

(Incorporated in Bermuda with limited liability)
Stock Code : 00751.HK



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Environmental, Social and Governance Report

1. ABOUT SKYWORTH AND BUSINESS INFORMATION

1.1. Our business

The Group, comprising Skyworth Group Limited (the “Company”) and its subsidiaries (the “Group”, “Skyworth”, “we” or “us”), is principally engaged in the manufacture and sales of smart TV systems, home access systems, smart white appliances, intelligent manufacturing, internet value-added services, property development, property holding, photovoltaic products, modern services and trading of other products.

The Group was found in 1988 and has two listed companies known as Skyworth Group Limited (stock code: 00751.HK), Skyworth Digital Co., Ltd. (stock code: 000810.SZ). With more than 34,000 employees and 19 national high-tech enterprises, Skyworth’s headquarter is located at Shenzhen High-tech Industrial Park. The Group, along with the State-owned Enterprise Technology Center and the State Industrial Design Center, worked with local governments to develop a technology 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 “1335 strategy”.

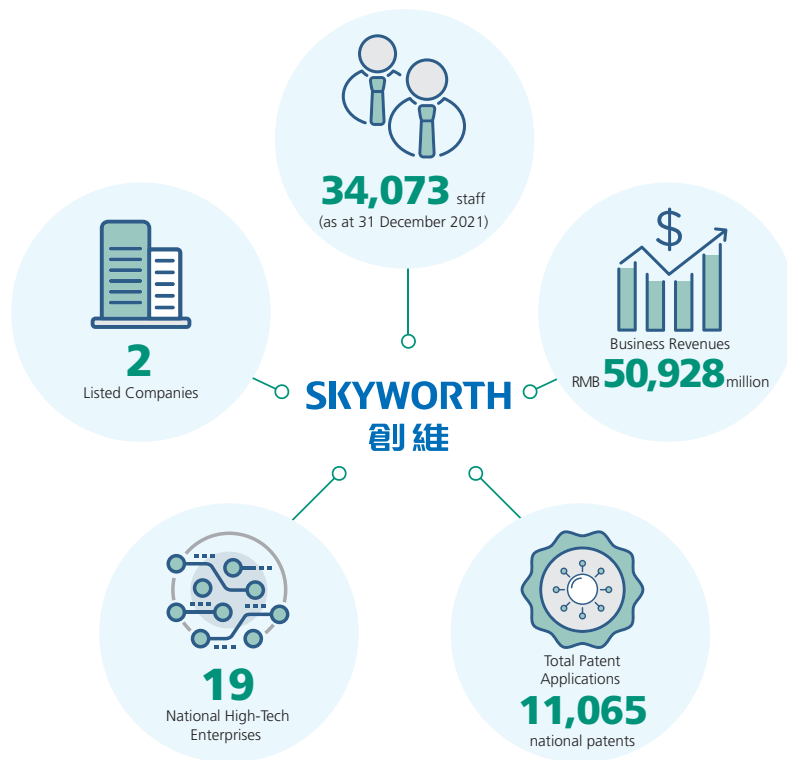
1 Goal	Achieve a revenue of 100 billion yuan
3 Key Strategies	<ul style="list-style-type: none">– operation smartisation;– refinement; and– internationalisation.
3 Bases	<ul style="list-style-type: none">– Shenzhen headquarter base;– Pearl River Delta smart home appliances manufacturing base; and– Yangtze River Delta Intelligent Household Appliance Manufacturing Base.
5 Business segments	<ul style="list-style-type: none">– Multimedia business;– Smart systems technology business;– Smart appliances business;– New energy business; and– Modern services business.

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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. 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, reflecting its global presence. By facilitating renewable energy development, the Group has provided solar business among several China cities.

Skyworth Photovoltaics, a comprehensive new energy enterprise integrating development, design, construction, intelligent operation and maintenance and professional consulting services. The Group specialises in the design, construction, operation and maintenance, carbon trading and energy storage business of distributed residential rooftop and industrial and commercial enterprise rooftop power stations. The Group will strive to build a comprehensive energy full-process asset development, construction and operation platform to bring real and sustainable value to customers. The emission reduction target for new energy business is to increase the utilisation of solar energy and reduce the purchase of electricity from outside.

