

SKYWORTH

創維集團有限公司
SKYWORTH GROUP LIMITED

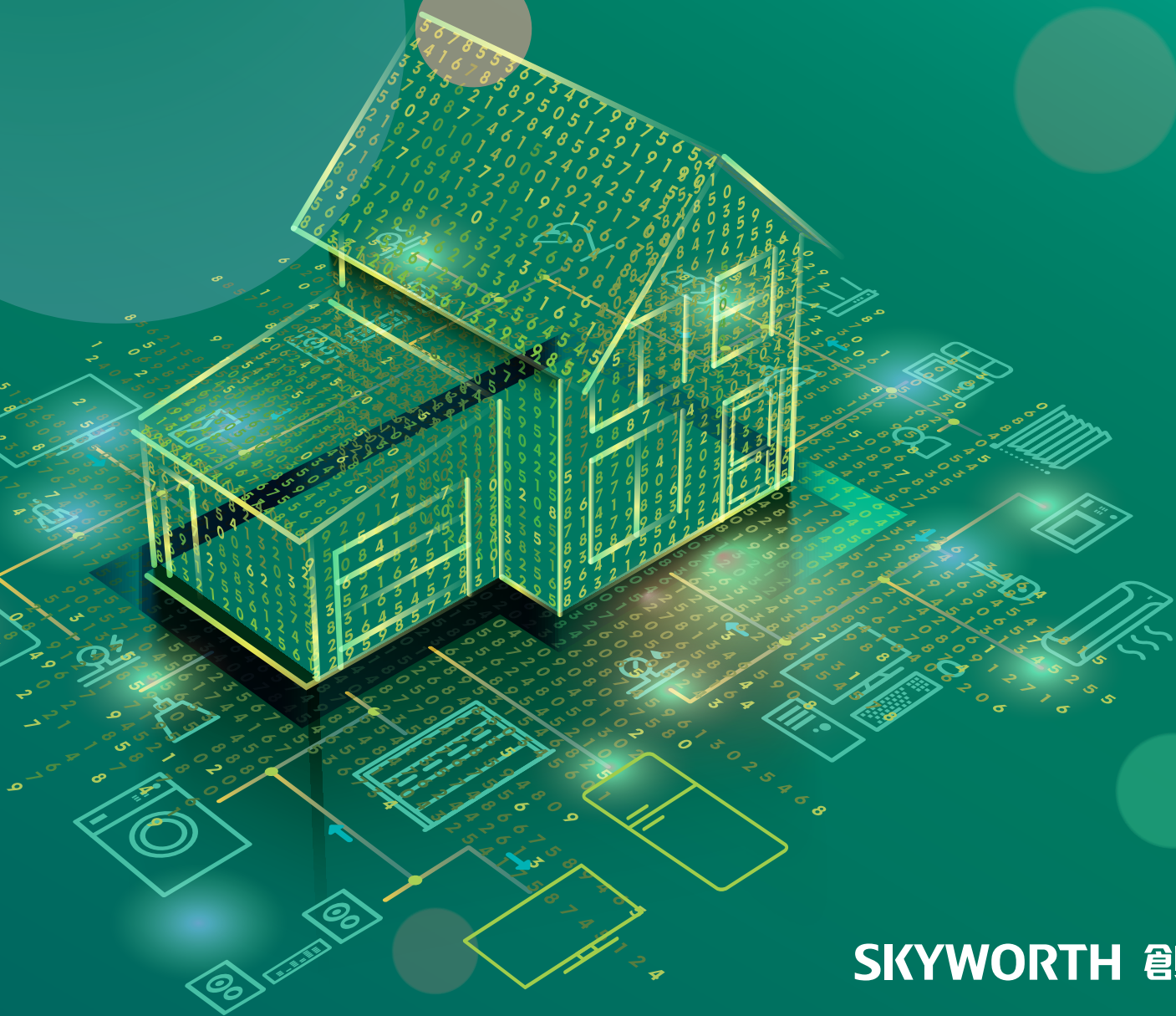
(formerly known as SKYWORTH DIGITAL HOLDINGS LIMITED 創維數碼控股有限公司)

(Incorporated in Bermuda with limited liability)

Stock Code : 00751.HK

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2019



SKYWORTH 創維

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Environmental, Social and Governance Report

1. ABOUT SKYWORTH AND BUSINESS INFORMATION

1.1. Our business

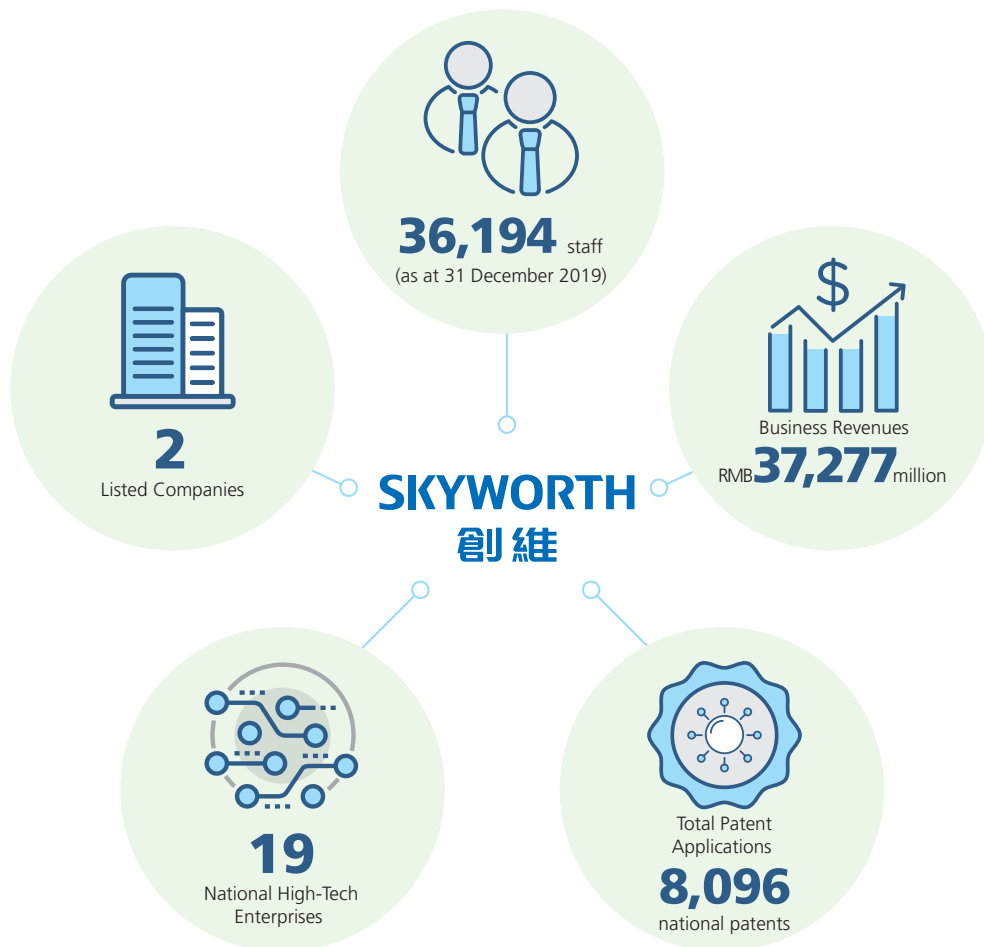
Skyworth Group Limited (formerly known as Skyworth Digital Holdings Limited) (the “Company”, together with its subsidiaries are referred to as the “Group”, “Skyworth”, “we” or “us”) is a smart home appliances and information technology company which principally engages in:

- Multimedia (smart TV and content operations);
- 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);
- Big data; and
- Modern service industries.

Skyworth was founded in 1988 and has two listed companies known as Skyworth Group Limited (stock code: HK00751), Skyworth Digital Co., Ltd. (stock code: 000810.SZ). With more than 36,000 employees and 19 national high-tech enterprises, Skyworth’s headquarter is located at Shenzhen High-tech Industrial Park. With a state-level enterprise technology centre and industrial design centre, the Group also cooperated with the local government to develop an engineering laboratory. The Group’s technology research, manufacturing and global marketing agencies are located at both China and abroad. Reflecting our global presence, the Group’s TV products, digital set-top boxes and other products have significant market shares in Europe, South America, the Middle East and Southeast Asia.

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Business Highlights of Skyworth for the Financial Year 2019



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1.2. Our corporate responsibility philosophy

Our vision, mission, and core values have a profound impact on the long-term development of our business through the value chain. We strive to create values for our stakeholders including employees, customers, suppliers, shareholders and investors, and the society while safeguarding the core values of “integrity” and “win-win cooperation”. On top of proactively improving our operational efficiency, product quality and financial performance, the Group invests in the environmental management, talent development and community investments to maximise sustainability performance. The Group takes on the mission of “Green Skyworth, Green Audio-visual, Green World” and aims to focus on four aspects below:

Skyworth’s Corporate Responsibility Philosophy



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2. ABOUT THIS REPORT

2.1. Principle, period, and scope of the report

This Environmental, Social and Governance (“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 Listing Rules on the Stock Exchange of Hong Kong Limited. This Report is disclosed based on the principles of materiality, quantitative, balance and consistency.

This Report summarises the Group’s environmental and social related policies, activities, performance and contribution from 1 January 2019 to 31 December 2019 (the “Reporting Period”). The scope of the 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 operating and environment protection 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 2018 ESG report only covered the period between 1 April 2018 to 31 December 2018 and this Report covers the performances of whole 2019, performance data of 2018 and 2019 might not be comparable. Thus, the 2018 performance data is not disclosed in this Report.

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

Guided by the general principles of “reform, innovation and development”, the Group continues to expand through transformation and development, to improve the values of our services and products and bring them to our customers over the world. With great opportunities come great challenges. This year, Skyworth has been facing a lot of difficulties, from expanding productivity while lowering the environmental footprint to decelerated growths in key global economies amidst the US-China trade war.

Facing up to the challenges, we continue to focus on the five business development areas: product manufacturing to offer market-leading quality, process refinement to create managerial leadership, product sales to become a market leader, the user needs to be a leader in service delivery, and product research and development to pursue technological advantage. The three key strategies, namely smartisation, internationalisation and refinement remain our top priorities to actively develop our four key business sectors: multimedia, smart system technology, smart appliances and modern services. In addition, with the vision of “Green Skyworth, Green Audio-visual, Green World”, we are taking steps forward towards sustainable development, including enhancing employees’ working environment, minimising our business impacts to the planet, and improving energy and production efficiency. Together, we will engage our stakeholders, participate in community development, and bring our employees to part of our sustainable development.

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4. STAKEHOLDER ENGAGEMENT

4.1. Stakeholder engagement activities

Skyworth aims to build close relationships with our stakeholders to infiltrate sustainability into the formation of business best practices. The Group organised various engagement activities involving our stakeholders, setting up feedback mechanism and integrating the constructive advices into our operating practices.

The Group holds regular internal meetings, for instance, core management weekly meeting, operation decision-making meeting, product planning meeting and technology seminar. Through the internal stakeholder meetings, the Group collects the employees' opinions on the business operation and conveys the corporate development target and strategy to them. To raise awareness on environmental issues and workplace discrimination, Skyworth offers various training programmes which improve their understanding in the strategies and policies of the Group. The Group also organises staff-friendly activities for employees, such as sports activities and outings, to promote staff relationships and physical fitness.

Externally, the Group actively communicates with the peers, customers, and suppliers, and maintains interflow with them through numerous design fairs and exhibitions. To gain market insights and feedback, the Group conducts regular market surveys to ensure continuous improvement of product quality. The Group has also in place an effective corporate communication system which provides transparent, regular and timely public disclosures to our shareholders and investors.

