

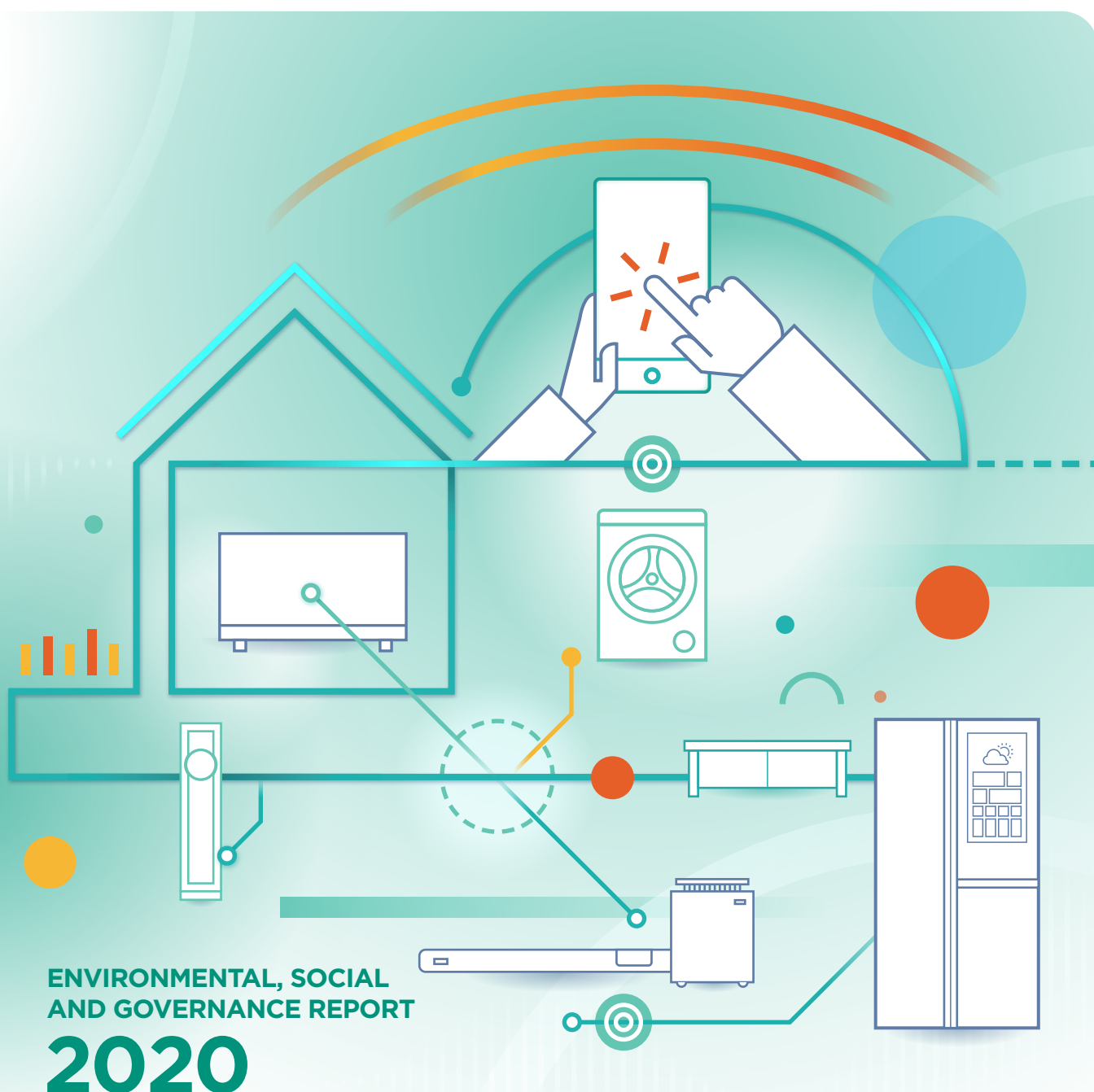
SKYWORTH

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

2020

SKYWORTH 創維

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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);
- Smart appliances (smart products such as refrigerators, washing machines, air conditioners, kitchen appliances, etc.);
- Smart system technologies (home access systems, intelligent manufacturing, automotive electronic systems and other electronic products); and
- Modern services.

Skyworth was found 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 36,435 employees and 18 national high-tech enterprises, Skyworth’s headquarter is located at Shenzhen High-tech Industrial Park. With a state-level enterprise technology centre and a state-level 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. In light of technology advancement and versatile market environment, we have initiated a strategic direction as known as “1334 strategy”.

1 Goal

Achieve a revenue of RMB100 billion

3 Key Strategies

- Operation smartisation,
- Refinement; and
- Internationalisation

3 Bases

- Shenzhen headquarter base;
- Pearl River Delta smart home appliances manufacturing base; and
- Yangtze River Delta smart home appliance manufacturing base

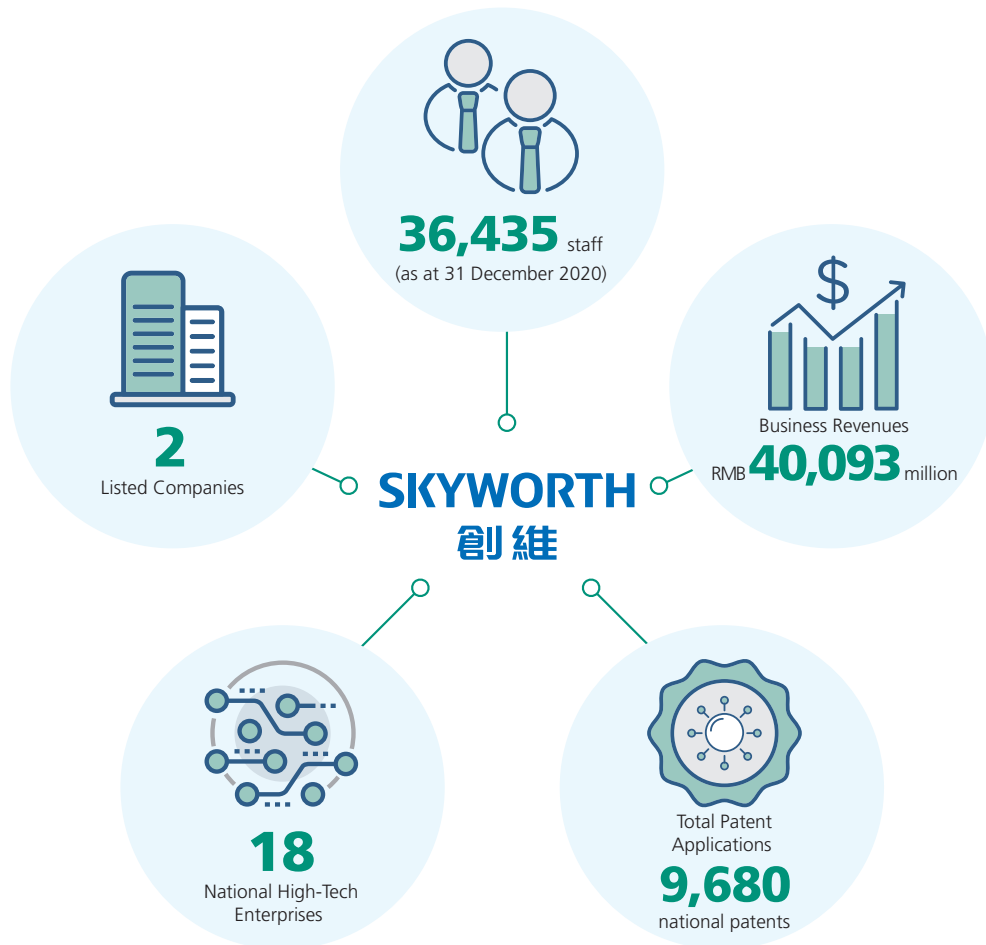
4 Business sections

- Multimedia;
- Smart appliances;
- Smart systems technology and big data; and
- Modern services