Business Highlights of Skyworth for the Financial Year 2021



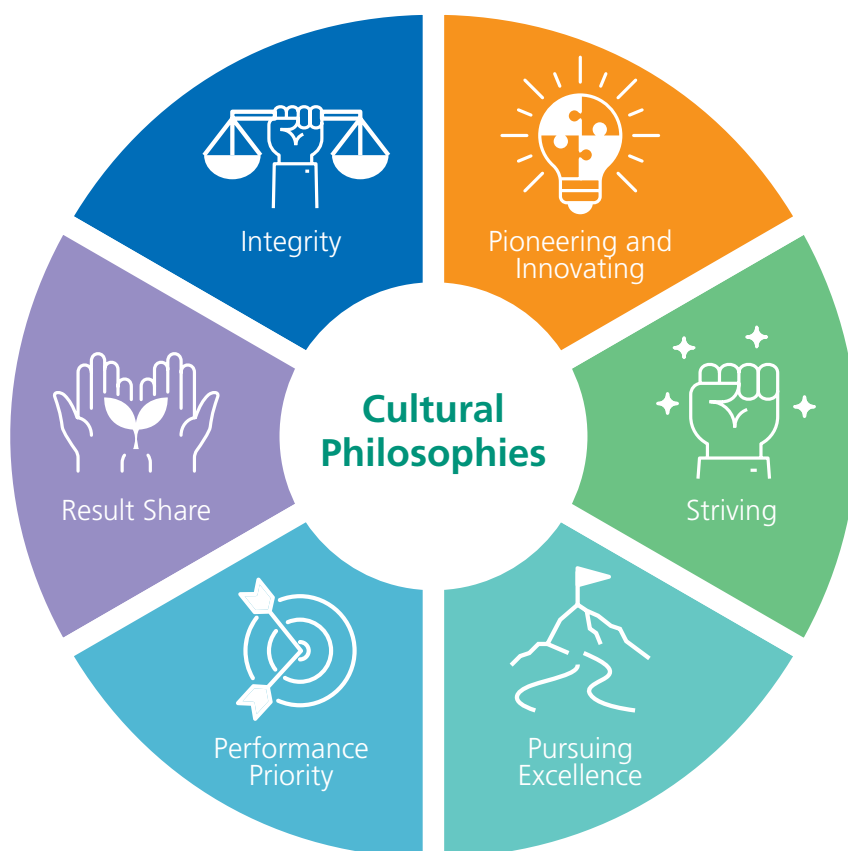
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1.2. Our corporate philosophy

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” and “Result share” and “Integrity”.

Skyworth’s Mission :

Dedicated to Creating a Better Life for Mankind



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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. 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 in pages 21 to 26.
- **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 reports.

This Report summarises the Group’s environmental and social related policies, activities, performance and contribution from 1 January 2021 to 31 December 2021 (the “Reporting Period”). The scope of the Report covers the Group’s core activities of our main business segments including audio-visual, photovoltaic and home electronic appliances businesses. We focus on the report of our TV company, photovoltaic business, and set-top boxes business in the parts relevant to operational and environmental protection procedures. These three business areas have a considerable impact on the Group’s operations since they generate the biggest revenue 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 2021, Skyworth adhered to the mission of “Dedicated to creating a better life for mankind” and followed the cultural philosophies of “Pioneering and innovating”, “Striving”, “Pursuing excellence”, “Performance priority” and “Result share” and “Integrity. The Group’s business expanded in an all-round way throughout this year and made positive progress in digitalisation and intelligence. In response to the 2060 carbon neutrality and intelligent manufacturing of the People’s Republic of China, the Group will continue to integrate sustainable development practices such as climate change and greenhouse gas emission reduction, health and safety, and personnel training, and consolidate the foundation into our business.

The Environmental, Social and Governance Working Taskforce (the “ESG Working Taskforce”), will be in charge of all Group sustainability strategies, management, performance, and reporting. The Board is responsible for overseeing all ESG-related issues, including reviewing material issues and monitoring the progress of sustainable development. The relevant ESG topics will be discussed and reported on at the Board meeting in order to seek improvement and, if necessary, repositioning.

Climate Change remains a major concern in society, and recent efforts have been made to improve business resilience to climate change and adaptations. As responsible manufacturers, Skyworth put carbon neutrality as a universal value and are working to achieve it.