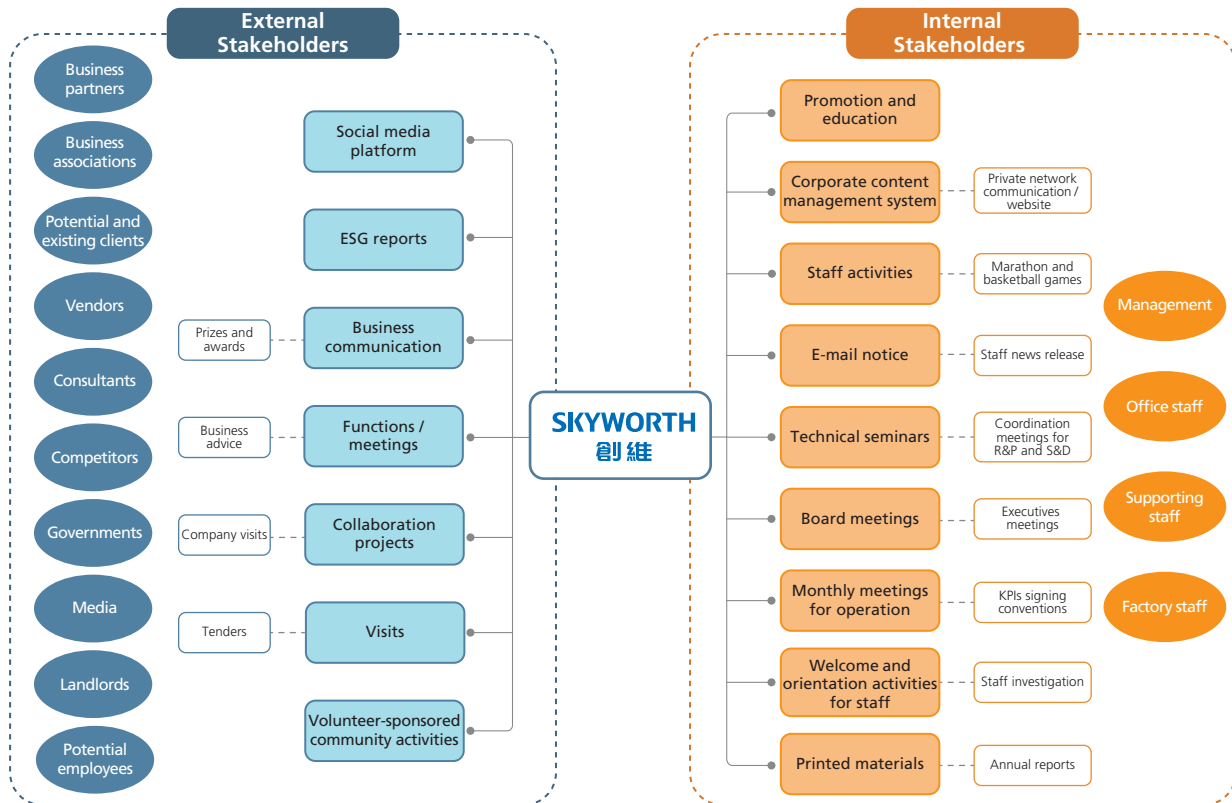


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4.2. Communication channel

The key stakeholders of the Group and the respective communication channels are summarised as follows.

Stakeholders and Communication Channels



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4.3. Top important issues from stakeholders

The Group formulates our ESG strategy by identifying the material environmental and social issues related to the Group's operation. Skyworth engages stakeholders to seek for their perspectives towards sustainable business operation. The Group has conducted an internal stakeholder survey regarding ESG topics in the previous reporting year (1 April 2017 to 31 March 2018). Through the analysis of collected responses, the Group has consolidated the results and ranked the top three material environmental and social issues in respect of the Group's day-to-day activities.

Environmental issues

1. Management of hazardous waste
2. Discharge and management of sewage
3. Emission of air pollutants

Social issues

1. Equal opportunity
2. Occupational health and safety
- 3.1 Training and development
- 3.2 Employee benefits

As part of the materiality assessment process, this stakeholder engagement exercise reinforced the understanding of the Group's Board of Director ("the Board") on the potential impacts and related ESG risks on Skyworth's operating model. This allowed the Group to allocate resources to improve our sustainability performance. We will continue to communicate and work with various stakeholders to ensure relevant actions are well followed through and implemented.

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5. OUR OPERATION AND PRODUCT QUALITY

5.1. Quality management system

In an era of global competition, companies must secure customer satisfaction by assuring product quality of all stages. At Skyworth, a quality management system was established for product development, supply chain management, production process, delivery, and after-sale services. The Group recognises customer requirements and innovates new products based on their needs and market trends. Furthermore, Skyworth implements 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.



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5.2. Supply chain management

The Group believes that a sustainable supply chain is essential to the production and operation in business and is critical to product quality and customer satisfaction. To ensure the stability of the supply chain and minimise environmental and social risks, the Group follows the three core principles, namely volume concentration, integrity and proximity, and establishes supplier selection and review processes on this basis.

Core Principles

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

Supplier Selection

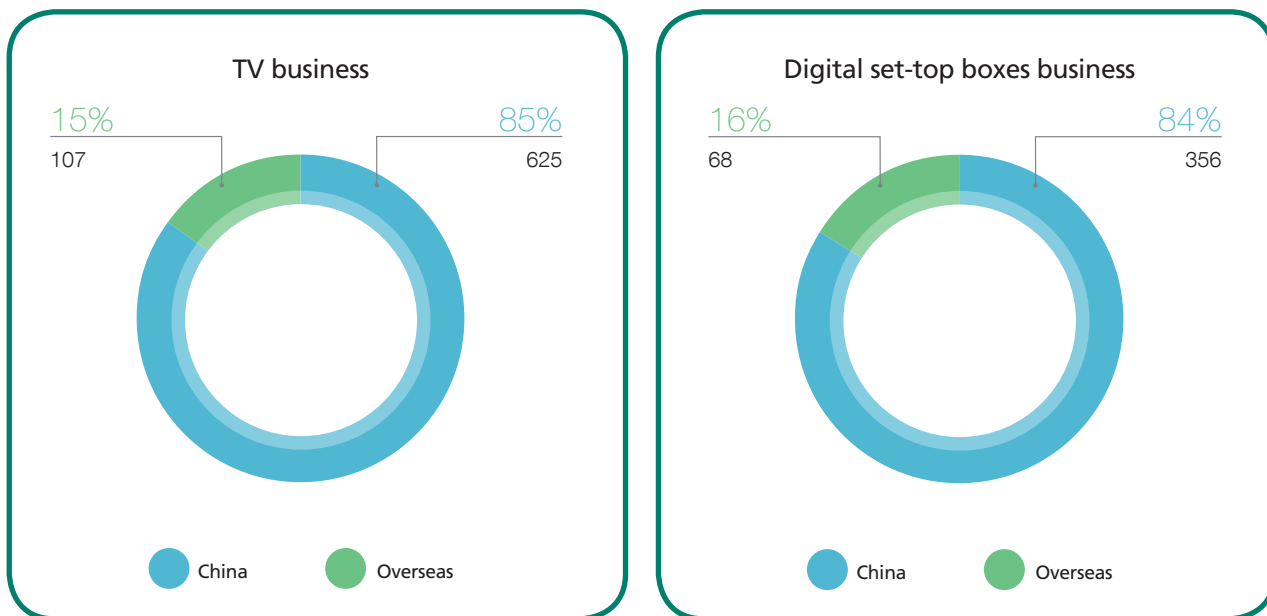
The Group prioritises the selection of suppliers with industry recognition, high quality, strong creativity, comprehensive materials and law and regulation compliance in order to maintain the stability of the supply chain. The Group also requires the suppliers to adhere to the principle of integrity. 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 on the supplier in accordance with internal standards and procedures. During the review process, the Group will provide 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 our internal guidelines.