Skyworth has become a leading enterprise in smart appliances and information technology with advanced technology, standardised corporate governance, efficient operation, strict supervision, incentives and global competitiveness. Reflecting its 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 2020



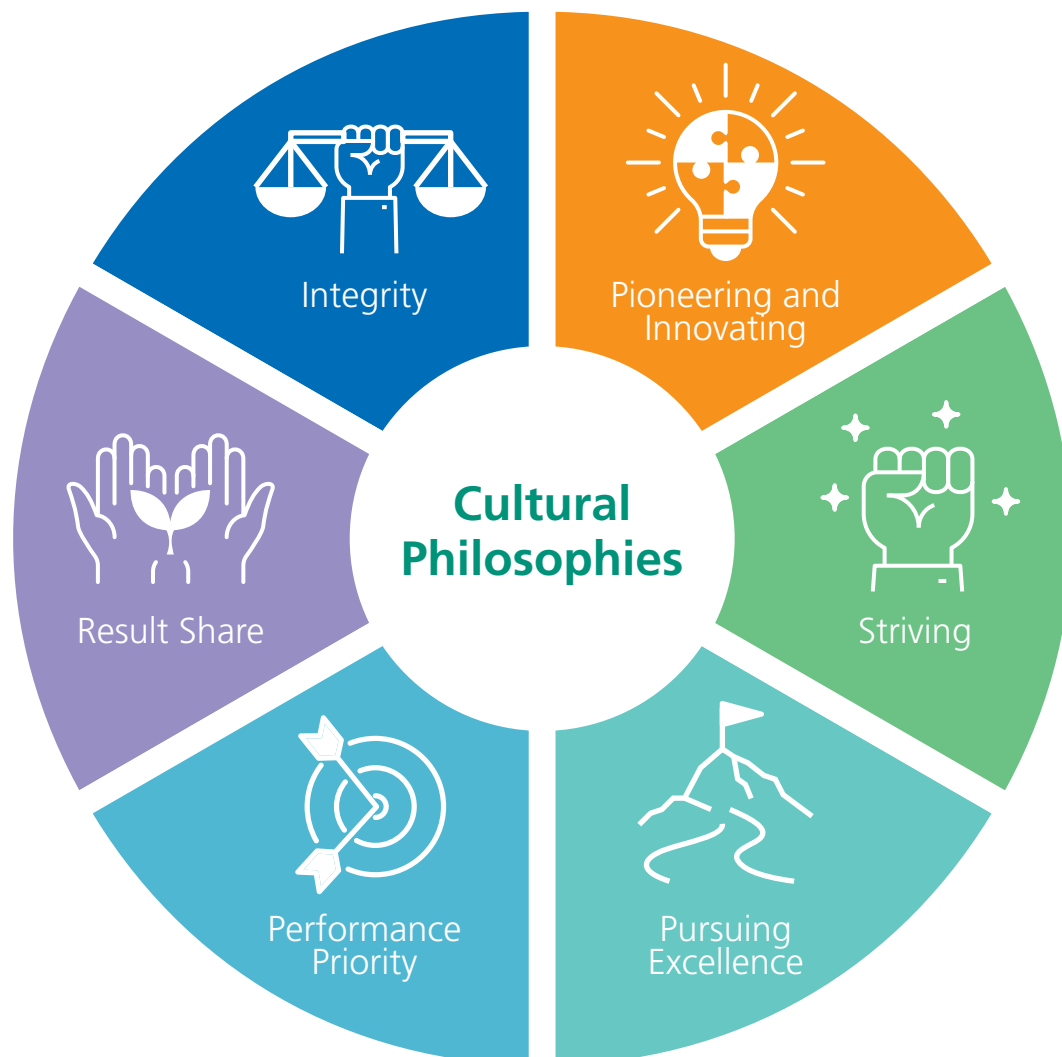
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1.2. Our corporate philosophy

We envision to become a global leader in smart appliances and information technology. We strive to create added value for our stakeholders including employees, customers, suppliers, shareholders and investors, and the society while safeguarding the principles of "technology leadership, quality first", "management innovation, efficiency priority", "user first, service home" and "employee-oriented, results sharing". On top of proactively improving its operational efficiency, product quality and financial performance, the Group invests in environmental management, talent development and community investment to maximise sustainability performance. The Group takes on the mission of "Dedicated to creating a better life for mankind" and follow the cultural philosophies of "Pioneering and innovating", "Striving", "Pursuing excellence", "Performance priority", "Result share" and "Integrity".

Skyworth's Mission :

Dedicated to Creating a Better Life for Mankind



Environmental, Social and Governance Report

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. As outlined in the ESG Guide, this Report has been prepared based on the principles of materiality, quantitative, balance and consistency:

- **Materiality:** The Group conducted regular stakeholder engagement activities and a materiality assessment to identify material ESG-specific issues to the business operations. Based on the results of the assessment, the Group has addressed the material topics in the ESG Report.
- **Quantitative:** In order to illustrate the Group’s impact on the material ESG-related issues, the Group records the environmental and social data, and present quantitative disclosures in the ESG Report. For the standards and methodologies of the data calculation, please refer to the performance table on pages 19 to 23.
- **Balance:** In pursuit of an unbiased and objective ESG Report, the Group reports both positive and negative impacts of its operation along with the mitigation measures to enable a fair view on the Group’s sustainability performance.
- **Consistency:** To maintain the comparability of the reports, the Group adopts consistent reporting standards, principles and data calculation methodologies, as well as explanations of any inconsistency to last report.

This Report summarises the Group’s environmental and social related policies, activities, performance and contribution from 1 January 2020 to 31 December 2020 (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 environmental 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. 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.

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3. LETTER TO STAKEHOLDERS

In the past year, the Group actively explored its business opportunities and maintained its strategic focus to develop its green products to fulfil the need in market. Thanks to the strong resilience possessed of the Group and stewardship under the sustainable business, the Group could overcome the impact of the coronavirus disease 19 ("COVID-19") pandemic and adapt to the new normal to fit in the everchanging business market.