To achieve a successful and sustainable business, we also listen to the opinions and feedbacks of our stakeholders. We provide a variety of channels for collecting stakeholder feedback and subsequently identifying material topics. Maintaining an interactive dialogue with key stakeholders enables the Group to develop a more comprehensive strategy.

Faced with new opportunities and responsibilities, the Group is riding the wind and waves, striving to grasp the opportunities and missions of the new era. With indomitable courage, innovative spirit and unremitting vigour, Skyworth will join hands to create a new chapter in the intelligent development of future business.

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4. SUSTAINABILITY GOVERNANCE

During the Reporting Period, the Group has launched the ESG Working Taskforce to support the sustainability development in Skyworth. The ESG Working Taskforce was comprised by members from relevant departments in the Company that is able to bring various perspectives into discussion. The ESG Working Taskforce is responsible for monitoring the Group's ESG performance and identify any material issues then reports to the Board for the evaluation and subsequent implementation or revision of the ESG's strategies. To further strengthen the Company's sustainability management approaches, the ESG Working Taskforce will invite sustainability professions to join under the appointment from the Board. The Group also reports the market trends and other significant risks and opportunities to the Board.

The Board oversees the sustainability issues in the Group, including but not limited to the overall sustainability performance, strategies, targets and reporting through the support and recommendations from the ESG Working Taskforce. The Board also approves the material topics from the materiality assessment and allocate the resources to them.

The sustainability governance structure is as below:



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5. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

5.1. Stakeholder engagement activities

Skyworth is keen to keep an ongoing dialogue with its external and internal stakeholders. With an aim to communicate and build close relationships with stakeholders, Skyworth has been organising a number of engagement activities. The activities allow the Company to capture the opinions and ideas from various stakeholders and consider their opinions in the strategic planning.

With the aim to strengthen the internal communication across the Group, Skyworth regularly holds internal meetings, such as core management meeting, operation decision-making meeting. We think the feedback from our employees are vitally important on the business operation. The meetings also help to circulate the corporate development plan to the employees. The Group also offers a wide range of training programmes and recreational activities to build capabilities and enhance employee relations.

For external, the Group proactively participates in diverse fairs and exhibitions to obtain the latest market trends and exchange information with other industrial peers. At such, the Group could grab the insights and the improve the design and quality of its products. During the pandemic outbreak, we kept our passion to gain the industrial insights via online webinars and virtual events.