Impact

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, almost 85% of suppliers were from China which are close to the Group's production line.

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Percentage of suppliers in China and overseas in 2019



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5.3. Product responsibility

Product quality assurance

Driven by our mission “honour the commitment towards creating a healthy, technology-empowered life for mankind”, Skyworth has developed an excellent quality management system. In order to consistently provide customers with safe and high-quality products, Skyworth implements strict product responsibility policies for departments to follow. Relevant departments are responsible to record, monitor and review the products in line with internal guidelines, laws and regulations relating to product and services in each of the countries and jurisdictions in where the Group operates.

Throughout the production process, In-Process Quality Control (IPQC) is used to conduct inspections on the manufacturing parts including moulding and packaging. While the products are assembled according to the requirements of the operation instructions, IPQC leads the inspection work to monitor the safety performance, function, and appearance of the products. In addition, products are required to undergo certain tests before delivery, including 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. Products with defects are recorded and products are reinspected after repairing.

Complaints

The Group considers complaints as an opportunity to review services and improve management to prevent similar occurrence in the future. Relevant procedures have been established to handle complaints concerning products and services or product recall for the TV and digital set-top boxes business respectively. When a complaint is received, complaint specialists 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(s) 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 maintained “zero” recalls of digital set-top boxes while TV recall rate was 0.002%. The Group only received 18 complaints about digital set-top boxes and the complaint rate was close to zero. The complaint rate of the TV products was 0.28%. 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	4,947,052	37,915,198
Complaint		
Total Complaint (cases)	13,880	18
Product Complaint (cases)	2,946	18
Sale Complaint (cases)	1,053	0
Service Complaint (cases)	9,326	0
Other Complaint (cases)	555	0
Complaint Rate	0.28%	0.00005%
Recall		
Product Recall (cases)	102	0
Recall Rate	0.002%	0%

Customer Privacy

Regarding the protection of personal information and customer privacy, the Group believes that it is critical in maintaining customers’ satisfaction. As part of the responsible operation, the Group sets internal guidelines and data system for the appropriate handling of important privacy information. Data system is encrypted and prior approval is required from the Information Technology (“IT”) Department for access to customer related information. Clear information accountability measures are set under the administrative regulation when violating the discipline. The Group has complied with the laws and regulations in terms of 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

Skyworth attaches great importance to matters related to intellectual property (“IP”). We also strive to safeguard, protect and manage our IP rights in order to minimise the business risks from various issues such as infringement on IP right, which may arise during the research and development of the electronics products and in the cooperation with digital set-top boxes software vendors.

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.

During the Reporting Period, there was no material case of non-compliance with the laws and regulations relating to intellectual properties.

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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 2019:

Organiser (in no particular order)	Corporate Award Name
People's Government of Shenzhen	The Best Enterprise Business School in China of the Year
Deloitte	Best Managed Company
China Association for Quality Promotion	5 Star Service Quality Award
China Association for Quality Inspection	National leading enterprise in home appliance service industry
People's Government of Guangdong Province	Guangdong Science and Technology Progress Award – Second Class
Guangdong Excellent Quality Promotion Center	Achievement Exchange Activity – Gold Award
China Association for Quality	Commemorative Congress of the 40th Anniversary of China Quality Association and TQM Promotion – Excellent Corporate Award
China Information Technology Industry Federation	Independent Innovation Product Award
China Industrial Design Association	Red Star Design Award 2019
Industry and Information Technology Department of Jiangsu	2019 Jiangsu Province's four-star cloud enterprises
People's Government of Guangdong Province	Guangdong Science and Technology Progress Award 2018 – Second Class
People's Government of Shenzhen	Shenzhen Science and Technology Progress Award – First Class
National Development and Reform Commission	National Brand in Electronic Information Industry
The Paper	Socially Responsible Corporate of the Year of 2019

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6. OUR ENVIRONMENTAL PROTECTION PRACTICES

6.1. Environmental strategies

With the commitment to the vision of “Green Skyworth, Green audio visual, Green World”, Skyworth is dedicated to pursuing sustainable and green operation. In order to integrate sustainability elements into the business operations, the Group has implemented ISO 14001:2015 Environmental Management System. Under the framework of the management systems, the Group has developed 4 long-term green initiatives, namely “Production Design”, “Operational Energy Saving”, “Concepts of Environmental Protection” and “Clean Energy”, to drive the Group towards sustainable development.

Skyworth's Long-term Green Initiatives



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6.2. Green workplace

Adhering to the green initiative of “Concept of environmental protection”, the Group is dedicated to creating an environmentally friendly working environment to raise the sustainability awareness of our employees and encourage them to innovate greener products. In pursuance of an eco-friendly and healthy workplace, the Group has incorporated green building concepts into the development of our buildings and factories. Skyworth Science & Technology Industrial Park (“Industrial Park”) has attained Shenzhen Green Building Certification (Bronze Level) and Certificate of Green Building Design Label. The Industrial Park is equipped with atmospheric control areas of class 1, water protection area, rubbish recycling area and sewage treatment station and greenery area.