The comprehensive ESG issues management and monitoring in the Board are deemed as one of the strong drivers to the high recovery ability. The Board has the responsibility to oversee all the ESG related issues, including reviewing the material issues and keeping an eye on the sustainable development progress. The relevant ESG topics will be discussed and reported in the Board meeting to seek for improvement and reposition if needed.

Climate change continues to be a main focus in the society and keeps discussed to enhance the business resilience against the climate change and adaptations recently. As a responsible manufacturing companies, we see the carbon neutrality target as a universal value and take steps to achieve it. In our TV business, solar panels were installed in the industrial park and in operation for the purpose of minimising the energy consumption from fossil fuel, as well as reducing the greenhouse gases emission.

To attain a successful sustainable business is multi-dimensional, thus, we also listen to the opinions and ideas from our stakeholders. We provide a wide range of channels to collect stakeholders' feedbacks and identify material topics afterwards. Keeping an interactive dialogue with significant stakeholders allows the Group to set up strategy in a more comprehensive manner.

Last but not least, we would like to express my heartfelt gratitude and appreciation to all staff and stakeholders who offered their support to Skyworth. Their support is the best momentum to the Group's sustainable development. The Group will continue to make effort to its sustainable journey with all of the stakeholders.

Environmental, Social and Governance Report

4. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

4.1. Stakeholder engagement activities

With an aim to communicate and build close relationships with stakeholders, Skyworth has been organising a number of engagement activities with its stakeholders including but not limited to customers, employees, suppliers and business partners. The Group strives to enhance the business transparency and listen to stakeholders' advices through the activities and feedback mechanism.

In order to strengthen the internal communication and create a harmonious culture, the Group holds internal meetings regularly such as weekly core management meeting, operation decision-making meeting. The Group collects the employees' opinion on the business operation and conveys the corporate development plan to them in internal meetings. In addition to internal meetings, the Group offers a wide range of training programmes and leisure activities to build up their capacity and promote staff relationships.

Externally, the Group actively interacts with the peers, customers, and business partners to maintain a dynamic relationship with them through numerous design fairs and exhibitions. To gain market insights, the Group conducts regular market surveys to ensure continuous improvement of product and service quality. The Group has also in place an effective corporate communication system which provides transparent, regular and timely public disclosures to its shareholders and investors.

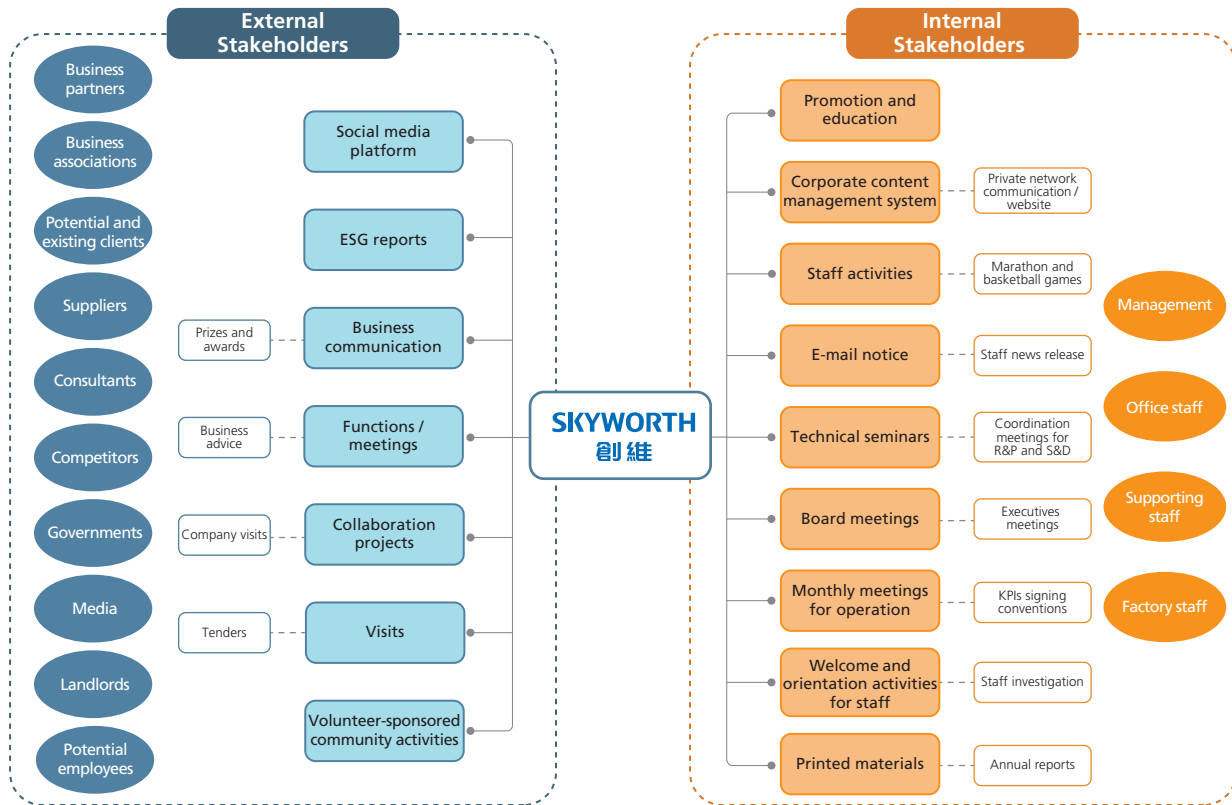


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4.2. Communication channels

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

Stakeholders and Communication Channels



Environmental, Social and Governance Report

4.3. Materiality assessment

Following the reporting principle of materiality, the Group prepares its ESG strategy and report by identifying the material environmental and social issues related to the Group's operation. The Group has conducted a stakeholder survey regarding sustainability during the Reporting Period to seek their perspectives towards its sustainable development journey. Through the analysis of survey results, the Group has identified the top three material environmental and social issues in respect of the Group's business as shown below:

Environmental issues

- Ecology and biodiversity
- Noise pollution and management
- Hazardous waste management

Social issues

- Employee welfare
- Occupational health and safety
- Workplace environment

The materiality assessment has reinforced the understanding of the Group's Board of Director on the stakeholders' ESG-specific expectations and demands. This enables the Group to efficiently allocate resources to improve its sustainability performance according to the topic materiality. The Group will update the material topics on a regular basis to ensure the relevance of the topics and the corresponding actions will be implemented in a timely manner.

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5. OUR OPERATION AND PRODUCT QUALITY

Since its establishment 30 years ago, Skyworth has always adhered to technology leadership and quality first core values. In this regard, the Group has established a holistic quality management system for product design, supply chain management, product production process, delivery and after-sale services.

5.1. Supply chain management

Recognising final product quality and customer satisfaction is directly correlated to supply chain effectiveness, Skyworth attaches high importance to supply chain management. In order to maintain the stability of the material supply and minimise the associated environmental and social risks in the supply chain, the Group conducts assessment on the existing and potential suppliers based on three core principles, namely volume concentration, business integrity and proximity.