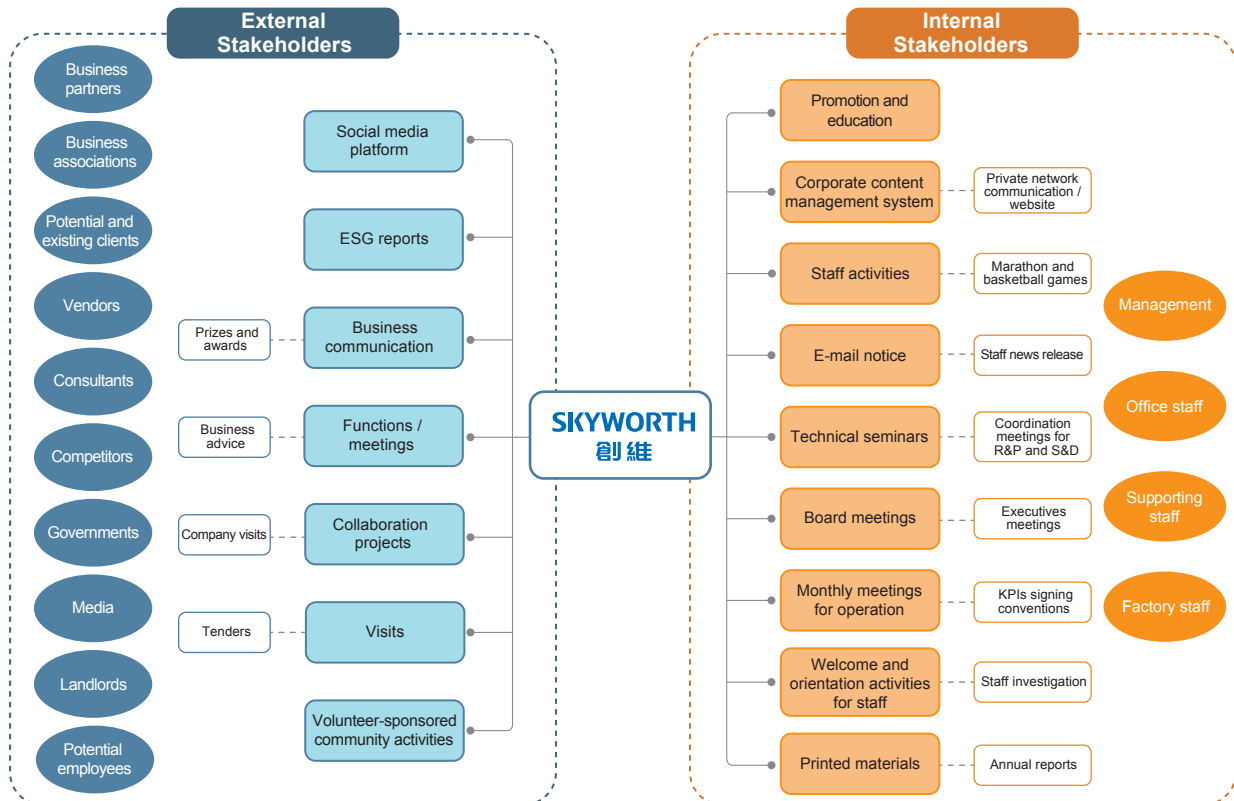


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5.2. Communication channels

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

Stakeholders and Communication Channels



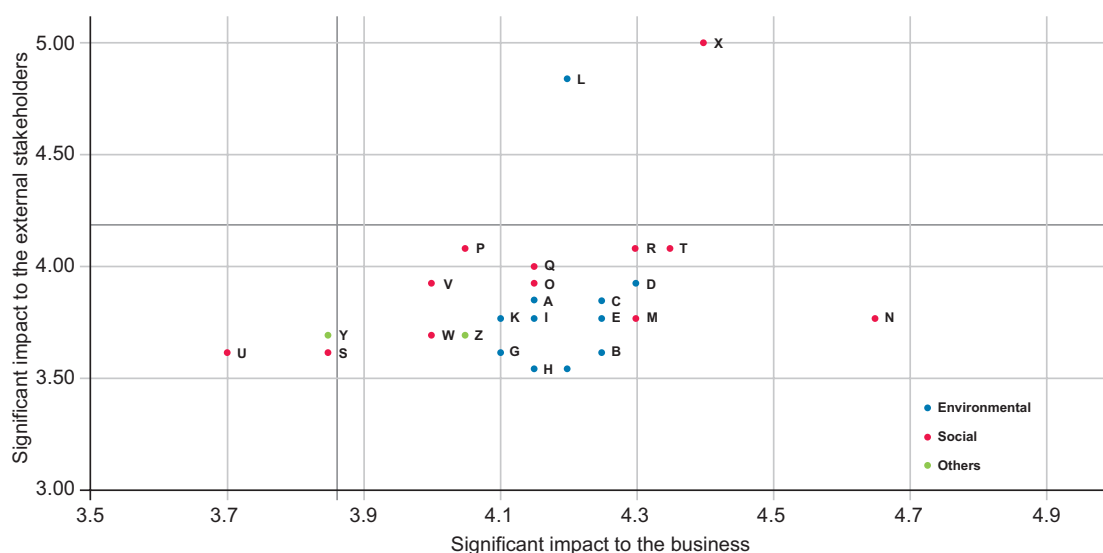
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5.3. Materiality assessment

Following the reporting principle of materiality, the Group established a materiality assessment to identify the material topics that bring significant impacts to the business and stakeholders. In order to prepare the ESG strategy and support the Group's sustainability development, the Group has conducted a stakeholder survey regarding sustainability during the Reporting Period. We would like to develop our ESG strategy to address the concerns from stakeholders.

