)



Percentage of full-time employees during the Reporting Period (by age group)



Percentage of full-time employees during the Reporting Period (by region)



7.3 Healthy working environment

The Group strives to provide a safe working environment for its employees and implements relevant policies and procedures as a guide for employees to work safely. In addition, Skyworth continues to upgrade production equipment and machinery used by each of its business units, with a view to ensuring that all facilities comply with national standards on health and safety, and to minimising safety hazards to its employees. Skyworth also forms a Group Committee on Safe Production Management, which is responsible for leading business units to implement plans and policies on safe production, and to execute various measures to ensure safety and address hazards. During the Reporting Period, the Group did not record any work-related fatality case, and it was not aware of any significant violation of laws and regulations relating to occupational health and safety, including the Production Safety Law of the People's Republic of China and the Labour Law.

Apart from production safety, Skyworth also focuses on the mental and physical health of its employees, endeavours to improve employees' living environment and arranges over a hundred of diverse employee activities to create a positive, healthy and harmonious working atmosphere.



The 10th Skyworth Labour Union Basketball Game

Skyworth continued to hold basketball games, encouraging employees to do more exercise in their spare time to improve their quality of life.



The 16th Skyworth Collective Wedding Ceremony

On 18 October of each year, Skyworth will hold a collective wedding to enhance the happiness of its employees.



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Parent-child Volunteer Activity

Skyworth organised parent-child activities to enhance the relationship between employees and their children.



Dragon Boat Festival Rice Dumpling Packing Activity

Skyworth organised Rice Dumpling Packing Activity on Dragon Boat Festival, and celebrated the festive season with the employees.



Skyworth Employee Birthday Party

Skyworth arranged and celebrated employee birthday party monthly.



Shantou Food Tour

In order to reward the hard-working employees, Skyworth held a food tour to Shantou.





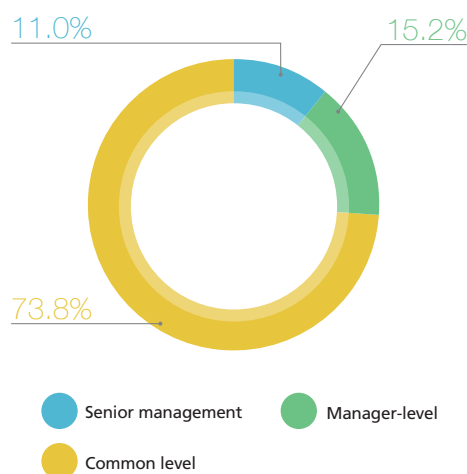
7.4 Training and development

Skyworth is committed to building a comprehensive talent development system that provides each employee with the learning and training opportunities they need for career development. The Group has established the College of Skyworth and invited internal and external experts to provide training courses for all employees. In addition, we encourage directors to participate in trainings, and invite professional lecturers to provide seminars on topics such as the roles, responsibilities and corporate governance for the directors, to improve their management skills.

During the Reporting Period, the Group provided over 400 trainings including health and safety, career development and management skills in accordance with the responsibilities of the employees. We also continuously updated our professional training courses based on market trends and employees' career development needs to ensure that employees receive the latest industry information. The Group also encouraged employees to continue their education and provided them with a corresponding tuition subsidy.



Percentage of employees receiving training during the Reporting Period (by employee category)



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7.5 Anti-corruption

The Group adheres to the principle of zero tolerance for corruption, such as bribery, extortion, fraud and money laundering, and has developed internal guidelines and code of conduct to ensure employees understand the regulations and policies on anti-corruption, anti-bribery and conflict of interest. The Group has an independent reporting channel which encourages employees to report any misconduct to the responsible department, and the report would be investigated by the internal audit and legal departments. During the Reporting Period, there were no violations of laws and regulations related to anti-corruption.

8 OUR SOCIAL RESPONSIBILITIES

Technology is changing our lives, and Skyworth hopes to use innovative technology to bring convenience to people's lives and promote community development. As a responsible corporate citizen, the Group actively participates in community activities and volunteer services, and strives to bolster the living standard of the poverty area. Skyworth has donated 200 thousand RMB worth of electrical appliances including televisions, refrigerators and washing machine to the citizens in Yamanya township in Shule county, Kashgar, Xinjiang, and hope to improve their lives through technology.





9 CONCLUSION

In the coming year, Skyworth aims to promote the extensive implementation of its strategies, and make further progress and substantial improvement. The Group will strictly follow the general principles of reform, innovation and development, and accelerate the deep integration among various businesses. On the other hand, the Group increases its effort in integrating key supporting resources in the upstream and downstream industries, so as to build an ecosystem for the smart appliance industry, injecting new momentum and driving faster development.

The Group believes that as we integrate environmental protection elements into procurement, manufacturing technology upgrades and energy management, Skyworth will continue to move towards the goal of “Green Skyworth, Green Audio-visual and Green World”. Skyworth also continuously improves the working environment of its employees and equips them with high-quality training courses that enable employees to move hand in hand forward with the Group. In the future, the Group will continue to research and apply green technology, and work with its employees to promote corporate sustainable development and provide high quality technological products to the customers.