Volume concentration

In adherence to the principle of volume concentration, the Group centralises the procurement to a practical extent and maintains a reasonable number of suppliers in same categories. This ensures suppliers are able to obtain sufficient orders and reduce the production costs. The Group evaluates their performance monthly in terms of the delivery time, material quality, cost and services. The performance results inform decisions on future order proportion allocation and phasing-out of underperforming suppliers.

Business integrity

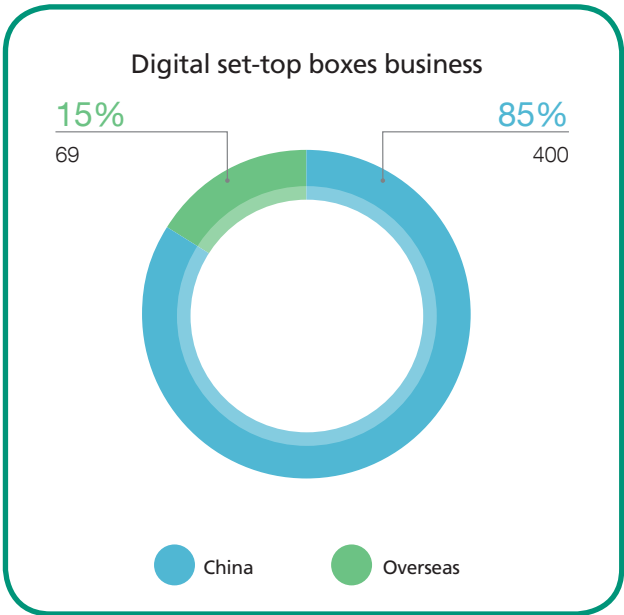
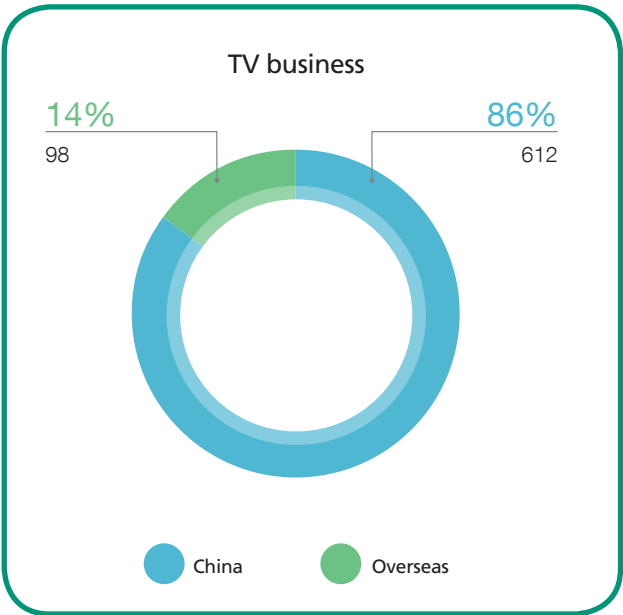
As a socially responsible corporate, the Group places high regard on the business integrity and social responsibility of its suppliers. The Group requires its suppliers to adhere to its Code of Conduct and comply with corresponding laws and regulations. In case of any violation of the Code or legal obligations, the suppliers are disengaged and the Group shall reserve the right to seek all remedies available by law. The Group also considers the sustainability performance of the suppliers during the supplier selection and evaluation process. All suppliers are required to comply with the relevant environmental and social laws and regulation. The procurement team performs sustainability assessments in accordance with internal standards and procedures through site visits and document reviews to identify environmental and social risk along the supply chain. The Group provides improvement guidance and advice to the suppliers that fail to meet the standard. If they could not resolve the issues for a sustained period of time, they would be removed from the supplier list. The Group is developing a comprehensive sustainable procurement policy to show its commitment towards a sustainable supply chain.

Proximity

To shorten the shipping transportation time and minimise associated pollution from transportation, Skyworth prioritises the suppliers which are close to the production line. During the Reporting Period, 86% of our suppliers were based in China.

Environmental, Social and Governance Report

Percentage of suppliers in China and overseas in 2020



Environmental, Social and Governance Report

5.2. Quality management system

Driven by its mission “honour the commitment towards creating a healthy, technology-empowered life for mankind”, Skyworth has developed a rigorous quality management system. Under the ISO19001 Quality Management System, the Group’s product development, supply chain management, production process, delivery, and after-sales services are managed in a methodological manner. 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.

In effort to enhance the efficiency of production and quality control process, the Group continues to upgrade its production technologies and facilities. The Group has applied In-Process Quality Control (IPQC) to conduct inspections on the manufacturing processes such as moulding and packaging during the production workflow. After the assembly stage, IPQC lead inspection work to check product safety, function and appearance to ensure they are in line with the internal guideline, laws and regulations. Prior to delivery, finished products are required to undergo a series of tests including high/low temperature test, energy efficiency test and stand-by power to ensure products meet or even exceed national and industrial safety and quality standards. In case of defects, the quality assurance team conducts remediation works and maintains a record system to prevent reoccurrence.

Production Process Quality Control System



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5.3. Product responsibility

Complaints

The Group values the feedback from the customers and considers complaints as an opportunity to improve. In view of this, the Group has established several feedback channels and a handling mechanism to respond to the complaints or opinion regarding the products or services. Once a complaint is received, complaint specialists will investigate the validity of the complaint and implement appropriate courtesy measures. The specialists are required to consolidate the complaints and perform analysis, which would serve as a reference to relevant departments for improvement plan development.

During the Reporting Period, Skyworth maintained “zero” recalls of digital set-top boxes while TV recalling rate was 0.0007%. The Group only received 19 complaints about digital set-top boxes and the complaint rate was close to zero. The complaint rate of the TV products was 0.089%. All complaints and recalls were handled in accordance with the Group’s product recall and complaints procedure. The customer satisfaction performance 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 (pieces)	14,966,000	36,226,000
Complaint		
Total Complaint (cases)	13,371	19
Product Complaint (cases)	2,785	15
Sale Complaint (cases)	751	4
Service Complaint (cases)	9,234	0
Other Complaint (cases)	601	0
Complaint Rate	0.089%	0%
Recall		
Product Recall (pieces)	99	0
Recall Rate	0.0007%	0%

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Customer privacy

Skyworth has always adhered to user-first core value. The Group regards the customer privacy protection with high regard. The Group has set internal guidelines for data handling precaution. Employees are prohibited to utilise customer information collected without consent. For the storage and processing of confidential information, an encrypted data management system has been developed. Prior approval from the Information Technology Department is required for the information access right. The Group has complied with the personal privacy-related laws and regulations including Cybersecurity Law of the People's Republic of China during the Reporting Period.

Marketing and advertising

Skyworth strives to regulate its marketing and advertising promotion responsibly. The Group understands marketing tools does not only promote its products in the market but also enable customers and public to understand the product functions. In light of this, the Group strives to ensure there is no misleading materials in advertisement and product description. The Group reviews the transcript of advertisements and product packaging before launching on the market. The Group has complied with the marketing and labelling-related laws and regulations including Advertising Law and Product Quality Law of the People's Republic of China during the Reporting Period.