Apart from the structure and design, the Group has placed effort in procuring energy efficient facilities in the Industrial Park. The building façade is built with thermal insulation materials such as low-emissivity window to reduce the indoor temperature rise by the radiation and the subsequent energy use. Also, the Group has installed LED lighting and upgraded the HVAC systems to further enhance the energy efficiency.

The Group understands the awareness of employees is the key to drive our sustainable development. Therefore, the Group keeps promoting green workplace concept and provide various forms of education to our staff. The Group not only launches launching propaganda posters but also provides sustainability-related training to our employees to communicate the importance of sustainability to them. In addition to awareness, the Group encourages them to switch off idle electrical appliances and recycle office waste such as paper and aluminium cans.

6.3. Use of energy and greenhouse gas emission

As a manufacturing company, the Group recognises the largest environmental footprint of the operations is contributed by energy consumption in the production process and its subsequent greenhouse gas (“GHG”) emissions. To efficiently monitor and manage energy consumption, the Group has adopted ISO 50001:2011 Energy Management System. Under the system, the Group has implemented various mitigation measures to enhance the energy efficiency and minimise the GHG emission.

Aspects	Measures
Facilities optimization	(1) Upgraded air compressor to reduce the loading time and the electricity consumption as well as GHG emission
	(2) Replaced traditional electricity generators of the central cooling tower with water turbine to reduce electricity usage and GHG emission
	(3) Prioritised the selection of equipment with high energy efficiency
Energy management	(1) Developed energy management specialists
	(2) Established energy collection system to facilitate the monitoring and analysis of the energy consumption
Clean energy	(1) Promoted use of cleaner fuel such as natural gas in the manufacturing process to reduce emissions
	(2) Installed photovoltaic panels to transform solar energy into electricity to obtain zero emission energy

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In the journey to a low carbon business, the Group advocates the use of renewable energy and has installed solar photovoltaic panels of 60,000m² installable area in the Industrial Park. The solar panels not only provide electricity to the Group's operation, but also supply other energy users by inserting the surplus energy in the municipal electricity grid. With the solar panels, a total of 6,020,320 kWh of electricity was generated during the reporting period, which has reduced approximately 4,222 tonnes of carbon emissions.

In addition to the benefit to the environment, the energy reduction measures also induce positive economic impacts to the Group. During the reporting period, the Group has saved approximately 1,458,540 kWh from energy consumption and RMB132,170 from the energy cost by implementing the energy saving initiatives.

Electricity consumption of Skyworth in the Reporting Period

Energy consumption	Unit	TV business	Digital set-top boxes business
Electricity			
Electricity	kWh	214,039,762	26,418,763
Solar energy	kWh	6,020,320	12,530
Intensity	kWh/per thousand produced product unit	14,843	697
Natural gas			
Natural gas consumption	kWh	26,654,286	6,384,000
Intensity	kWh/per thousand produced product unit	1,952	168
Diesel			
Consumption	kWh	982,155	0
Intensity	kWh/per thousand produced product unit	72	0
Petrol			
Consumption	kWh	748,501	207,836
Intensity	kWh/per thousand produced product unit	55	5
Total energy consumption			
Total energy consumption	kWh	248,445,023	33,023,129
Total energy intensity	kWh/per thousand produced product unit	16,922	871

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GHG emission of Skyworth in the Reporting Period¹

GHG emission	Unit	TV business	Digital set-top boxes business
Scope 1	tonnes of carbon dioxide equivalent (tCO ₂ e)	5,776	1,329
Scope 2	tCO ₂ e	168,694	20,490
Total GHG emission	tCO ₂ e	174,470	21,818
GHG intensity	tCO ₂ e/per thousand produced product unit	12.78	0.58

¹ The Group has upgraded the greenhouse gas emission calculation system to improve the accuracy and comparability of environmental performance.

Air emission of Skyworth in the Reporting Period

Air emission	Unit	TV business	Digital set-top boxes business
NO _x	tonnes	10.3	2.08
SO _x	tonnes	0.36	0.02
PM	tonnes	0.29	0.04

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6.4. Water consumption

Under the water supply of municipal governments, the Group has no difficulty in obtaining water resources and the business is not water intensive. Therefore, water consumption is not the most material environmental topic to business operation. Nevertheless, the Group still strives to improve water efficiency and minimise the pollution on the aquatic environment through implementing water saving measures as below:

- Replaced expanded polystyrene (EPS) moulding machines to water efficient models.
- Developed a water recycling system to reused the reclaimed water from wastewater treatment in cleaning, irrigation and flushing water.
- Established independent water meters for each working unit to monitor the water consumption of different working levels.
- Inspected and checked the building pipe network and water supply facilities regularly to prevent water leakage and conduct prompt repair and maintenance.