The Group has continuously conducted stakeholder engagement with its stakeholders. During the Reporting Period, an online survey was carried out for understanding the stakeholders' concerns on Skyworth's sustainability. After analysis of the survey result, a material matrix was formed and listed below:

Matrix



Symbol	Aspects	Topics
A	Environmental	Climate change and GHG emissions
B		Air pollutants emissions
C		General waste management
D		Hazardous waste management
E		Energy Efficiency
F		Water Efficiency
G		Efficient use of material
H		Renewable resources
I		Wastewater management
J		Noise management
K		Ecology and biodiversity
L		Packaging materials selection

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Symbol	Aspects	Topics
M	Social	Work environment
N		Employee benefits and welfare
O		Training and development
P		Equal opportunities
Q		Management and employee communication
R		Occupational health and safety
S		Workforce Diversity
T		Anti-corruption and integrity
U		Community Involvement
V		Client feedback and comment
W		Supply chain management
X		Product responsibility
Y	Others	Sustainability strategy
Z		Sustainability targets

In order to obtain a holistic picture of the sustainability development for Skyworth, the Group's material topics referred to the analysis of survey results and benchmark with the industrial peers, then the top three material environmental and social issues in respect of the Group's business were reported and approved by the Board of Directors:

Environmental issues

- Packaging materials selection
- Hazardous waste management
- General waste management

Social issues

- Product responsibility
- Anti-corruption and integrity
- Employee benefits and welfare

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6. 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.

6.1. 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. To preserve the stability of the material supply and minimise the related environmental and social risks in the supply chain, the Group evaluates existing and new suppliers based on three basic principles: volume concentration, business integrity, and proximity.

Volume concentration

In accordance with the volume concentration concept, the Group centralises procurement to a feasible extent and retains a fair number of suppliers in the same categories. This ensures suppliers are able to obtain sufficient orders and reduce the production costs. The Group evaluates and reviews their performance in terms of the delivery time, material quality, cost and services on a monthly basis.

Business integrity

As a socially responsible corporate, the Group places a premium on its suppliers' business integrity and social responsibility. The Group expects its suppliers to follow its Code of Conduct and to follow all applicable 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 must abide by the applicable environmental and social laws and regulations. To identify environmental and social risk along the supply chain, the procurement team conducts sustainability evaluations in accordance with internal standards and processes, including site inspections and document checks. 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.

Total number of suppliers in China and overseas in 2021

Suppliers by location	Product/Production line	
	TV business	Digital set-top boxes business
China	645	411
Overseas	125	71

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6.2. 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 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 in charge of recording, monitoring, and reviewing products in accordance with internal norms, laws, and regulations pertaining to products and services in each of the countries and jurisdictions where the Group operates.

The Group continues to modernise its manufacturing technologies and facilities in order to improve the efficiency of production and the quality control process. 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. Before delivery, finished items must pass a number of tests, including a high/low temperature test, an energy efficiency test, and a stand-by power test, to verify they meet or surpass national and industry safety and quality requirements. In case of defects, the quality assurance team conducts remediation works and maintains a record system to prevent reoccurrence.

Quality Control Systems for the Production Process



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6.3. 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 developed several feedback channels as well as a handling system to respond to complaints or opinions on the goods or services. When a complaint is received, complaint professionals examine its authenticity and adopt relevant politeness steps. 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 and TV Products. The Group only received 61 complaints about digital set-top boxes and the complaint rate was close to zero. The complaint rate of the TV products was 0.09%. 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 during the Reporting Period

Category	Product/Production line	
	TV business	Digital set-top boxes business
Total production (units)	14,319,756	52,073,427
Complaint		
Total complaint (cases)	13,303	61
Product complaint (cases)	2,898	55
Sale complaint (cases)	845	3
Service complaint (cases)	9,366	0
Other complaint (cases)	194	3
Complaint rate	0.093%	0.0000011%
Recall		
Product recall (units)	0	0
Recall rate	0%	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 established internal procedures for data handling security. Employees are not permitted to use consumer information obtained without authorisation. For the storage and processing of confidential information, an encrypted data management system has been developed. The information access right requires prior clearance from the Information Technology Department. 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 works hard to guarantee that no false materials appear in advertisements or product descriptions. Before going to market, the Group goes through the transcripts of advertising and product packaging. 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.

6.4. 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. To reduce the operation risk related to IP infringement, the Group has established an IP management team under the legal department. They are in charge of developing the Group's intellectual property strategy, patent applications, negotiations, and litigation. In addition to the IP management team, the Group has implemented a patent management system for patent proposal, application, protection, and maintenance.