5.4. Intellectual property management

Recognising the importance of intellectual property ("IP") to the Group's product research and development, the Group is committed to protecting its IP rights. As a way to minimise the operation risk related to IP infringement, the Group has established an IP management team under the legal department. They are responsible for formulating IP strategies, patent application, negotiation and litigation of the Group. Apart from IP management team, the Group has installed a patent management system for patent proposal, application, protection and maintenance.

As at the end of the Reporting Period, the Group has 9,680 patent application filed. The Group has complied with the intellectual property-related laws and regulations including the Patent Law, the Trademark Law and the Copyright Law of the People's Republic of China during the Reporting Period.

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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 2020:

Organiser (in no particular order)	Corporate Award Name
China Industrial Design Association	Red Star Design Award 2020
Red Dot	The Red Dot Award 2020
China Chamber of Commerce for Import and Export of Machinery and Electronic Products	China Top 10 Washing Machines Export Companies 2016-2020
The Paper	Socially Responsible Corporate of the Year of 2020
Nanjing Municipal Science and Technology Bureau	2020 Nanjing Innovative Pioneer Enterprise
Nanjing Municipal Commission of Development and Reform	2020 Nanjing Engineering Research Centre
Nanjing Municipal Bureau of Commerce	2020 Nanjing Headquarters Enterprise
Industry and Information Technology Department of Jiangsu	Green Product Technology Standard – Refrigerator
Industry and Information Technology Department of Jiangsu	Green Product Technology Standard – Washing Machines

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6. OUR ENVIRONMENTAL PROTECTION PRACTICES

6.1. Environmental strategies

Driving towards the mission of “Dedicated to creating a better life for mankind”, Skyworth has been relentlessly spending effort in sustainable operation and development. The Group has implemented an environmental management system with ISO14001:2015 certification in its business operation. 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

Embedding “Concept of environmental protection” into the business, the Group has been putting effort in raising employees’ sustainability awareness and creating a green working environment, which enable employees to thrive at work and develop innovative and green products. With the commitment to an eco-friendly and healthy workplace, the Group has been integrating green building elements into its buildings and factories. Skyworth Shiyan Science & Technology Industrial Park (“Industrial Park”) has attained Shenzhen Green Building Certification (Bronze Level) and 1-star China Green Building 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 facade 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.

Recognising employees are the cornerstone of sustainable and green operation, the Group strives to promote their awareness by providing a green workplace as well as a wide range of promotions, including propaganda posters and providing sustainability-related training programmes.

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6.3. Climate change and greenhouse gas emission

Climate change is a profound issue facing the worldwide population. From extreme weather events to biodiversity loss, the impacts and rate of climate change are unprecedented in scale. Skyworth recognises climate change risk as one of the potential operation risks and strives to mitigate. Against the backdrop of China's pledge to 2060 carbon neutrality, the Group has been actively decarbonising its operations to prepare against imminent climate transition risks, such as the further development of local and national carbon pricing schemes. Due to the business nature, energy consumptions in the product manufacturing process and the associated greenhouse gas ("GHG") are the most significant environmental footprints of the business. In pursuance to a low-carbon and energy-efficient operation, the Group has implemented an ISO 50001: 2011 certified Energy Management System. The Group has taken a number of mitigation measures to minimise the environmental impacts and climate-related risks under the system.

Aspects	Measures
Facilities optimisation	<ol style="list-style-type: none">1. Phasing out traditional air compressor to reduce the loading time and the electricity consumption as well as GHG emission2. Upgraded mould Injection moulding machine3. Replaced traditional electricity generators of the central cooling tower with water turbine to reduce electricity usage and GHG emission4. Utilised waste heat generated from boiler to reheat boiler water5. Prioritised the selection of equipment with high energy efficiency
Energy management	<ol style="list-style-type: none">1. Appointed energy management specialists to monitor the energy use pattern2. Established energy management system to facilitate the monitoring and analysis of the energy consumption
Clean energy	<ol style="list-style-type: none">1. Promoted use of cleaner fuel such as natural gas in the manufacturing process to reduce emissions2. Installed photovoltaic panels to transform solar energy into electricity to obtain zero emission energy3. Replaced diesel forklift with electrical forklift

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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. The solar panels have generated a total of 5,484,470 kWh of electricity during the Reporting Period, which has averted the release of approximately 4,589 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 5,850,000 kWh of energy consumption by implementing the energy saving initiatives. The Group has complied with the emission-related laws and regulations including the Law of the People's Republic of China on Prevention and Control of Air Pollution during the Reporting Period.

Energy consumption of Skyworth in the Reporting Period (Note 1)

		2020		2019	
Energy consumption	Unit	TV business	Digital set-top boxes business (Note 2)	TV business	Digital set-top boxes business
Electricity					
Electricity	kWh	184,307,985	14,590,717	214,039,762	26,418,763
Solar energy	kWh	5,484,470	0	6,020,320	12,530
Intensity	kWh/per thousand produced product unit	12,682	403	14,843	697
Natural gas					
Natural gas consumption	kWh	22,160,758	13,574 (Note 3)	26,654,286	6,384,000
Intensity	kWh/per thousand produced product unit	1,481	0.375	1,952	168
Petrol					
Consumption	kWh	381,466	0	748,501	207,836
Intensity	kWh/per thousand produced product unit	25	0	55	5
Total energy consumption					
Total energy consumption	kWh	212,334,679	14,604,291	248,445,023	33,023,129
Total energy intensity	kWh/per thousand produced product unit	14,188	403	16,922	871

Note 1: Since both business segments did not use any diesel in the Reporting Period, the relevant data is not disclosed in this report.

Note 2: Due to the business transformation of the major energy contributor in Digital set-top boxes business, the consumption of solar energy and petrol were zero in this Reporting Period.

Note 3: Due to the business transformation of the major energy contributor in Digital set-top boxes business, the consumption of natural gas dropped this Reporting Period.

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GHG emission of Skyworth in the Reporting Period

GHG emission	Unit	2020		2019	
		TV business	Digital set-top boxes business	TV business	Digital set-top boxes business
Scope 1	tonnes of carbon dioxide equivalent (tCO ₂ e)	4,736	2.83 (Note1)	5,776	1,329
Scope 2	tCO ₂ e	155,195	12,208	168,694	20,490
Total GHG emission	tCO ₂ e	159,931	12,211	174,470	21,818
GHG intensity	tCO ₂ e/per thousand produced product unit	11	0.34	12.78	0.58

Note1: Due to the business transformation of the major energy contributor in Digital set-top boxes business, there was a decreased consumption in natural gas leading to lower Scope 1 GHG emissions in the Reporting Period.

Air emission of Skyworth in the Reporting Period

Air emission	Unit	2020		2019	
		TV business	Digital set-top boxes business (Note 1)	TV business	Digital set-top boxes business
NO _x	tonnes	6.83	0	10.30	2.08
SO _x	tonnes	0.14	0	0.36	0.02
PM	tonnes	0.10	0	0.29	0.04

Note 1: Due to the zero consumption of fuel from vehicles and low consumption of natural gas in Digital set-top boxed business during the Reporting Period, the air emission of the business was not significant.