Water consumption of Skyworth in the Reporting Period

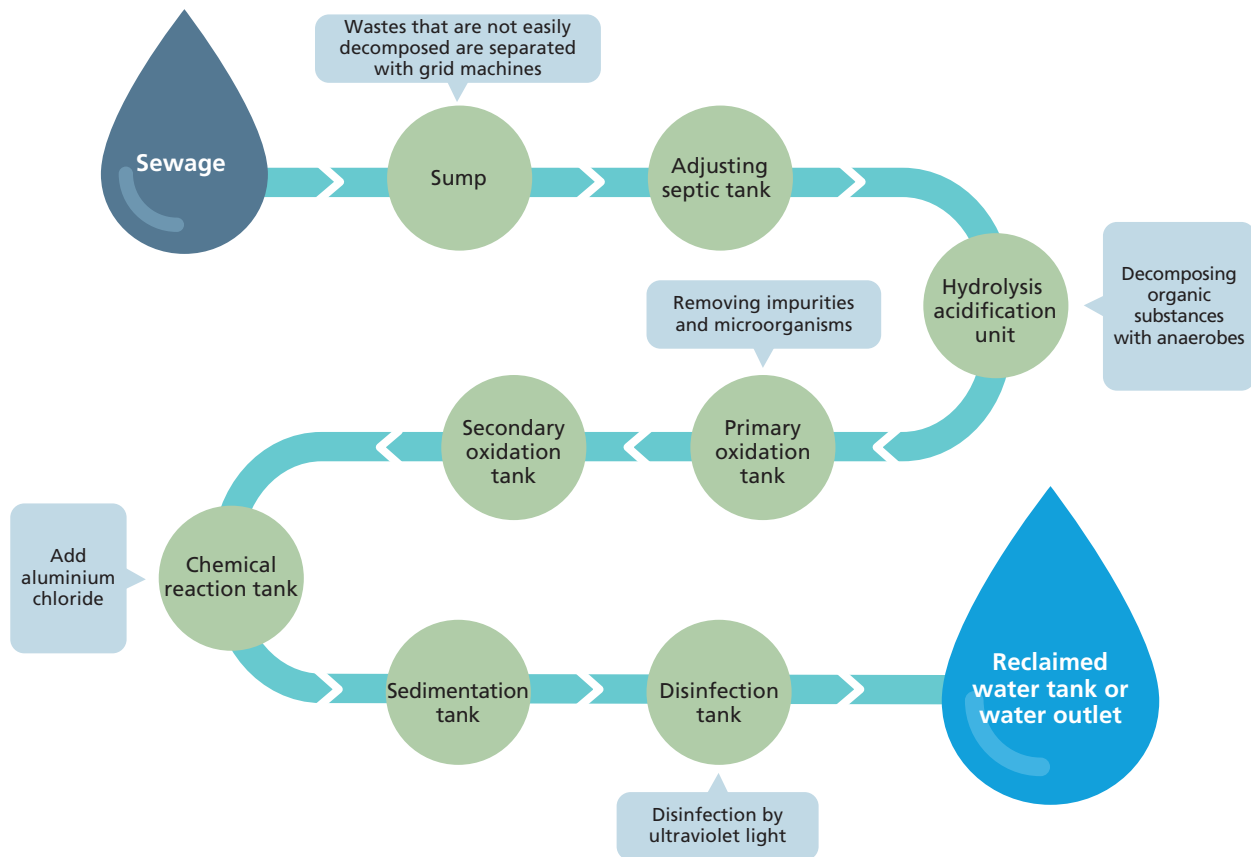
		Business	
		TV business	Digital set-top boxes business
Water consumption	Unit		
Water consumption	m ³	1,092,966	205,306
Intensity	m ³ /per thousand produced product unit	80.05	5.41

Discharge and management of sewage

Apart from water saving initiatives, the Group has installed an on-site wastewater treatment plant in the Industrial Park to further reduce the water consumption by reusing the treated water. The sewage treatment facility is remotely controlled and monitored by the Ministry of Environmental Protection of China to ensure the effluent meets the A-grade national standard. During the reporting period, the plant reused 312,624m³ of reclaimed water and discharged 190,000m³ of wastewater.

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Process Adopted by Skyworth for Treatment of Domestic Wastewater



6.5. Waste management

With the commitment to green production, Skyworth advocates waste recycling and resources utilisation. In this regard, the Group has formulated waste management guidelines and designated staff to monitor the waste management. From the procurement stage, the Group prioritises the selection of eco-friendly raw materials and recyclable packaging materials which meet EU directive RoHS2.0. The Group reuses the recycled packaging materials such as paper boxes and plastics during the manufacturing stage. To further reduce the use of packaging materials, the Group adopts turnaround approach to pack monitors and cases.

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Based on the business nature, the Group generates hazardous wastes such as printed circuit board (PCB) and motor oil during the production process. Recognising the potential impacts on the environment of the hazardous waste, the waste management guidelines have stipulated the hazardous waste handling process to ensure all hazardous wastes are treated properly. In view of waste reduction, the Group keeps optimising the PCB penalization and breakaway by using automatic tin adding device for crest welder to reduce tin residue and scrapped PCB.

Waste generated by Skyworth in the Reporting Period

Wastes	Unit	TV business	Digital set-top boxes business
Non-hazardous waste	tonnes	2,674	671
Recycled non-hazardous waste	tonnes	2,454	670
Recycling rate	%	91.8	99.9
Non-hazardous waste intensity	tonnes/per thousand produced product unit	0.20	0.02
Liquid hazardous waste	kg	22,000	60
Solid hazardous waste	kg	65,000	50
Hazardous waste intensity	kg/per thousand produced product unit	6.37	0.003

Packaging materials used by Skyworth in the Reporting Period

Packaging materials type	Unit	TV business	Digital set-top boxes business
Paper	tonnes	47,545	7,445
Metal	tonnes	28,988	1,800
Plastic (including polystyrene foam, plastic)	tonnes	4,169	3,000
Packaging bag	tonnes	1,739	104
Other packaging materials	tonnes	7,807	815
Total packaging materials	tonnes	90,248	13,164

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7. OUR EMPLOYEES AND THEIR DEVELOPMENT

7.1. Employee management

Employment practices

Skyworth recognises our employees as the cornerstone of the Group's journey towards sustainable development. Therefore, the Group is dedicated to providing them with a safe, healthy, fair and harmonious working environment. In this regard, the Group has established a set of human resources management policies which require the Human Resources ("HR") Department of the Group to recruit talents in a fair and transparent manner. Following "Social Employment and Staffing Policy", the HR Department only assesses the candidates based on their capability, qualification and experience, regardless of their age, gender, race and other factors which are irrelevant to their ability during the recruitment process. Prior to official appointment, HR Department is also responsible to verify the identities of the candidates to prevent the employment of child and forced labour. In case of any non-compliance, the Group would terminate the contracts with the illegal labour immediately and provide reasonable compensations to them. To uphold the labour standard, the Group regularly reviews the policies and evaluates all check points in the operations. On top of recruitment process, the Group also offer competitive remuneration packages, welfares and benefits to our employees in order to attract and retain talents.

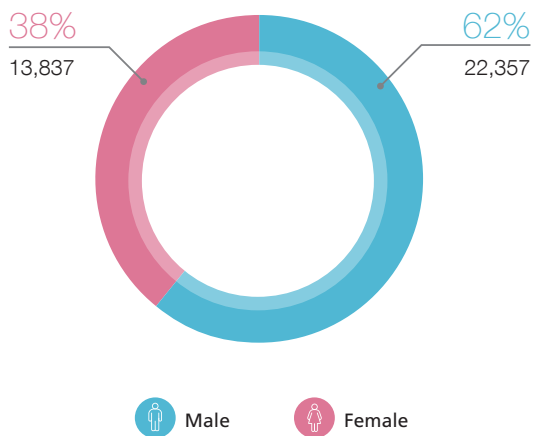
During the Reporting Period, the Group has strictly complied with the relevant rules and regulations of Mainland China, Hong Kong and other relevant jurisdictions relating to labour standard, and we did not record any significant non-compliance with labour-related laws and regulations such as the Labour Law of the PRC, the Employment Ordinance of Hong Kong.