At the end of the Reporting Period, the Group has 11,065 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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6.5. 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 2021:

Organiser (in no particular order)	Corporate Award Name
CHEARI	Top 10 Washing Machine Brands Review
CHEARI	Annual Best Product Review
Appliance World Expo – Shanghai China	2021 AWE Award
International Green Economy Association	China Carbon Target Pioneering Business Alliance
OFWEEK 2021	2021 Shandong Zero Carbon Market Honorary Pioneer
China Distributive Photovoltaic Ranking	2021 Photovoltaics Company of the Year
Department of Science and Technology of Guangdong Province	2021 Guangdong Province Technological Advancement Second Prize
Shenzhen Technological Advancement	2021 Large OLED Module R&D and Industrialisation
China National Intellectual Property Administration	China Design Patent Silver Medal
Ministry of Industry and Information Technology	1st Artificial Intelligence Industry Innovation Ranking – Outstanding Company
InnoESG.org	InnoESG Prize Series-ESG Care Prize 2021

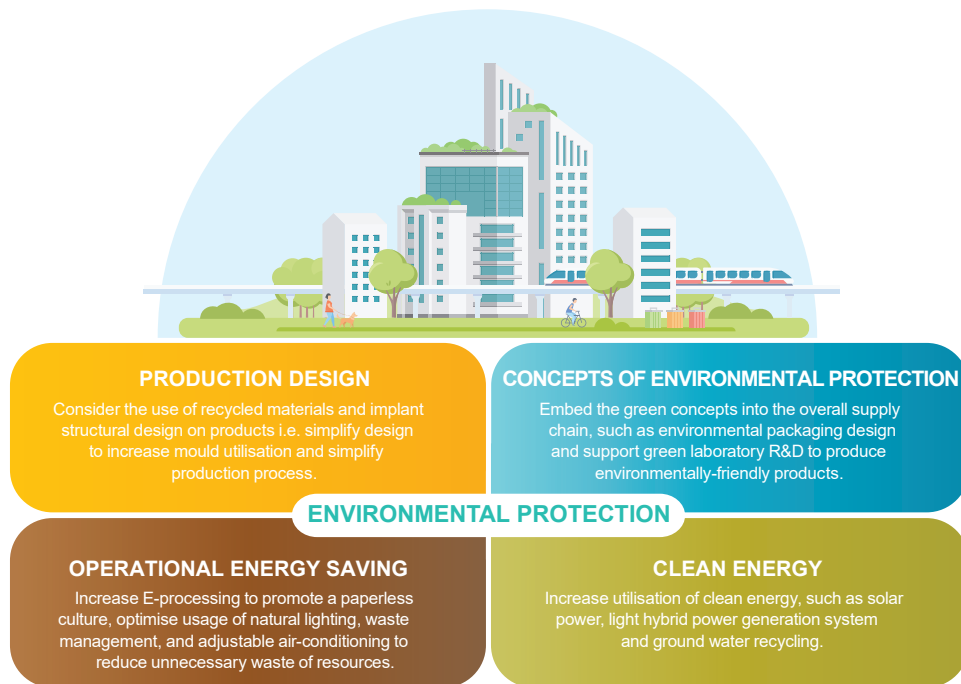
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7. OUR ENVIRONMENTAL PROTECTION PRACTICES

7.1. Environmental strategies

Adhering to the mission of “Dedicated to creating a better life for mankind”, Skyworth has been paid attention to maintain its sustainable operation and development. The environmental management system with ISO14001:2015 certification has been implemented in the business operation to monitor the sustainable performance and reach to a stringent standard. Four long-term green initiatives were established under the management system framework. They are “Production Design”, “Operational Energy Saving”, “Concepts of Environmental Protection” and “Clean Energy” respectively. The initiatives drive a long-term sustainable impact to the Group.

Skyworth’s Long-term Green Initiatives



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7.2. Green workplace

The concept of environmental protection is deeply rooted in the Skyworth's culture. The Group has spared no effort to enhance the sustainability awareness within the Group, and nurture the employees to be talents with sustainable mindsets. We regularly provide sustainability-related trainings and programmes to the employees for increasing the knowledge. Moreover, posters and environmentally friendly reminders will be posted on the common area to remind the employees.