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6.4. Water consumption and wastewater management

As the Group sources its water from the municipal government, there is no difficulty in obtaining water resources. Although water consumption is not the most material environmental topic to the business, the Group is still exploring ways to improve the water efficiency so as to reduce the operating expense. The Group has implemented numerous water-saving initiatives including but not limited to the followings:

- Replaced expanded polystyrene (EPS) moulding machines to water efficient models.
- Developed a water recycling system to reuse 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

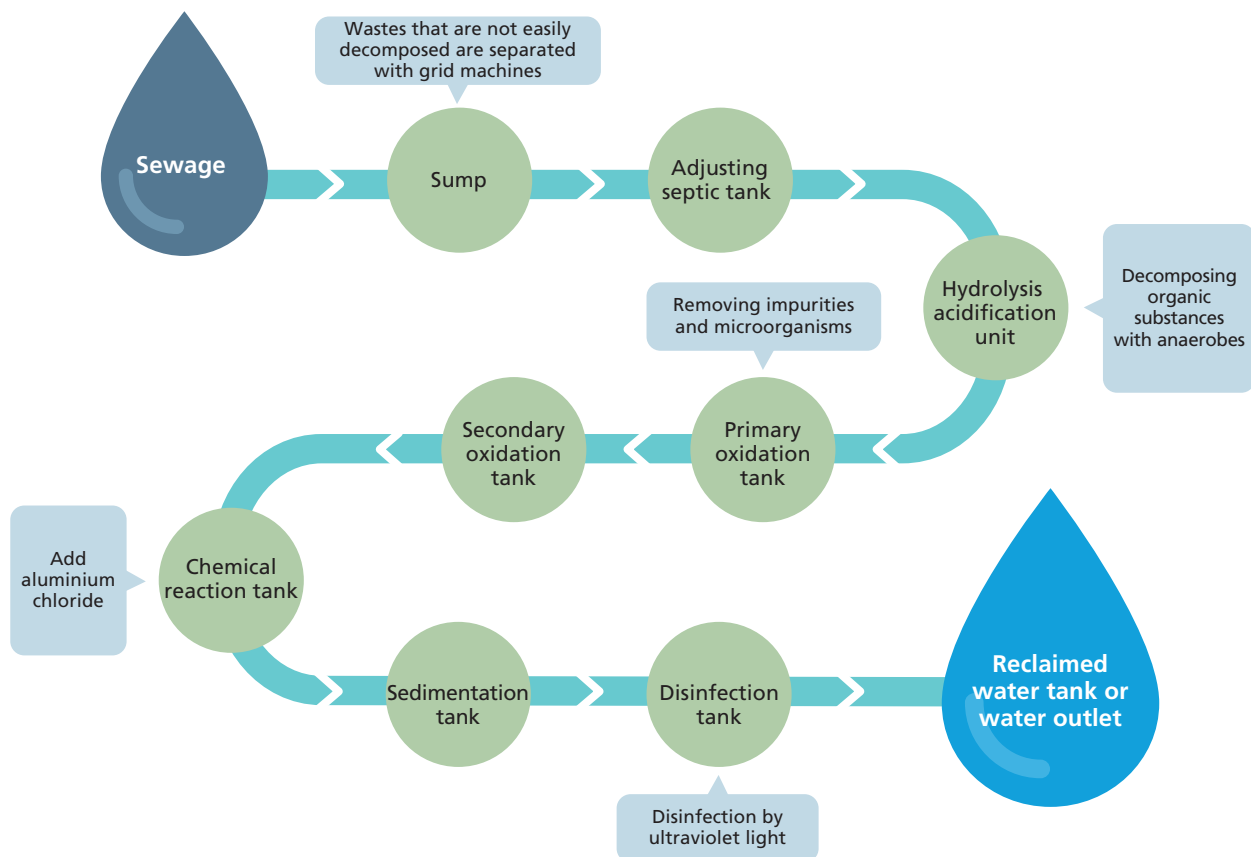
		Business			
		2020		2019	
Water consumption	Unit	TV business	Digital set-top boxes business	TV business	Digital set-top boxes business
Water consumption	m ³	1,085,698	291,072	1,092,966	205,306
Intensity	m ³ /per thousand produced product unit	73	8.03	80.05	5.41

Discharge and management of sewage

With an aim to minimise the impact to the aquatic environment and further reduce water use, the Group has installed an on-site wastewater treatment plant in the Industrial Park. The treated water is reused for cleaning, irrigation and flushing purpose. The Ministry of Environmental Protection of China keeps monitoring the treatment facilities remotely to ensure the effluent meets the A-grade national standard. During the Reporting Period, the plant reused 264,000 m³ of reclaimed water and discharged 160,000 m³ of wastewater. The Group has complied with the water-related laws and regulations including the Water Law and the Water Pollution Prevention Law of the People's Republic of China during the Reporting Period.

Environmental, Social and Governance Report

Process Adopted by Skyworth for Treatment of Domestic Wastewater



6.5. Waste management

Skyworth continuously promotes sustainable production and resource utilisation. As stated in the environmental management system framework and waste management guidelines, the Group prioritises eco-friendly raw materials and recyclable packaging materials in the procurement process to meet EU directive RoHS2.0. To utilise the resources, the recycled packaging materials such as paper box and plastics are reused in the manufacturing process. During the Reporting Period, the Group has procured 1,500 iron storage cage and canvas to reduce the use of paper as packaging materials. This has reduced 62% of paper box consumption comparing to 2019.

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Apart from general waste and packaging waste, the Group generates hazardous wastes such as printed circuit board (PCB) and motor oil during the production process. The Group has stipulated the hazardous waste handling process in the waste management guidelines for the frontline employees. All hazardous waste is required to be sorted and stored in designated areas, and collected by qualified waste handlers. In order to reduce the generation of hazardous waste, the Group continues to optimise the PCB penalisation 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

		2020		2019	
	Unit	TV business	Digital set-top boxes business (Note 1)	TV business	Digital set-top boxes business
Non-hazardous waste	tonnes	4,054 (Note 2)	0	2,674	671
Recycled non-hazardous waste	tonnes	1,629	0	2,454	670
Recycling rate	%	42	0	91.8	99.9
Non-hazardous waste intensity	tonnes/per thousand produced product unit	0.20	0	0.20	0.02
Liquid hazardous waste	tonnes	20	0	22	60
Solid hazardous waste	tonnes	49	0	65	50
Hazardous waste intensity	tonnes/per thousand produced product unit	0.005	0	0.006	0.000003

Note 1: The hazardous and non-hazardous waste data of Digital set-top boxes business in last Reporting Period was from the Qunxin industrial park. However, the industrial park was transformed and sold, thus in this reporting period there are zero amount of hazardous and non-hazardous waste.