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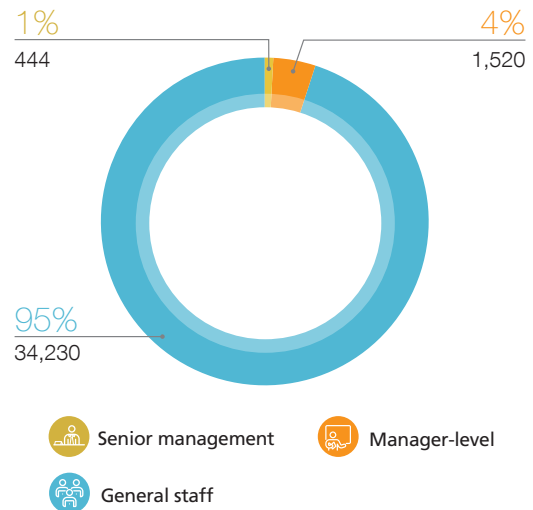
Workforce Portfolio

The Group has recorded a detailed diverse workforce portfolio. As of 31 December 2019, the total number of employees of Skyworth was 36,194 and the turnover rate of 2019 was 19.8%. The breakdowns of employees by gender, employee category, age groups and geographical region are as listed below:

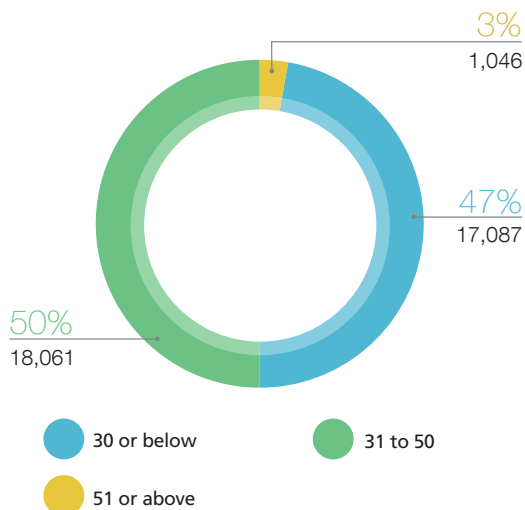
By Gender



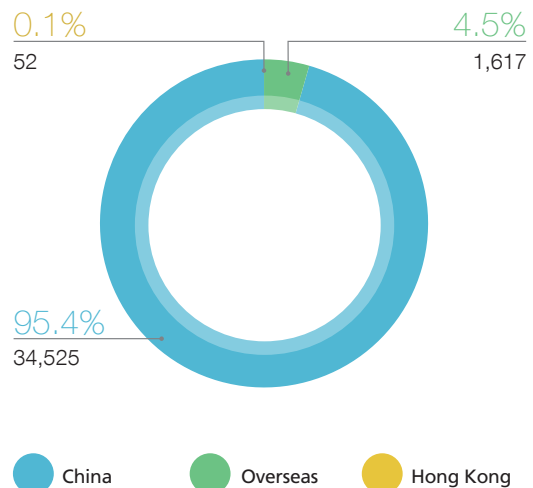
By Employee Category



By Age Group



By Geographical Region



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7.2. Healthy and safe working environment

With the commitment to providing a safe workplace to the employees, Skyworth has implemented an OHSAS 18001 certified occupational safety management system with a number of corresponding policies and measures. To minimise the safety risk to the staff, the Group keeps upgrading the manufacturing facilities to ensure the equipment go beyond the national standards on health and safety. Apart from the facilities modification, the Group also provides safety training to the employees to raise their awareness on workplace safety. In order to ensure the initiatives and guidelines are well implemented, the Group has established Safe Production Management Committee to monitor the operation and review the relevant policies. The Committee is also responsible for promotion of culture of safety, investigation of safety incidents and review of the annual safe production appraisal.

Under the continuous efforts on occupational health and safety, the Group has recorded zero work-related injuries or fatalities or material non-compliance cases with relevant laws and regulation during the reporting period.

In addition to operation safety, the Group also places high regards on the wellness of our employees. Therefore, the Group has organised various staff activities to enhance the bonding between employees and advocate culture of work-life balance.

The 11th Skyworth Labour Union Basketball Game

Skyworth organises labour union basketball game every year to encourage employees to exercise.



The 5th Skyworth Culture Festival

Skyworth Culture Festival is organised every 2 years. The calligraphy, paintings and photographs of employees were presented to all the staff members of the Group in Culture Festival.



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The 17th Skyworth Collective Wedding Ceremony

On 18 October of each year, Skyworth holds a collective wedding to share the happiness of our employees.



We Are Big Kids

On 1 June 2019, the Group organised Children's Day activities for our employees to build their own DIY houses.



Mid-Autumn Festival Celebration

The Group prepared a snow cake mooncake workshop and lantern riddles activity for our staff to retain and celebrate the traditional culture.



Skyworth Family Day

Families of Skyworth employees were invited to the Industrial Park. Through experiencing the corporate culture, the activity has strengthened the bonding between the Group, employees and their families.



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7.3. Training and development

Apart from health and wellness of the employees, Skyworth realises the importance of the employees' growth to the Group's long-term development. Thus, the Group is keen on supporting employees' development to hone employees' skillset and knowledge. In view of this, the Group has established the College of Skyworth and arrange various training courses to all employees. In order to maximise the training efficiency, the training programmes are regularly reviewed and updated based on the market trends and the needs of the employees. Beside the College of Skyworth, the Group also encourages our employees to pursue external education by providing them with tuition subsidy. During the reporting period, the Group has provided 35,650 training hours to our employees and the average training hour completed by employees was approximately 1 hour.