The Group’s management is confident that Skyworth is well positioned to seize opportunities arising from the current home appliance industry and consumption upgrade. Skyworth will continuously strive for the acceleration of industrial transformation, technological upgrading and product innovation, thereby achieving long-term sustainable development.

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10 ESG GUIDE CONTENT INDEX

Aspect	KPI	Description	Statement/Section	Page No.
SUBJECT AREA (A) ENVIRONMENT				
A1: EMISSIONS				
A1	General disclosure	Information on: (a) the policies; and (b) compliance	(a) 6.1 Environmental Strategies 6.2 Green Workplace (b) The Group complied with relevant laws and regulations and there was no relevant material non-compliance during the reporting period.	14-15
A1.1		The types of emissions and respective emissions data.	6.3 Use of Energy and GHG Emissions 6.4 Water Consumption 6.5 Reduce Waste Disposal	16-21
A1.2		Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.3 Use of Energy and GHG Emissions	16-19
A1.3		Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.5 Reduce Waste Disposal	21
A1.4		Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.5 Reduce Waste Disposal	21
A1.5		Description of measures to mitigate emissions and results achieved.	6.3 Use of Energy and GHG Emissions 6.4 Water Consumption 6.5 Reduce Waste Disposal	16-21
A1.6		Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.5 Reduce Waste Disposal	21

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Aspect	KPI	Description	Statement/Section	Page No.
A2: USE OF RESOURCES				
A2	General disclosure	Policies	6.1 Environmental Strategies 6.2 Green Workplace 6.3 Use of Energy and GHG Emissions 6.4 Water Consumption	14-20
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6.3 Use of Energy and GHG Emissions	16-19
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.4 Water Consumption	19-20
	A2.3	Description of energy use efficiency initiatives and results achieved.	6.3 Use of Energy and GHG Emissions	16-19
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.4 Water Consumption	19-20
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	6.5 Reduce Waste Disposal	21
A3: THE ENVIRONMENT AND NATURAL RESOURCES				
A3	General disclosure	Policies	6 Our Environmental Protection Practices	14-21
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6 Our Environmental Protection Practices	14-21

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Aspect	KPI	Description	Statement/Section	Page No.
SUBJECT AREA (B) SOCIAL				
B1: EMPLOYMENT				
B1	General disclosure	Information on:	7.1 Employee Management	22-24
		(a) the policies; and	7.2 Our Employees	
		(b) compliance		
	B1.1	Total workforce by gender, employment type, age group and geographical region.	7.2 Our Employees	23-24
	B1.2	Employee turnover rate by gender, age group and geographical region.	Not disclosed	—
B2: HEALTH AND SAFETY				
B2	General disclosure	Information on:	7.1 Employee Management	22, 25-26
		(a) the policies; and	7.3 Healthy Working Environment	
		(b) compliance		
	B2.1	Number and rate of work-related fatalities.	7.3 Healthy Working Environment	25-26
	B2.2	Lost days due to work injury.	7.3 Healthy Working Environment	25-26
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	7.3 Healthy Working Environment	25-26
B3: DEVELOPMENT AND TRAINING				
B3	General disclosure	Policies	7.4 Training and Development	27
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.4 Training and Development	27
	B3.2	The average training hours completed per employee by gender and employee category.	7.4 Training and Development	27



Aspect	KPI	Description	Statement/Section	Page No.
B4: LABOUR STANDARDS				
B4	General disclosure	Information on:	7.1 Employee Management	22-24
		(a) the policies; and	7.2 Our Employees	
		(b) compliance		
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	7.2 Our Employees	23-24
	B4.2	Description of steps taken to eliminate such practices when discovered.	7.2 Our Employees	23-24
B5: SUPPLY CHAIN MANAGEMENT				
B5	General disclosure	Policies	5.1 Quality Management System	9-11
			5.2 Supply Chain Management	
	B5.1	Number of suppliers by geographical region.	5.2 Supply Chain Management	10-11
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.2 Supply Chain Management	10-11

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Aspect	KPI	Description	Statement/Section	Page No.
B6: PRODUCT RESPONSIBILITY				
B6	General disclosure	Information on: (a) the policies; and (b) compliance	5.1 Quality Management System 5.3 Product Responsibility	9, 11-12
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.3 Product Responsibility	11-12
	B6.2	Number of products and service related complaints received and how they are dealt with.	5.3 Product Responsibility	11-12
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.4 Intellectual Property Management	12-13
	B6.4	Description of quality assurance process and recall procedures.	5.3 Product Responsibility	11-12
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.3 Product Responsibility	11-12



Aspect	KPI	Description	Statement/Section	Page No.
B7: ANTI-CORRUPTION				
B7	General disclosure	Information on: (a) the policies; and (b) compliance	7.5 Anti-corruption	28
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	7.5 Anti-corruption	28
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	7.5 Anti-corruption	28
B8: COMMUNITY INVESTMENT				
B8	General disclosure	Policies	8 Our Social Responsibilities	28
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8 Our Social Responsibilities	28
	B8.2	Resources contributed (e.g. money or time) to the focus area.	8 Our Social Responsibilities	28