Note 2: Due to the data collection system optimised in the Reporting Period, the general waste data collection led to an increase amount of non-hazardous waste in TV business.

Packaging materials used by Skyworth in the Reporting Period

		2020		2019	
Packaging materials type	Unit	TV business	Digital set-top boxes business	TV business	Digital set-top boxes business
Paper	tonnes	35,753	6,930	47,545	7,445
Metal	tonnes	21,060	1,800	28,988	1,800
Plastic (including polystyrene foam, plastic)	tonnes	1,285	2,800	4,169	3,000
Packaging bag	tonnes	1,431	97	1,739	104
Other packaging materials	tonnes	6,015	759	7,807	815
Total packaging materials	tonnes	65,543	12,386	90,248	13,164

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7. OUR EMPLOYEES AND THEIR DEVELOPMENT

7.1. Employee management

Employment practices

In adherence to the core value of employee centricity, Skyworth considers its employees as the most valuable asset of the business, and thus pledges to create a safe, healthy, equal and engaging workplace for its staff. With this commitment, the Group has stipulated holistic human resources management policies. As stated in the "Social Employment and Staff Policy", the Human Resources ("HR") Department is required to recruit talents fairly and transparently. During the recruitment process, the HR Department only assesses the candidates based on their capability, qualification and experience with disregard for their age, gender, race or other social factors that are irrelevant to the positions. After the assessment stage, the HR Department verifies the candidates' identities to prevent illegal employment of child and forced labour prior to official appointment. In case of any violation, the Group terminates the contracts with illegal labour promptly and provide reasonable compensation to them. In order to further eliminate child labour, the Group has introduced Motion Identification System to avert against the abuse of identity documents to bring in unauthorised persons. In order to stay aligned with the industry and society practices, the Group reviews the human resources policies and management approaches in a regular basis.

During the Reporting Period, there were four labour dispute cases, which resulted in disputes between the two parties due to job placement. In the end, the cases were settled by giving economic compensation to the four people and rejected the other claim from them. Beyond that, 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 it 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.

Attracting and retaining talents

Skyworth offers industry-competitive remuneration packages and benefits including staff discount, medical care and welfare subsidies to its employees. The Group reviews the compensation policy and incentive package regularly to ensure the fairness of the compensation distribution.

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In addition to remuneration, Skyworth advocates work-life balance, and strives to build a harmonious culture and workplace for its staff. In order to strengthen communication and employees' sense of belonging, the Group has organised a variety of staff activities during the Reporting Period:

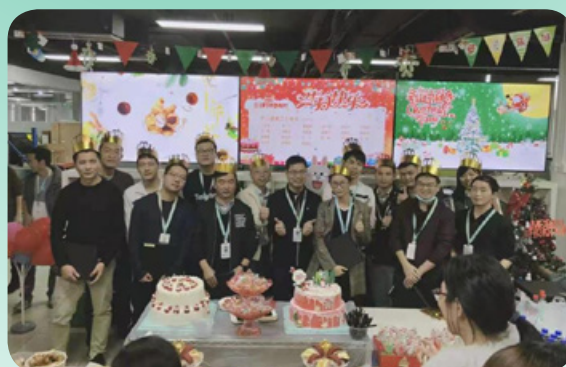


Team building activities

In order to cultivate a strong bonding between employees, the Group arranged team building activities to its employees.

Birthday party

To enhance the employees' sense of belonging, the Group organised birthday party to the employees.



Yoga class

The Group encouraged employees to do more exercise for a healthier body and blissful heart through joining yoga class.

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Workforce portfolio

The Group has recorded a detailed diverse workforce portfolio. As of 31 December 2020, the total number of employees of Skyworth was 36,435 and the overall employee turnover rate of 2020 was 89%. The breakdowns of employees by gender, employee category, age groups and geographical region are as listed below:

By gender	Number of employees	Employee turnover rate
Male	22,895	94%
Female	13,540	80%

By employee category	Number of employees	Employee turnover rate
Senior management	470	–
Manager-level	1,587	–
General staff	34,378	–

By age group	Number of employees	Employee turnover rate
30 or below	16,594	100%
31-50	18,551	45%
51 or above	1,290	45%

By geographical location	Number of employees	Employee turnover rate
China	34,214	–
Hong Kong	61	–
Others	2,160	–

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7.2. Healthy and safe working environment

To bolster safety management in our workplace, Skyworth has transited its occupational safety management system from the OHSAS 18001:2007 to the ISO 45001 standards. In accordance with the international standard, the Group has implemented a set of safety policies and reviews them periodically. Also, the Group has been modifying the production equipment and facilities continuously to eradicate potential risks and hazards. On top of safe facilities, employees' safety awareness is also vital to a safe working environment. The Group thus carries out safety training and contingency drills to boost up employees' awareness and understanding on risk assessment, on-site safety, standard of operations, use of machinery. Safe Production Management Committee has been appointed to monitor the operation and ensure measures are well-implemented. The responsibility of the Committee also includes policy review, investigation of occupational incidents, safety training review and annual safety production appraisal review.

Safety training programme

During the Reporting Period, the Group has recorded zero work-related fatalities and 2 injuries. The number of lost work days due to work injury was 180. The Group has complied with the occupational health and safety-related laws and regulations including the Work Safety Law of the People's Republic of China during the Reporting Period.



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COVID-19 measures

Facing the outbreak of the COVID-19, Skyworth has implemented several preventive measures to protect its employees and the community. In terms of policy implementation, the Group formulated a set of regulations to curb the infectious pandemic and monitor the safety management. The following are some measures that were carried out:

- All employees must wear masks and measure body temperature before entering workplace
- Visitors required to provide name list for identification before entering to the industrial park
- Conducted regular patrol four times per day in the industrial park to ensure the regulations are strictly executed
- Appointed professional cleaning service provider for cleaning and disinfection work
- Flexible dining time to avoid overcrowding in canteens
- Reroute in dormitories to manage crowds

7.3. Training and development

Skyworth believes that talent nurture is an indispensable component for the Group's long-term and sustainable development. In this regard, the Group is devoted to supporting employees to enrich their skills and knowledge, so as to facilitate their career development. The College of Skyworth serves as a platform for employees to learn. It offers training on diverse topics including but not limited to safe production, market trends and management skills. To ensure the effectiveness of the training programmes, the Group performs regular review and update of the programmes. Apart from internal education, the Group highly supports its staff to go for continuous education by offering study leave and subsidies. During the Reporting Period, the Group has provided approximately 57,285,949 training hours to its employees.