Internal training programmes



Category	Percentage of employees trained (%)
By gender	
Male	60
Female	56
By employee category	
Senior management	30
Manager-level	45
General staff	60

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7.4. Anti-corruption

As an ethical corporation, Skyworth adopts principle of zero tolerance for any forms of corruptive misconduct such as bribery, extortion, fraud and money laundering. As stated in the Integrity Practice of Skyworth's Employees, the employees are prohibited to accept or solicit any benefits from any parties. In order to prevent and combat against corruption, the Group has established an independent reporting channel. Employees are encouraged to report any suspicious misconduct via the channel. The internal audit and legal departments are responsible for investigating the reported cases. In case of any confirmed illegal action, the Group would report to the local authority immediately. During the reporting period, the Group has complied with all laws and regulation related to anti-corruption including Prevention of Bribery Ordinance of Hong Kong.

8. OUR SOCIAL RESPONSIBILITY

The development of enterprises cannot be separated from the reform of the country and strong support of the peers. While Skyworth continues grow in business, the Group actively participates in community activities and volunteer services as part of our corporate culture. We have donated more than RMB3 million in all sectors during the Reporting Period. In 2019, Skyworth continued to influence the public welfare by launching "Love without Borders" and donating 800 Smart TVs to the citizen in Kashgar and Xinjiang to improve their lives through technology. In the future, Skyworth will take a bigger step in public welfare and promote community development.

Love without Border

The Group has donated 800 Smart TVs to the citizen in Kashgar and Xinjiang to improve their lives through technology.



Voice Out for Creativity

The Group initiated "Skyworth Creativity Workshop", an arts class in 31 unprivileged schools in China to enlighten the creativity of the children there.



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9. LOOKING FORWARD

Looking forward, Skyworth aims to unite the employees at all levels, free their mind to think out of the box, incorporate innovation into the development model, and achieve “accelerated development” in the coming year, by adhering the principles of “investment, innovation and reform”. Meanwhile, the Group will increase the effort in the product management, and cultural innovation, to accelerate the investment in new businesses and overseas operation, and reform the human resources and operating system.

Moving towards to goal of “Green Skyworth, Green Audio-visual and Green World”, the Group will continue to integrate sustainability elements into energy management, procurement, and manufacturing technology upgrades. Furthermore, Skyworth will keep improving working environment and encourage our employees to move forward with the Group. Working together with the employees, the Group will further promote sustainable development through persistent research and application of green technology, to bring high quality technological products to the customers.

Upholding the efforts in meeting the targets and objectives under the five-year plan, the management is confident that Skyworth is well-positioned to seize the opportunities. Skyworth will continuously strive to reform the system and structure, transforming the key areas of services, and lead the Group to a new stage of 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: <ul style="list-style-type: none"> (a) the policies; and (b) compliance 	(a) Our Environmental Protection Practice (b) The Group complied with relevant laws and regulations such as Air Pollution and Prevention Control Law of the PRC during the reporting period	16-22
A1.1		The types of emissions and respective emissions data.	Use of energy and greenhouse gas emission	17-19
A1.2		Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Use of energy and greenhouse gas emission	17-19
A1.3		Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management	21-22
A1.4		Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management	21-22
A1.5		Description of measures to mitigate emissions and results achieved.	Use of energy and greenhouse gas emission	17-19
A1.6		Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste management	21-22

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Aspect	KPI	Description	Statement/Section	Page No.
A2: USE OF RESOURCES				
A2	General disclosure	Policies	Our Environmental Protection Practice	16-22
	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).	Use of energy and greenhouse gas emission	17-19
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption	20-21
	A2.3	Description of energy use efficiency initiatives and results achieved.	Use of energy and greenhouse gas emission	17-19
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water consumption	20-21
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Waste management	21-22

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Aspect	KPI	Description	Statement/Section	Page No.
A3: THE ENVIRONMENT AND NATURAL RESOURCES				
A3	General disclosure	Policies	Our Environmental Protection Practice	16-22
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environmental Protection Practice	16-22
SUBJECT AREA (B) SOCIAL				
B1: EMPLOYMENT				
B1	General disclosure	Information on:	(a) Our Employee and their Development	23-28
		(a) the policies; and	(b) The Group complied with relevant laws and regulations such as Labor Contract Law of PRC during the reporting period	
		(b) compliance		
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee management	23-24
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employee management	23-24

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Aspect	KPI	Description	Statement/Section	Page No.
B2: HEALTH AND SAFETY				
B2	General disclosure	Information on: (a) the policies; and (b) compliance	(a) Healthy and safe working environment (b) The Group complied with relevant laws and regulations such as Occupational Disease Prevention Law and the Safe Production Law of PRC during the reporting period	25-26
	B2.1	Number and rate of work-related fatalities.	Healthy and safe working environment	25-26
	B2.2	Lost days due to work injury.	Healthy and safe working environment	25-26
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Healthy and safe working environment	25-26
B3: DEVELOPMENT AND TRAINING				
B3	General disclosure	Policies	Training and development	27
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and development	27
	B3.2	The average training hours completed per employee by gender and employee category.	Training and development	27

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Aspect	KPI	Description	Statement/Section	Page No.
B4: LABOUR STANDARDS				
B4	General disclosure	Information on:	(a) Our Employee and their Development	23-28
		(a) the policies; and	(b) The Group complied with relevant laws and regulations such as Labor Contract Law of PRC during the reporting period.	
		(b) compliance		
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee management	23-24
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employee management	23-24
B5: SUPPLY CHAIN MANAGEMENT				
B5	General disclosure	Policies	Supply chain management	10-11
	B5.1	Number of suppliers by geographical region.	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.	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	(a) Our Operation and Product Quality (b) The Group complied with relevant laws and regulations such as Patent Law and Trademark law of the PRC during the reporting period.	9-15
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility	12-13
	B6.2	Number of products and service-related complaints received and how they are dealt with.	Product responsibility	12-13
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property management	14
	B6.4	Description of quality assurance process and recall procedures.	Product responsibility	12-13
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility	12-13

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Aspect	KPI	Description	Statement/Section	Page No.
B7: ANTI-CORRUPTION				
B7	General disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance 	(a) Anti-corruption (b) The Group complied with relevant laws and regulations such as Prevention of Bribery Ordinance of Hong Kong and Criminal Law of the PRC during the reporting period	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.	Anti-corruption	28
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	28
B8: COMMUNITY INVESTMENT				
B8	General disclosure	Policies	Our Social Responsibility	28
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Social Responsibility	28
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Social Responsibility	28