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Internal training programme



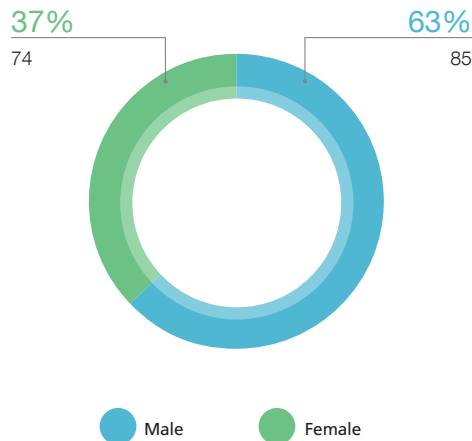
2020 Skyworth Electronic Appliances Sparking Training Camp (1st Batch)



2020 Display Technology Business Division International Talent Training Project

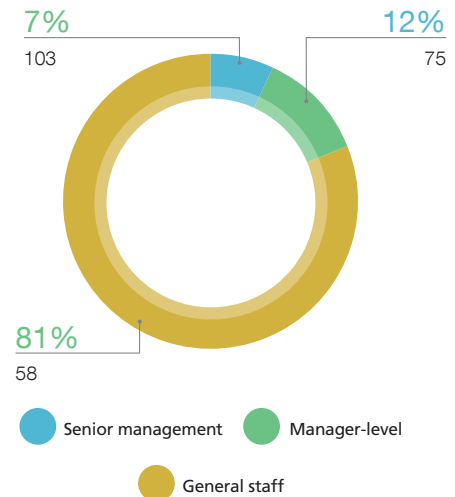
By gender

(Percentage of employees trained / Average training hours)



By employee category

(Percentage of employees trained / Average training hours)



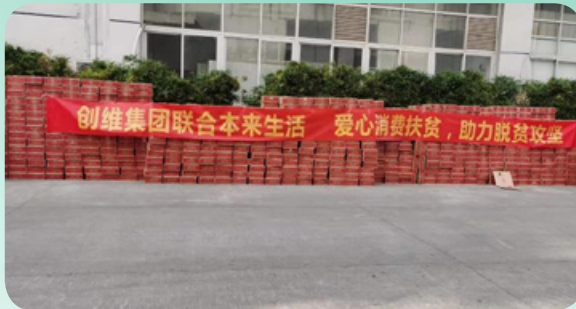
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7.4. Anti-corruption

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. The Group understands the employees' awareness on business ethics and integrity is vital in preventing and combating against misbehaviour. The Group thus organised a training course regarding prevention of commercial crime to more than 200 staff members during the Reporting Period. The Group has complied with all laws and regulation related to anti-corruption including the Prevention of Bribery Ordinance of Hong Kong and the Criminal Law of the People's Republic of China during the Reporting Period.

8. OUR SOCIAL RESPONSIBILITY

Skyworth understands the critical role it plays in contributing to the well-being and prosperity of the local communities it is part of. Therefore, the Group actively engages in community activities and public welfare undertakings to show its social responsibility. During the Reporting Period, the Group has donated RMB1.7 million in various community projects to serve and support the society. The Group will continue to promote community development and public welfare to serve diverse communities.



Mid-Autumn gift for the underprivileged

Joint Guangdong Voluntary Service
Development and Greater Bay Area Voluntary
Service Programme



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9. LOOKING FORWARD

Skyworth understands its obligations to the environment and society as a manufacturer. During its operation and production, the Group strictly follows all regulations that related to environmental and social. On the other hand, various policies and systems were established by the Group to monitor and manage the operational procedures. Meanwhile, these practices help to achieve its commitment on a sustainable business.

Looking forward, Skyworth will keep its pace on pursuing a satisfied performance under the five-year plan. During the transitional period, the Group will continue to invest in sustainable products development and bring a green life style to family globally in the future, as well as accelerate the talent development for the employees by adhering the principles of “investment, innovation and reform”.

10. ESG GUIDE CONTENT INDEX

Aspect	Description	Statement/Section	Page No.
(A) ENVIRONMENTAL			
A1: EMISSIONS			
General Disclosure	(a) the policies	(a) Our environmental protection practices	16-23
	(b) compliance	(b) The Group was not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.	
A1.1	The types of emissions and respective emissions data.	Climate change and greenhouse gas emission	18-20
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Climate change and greenhouse gas emission	18-20

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Aspect	Description	Statement/Section	Page No.
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management	22-23
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management	22-23
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate change and greenhouse gas emission The Group is currently developing emission targets and will disclose it in the future reports.	18-20
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste management The Group is currently developing waste reduction target and will disclose it in the future reports.	22-23

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Aspect	Description	Statement/Section	Page No.
A2: USE OF RESOURCES			
General Disclosure	Policies	Our environmental protection practices	16-23
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).	Climate change and greenhouse gas emission	18-20
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption and wastewater management	21-22
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate change and greenhouse gas emission The Group is currently developing energy use efficiency target and will disclose it in the future reports.	18-20
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption and wastewater management	21-22
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Waste management	22-23

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Aspect	Description	Statement/Section	Page No.
A3: THE ENVIRONMENTAL NATURAL RESOURCES			
General Disclosure	Policies	Our environmental protection practices	16-23
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 practices	16-23
A4: CLIMATE CHANGE			
General Disclosure	Policies	Climate change and greenhouse gas emission	18-20
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate change and greenhouse gas emission	18-20

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Aspect	Description	Statement/Section	Page No.
(B) SOCIAL			
B1: EMPLOYMENT			
General Disclosure	(a) the policies	(a) Our employee and their development	24-30
	(b) compliance	(b) The Group was not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.	
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee management	24-26
B1.2	Employee turnover rate by gender, age group and geographical region.	Employee management	24-26
B2: HEALTH AND SAFETY			
General Disclosure	(a) the policies	(a) Healthy and safe working environment	27-28
	(b) compliance	(b) The Group was not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.	
B2.1	Number and rate of work-related fatalities.	Healthy and safe working environment	27-28
B2.2	Lost days due to work injury.	Healthy and safe working environment	27-28
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Healthy and safe working environment	27-28

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Aspect	Description	Statement/Section	Page No.
B3: DEVELOPMENT AND TRAINING			
General Disclosure	Policies	Training and development	28-29
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and development	28-29
B3.2	The average training hours completed per employee by gender and employee category.	Training and development	28-29
B4: LABOUR STANDARDS			
General Disclosure	(a) the policies	(a) Employment practices	24
	(b) compliance	(b) The Group was not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment practices	24
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment practices	24

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Aspect	Description	Statement/Section	Page No.
B5: SUPPLY CHAIN MANAGEMENT			
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, and how they are implemented and monitored.	Supply chain management	10-11
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management	10-11
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management	10-11

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Aspect	Description	Statement/Section	Page No.
B6: PRODUCT RESPONSIBILITY			
General Disclosure	(a) the policies	(a) Our operation and product quality	10-15
	(b) compliance	(b) The Group was not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility	13-14
B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility	13-14
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.	Quality management system	12
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility	13-14

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Aspect	Description	Statement/Section	Page No.
B7: ANTI-CORRUPTION			
General Disclosure	(a) the policies	(a) Anti-corruption	30
	(b) compliance	(b) The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.	
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	30
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	30
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	30
B8 COMMUNITY INVESTMENT			
General Disclosure	Policies	Our social responsibility	30
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our social responsibility	30
B8.2	Resources contributed (e.g. money or time) to the focus area.	Our social responsibility	30