Beyond the culture creation in the Group, Skyworth also embedded the green building elements into its buildings and premises for practicing the sustainability with real actions. Skyworth Shiyan Science & Technology Industrial Park (the "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. We believed that the green buildings can probably achieve a better efficiency and reduce the environmental footprint.

In our buildings, we also procured energy efficient facilities in the Industrial Park, as well as adopted thermal insulation materials to the building façade. The materials can reduce the indoor temperature. In addition, the Group has installed LED lighting and upgraded the HVAC systems to further enhance the energy efficiency.

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7.3. Climate change and greenhouse gas emission

Climate change a huge challenge in the human history. The problem is put in the middle of the spotlight. The risks derived from climate change are unprecedented and unforeseen. As a responsible company, Skyworth has taken actions to tackle the climate change problem while climate risks were recognised as one of the potential risks in the business. Against to the market trend of decarbonisation, the Group has established its climate change policy to better cope with the issue. The Group is on the track to transit to a low-carbon operation and productions. Due to the business nature, energy consumptions in the major resources of the greenhouse gas ("GHG") emission from the product manufacturing process and bring the most significant environmental footprint to the world. For a better management of energy consumption and GHG emission in the operation, we have applied an ISO 50001: 2011 certified Energy Management System. The Group has taken several mitigation measures to minimise the environmental impacts and climate-related risks under the system.

Aspect	Mitigation 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 molding 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 60,000 m² 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 6,707,074 kWh of electricity during the Reporting Period, which has averted the release of approximately 5,612 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 7,000,000 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.

The Group attaches great importance to greenhouse gas emission reduction, energy efficiency and renewable energy. The Group is seeking clean energy sources such as solar photovoltaic and improving energy efficiency to achieve carbon reduction targets. Looking forward, the Group plans to reduce GHG emission through the following actions:

- Monitor the power consumption and increase the proportion of energy efficient equipment, such as LED lights
- Establish energy management system, collect energy data for monthly analysis, and set benchmarks for energy efficiency goals
- Increase the utilisation of solar energy and reduce the purchase of electricity from outside

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

Energy consumption	Unit	2021		2020	
		TV business	Digital set-top boxes business (Note 2)	TV business	Digital set-top boxes business
Electricity					
Electricity	kWh	131,352,781	19,575,406	184,307,985	14,590,717
Solar energy	kWh	6,707,074	0	5,484,470	0
Intensity	kWh/per thousand produced product unit	9,641	376	12,682	403
Natural gas					
Natural gas consumption	kWh	11,244,597	0	22,160,758	13,574
Intensity	kWh/per thousand produced product unit	785	0	1,481	0.375
Petrol					
Consumption	kWh	417,221	0	381,466	0
Intensity	kWh/per thousand produced product unit	29	0	25	0
Total energy consumption					
Total energy consumption	kWh	149,721,673	19,575,406	212,334,679	14,604,291
Total energy intensity	kWh/per thousand produced product unit	10,456	376	14,188	403

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

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

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GHG emission of Skyworth during the Reporting Period

GHG emission	Unit	2021		2020	
		TV business	Digital set-top boxes business	TV business	Digital set-top boxes business
Scope 1	tonnes of carbon dioxide equivalent (tCO ₂ e)	2,467	0 (Note 1)	4,736	2.83
Scope 2	tCO ₂ e	74,113	9,965	155,195	12,208
Total GHG emission	tCO ₂ e	76,580	9,965	159,931	12,211
GHG intensity	tCO ₂ e/per thousand produced product unit	5	0.19	11	0.34

Note 1: Natural gas in some business unites of digital set-top boxed business was no longer used during the Reporting Period. Thus, the scope 1 GHG emission was drastically dropped.

Air emission of Skyworth during the Reporting Period

Air emission	Unit	2021		2020	
		TV business	Digital set-top boxes business (Note 1)	TV business	Digital set-top boxes business (Note 1)
NOX	tonnes	4.00	0	6.83	0
SOx	tonnes	0.12	0	0.14	0
PM	tonnes	0.07	0	0.10	0

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

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7.4. 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 during the Reporting Period

Water consumption	Unit	Business			
		2021		2020	
		TV business	Digital set-top boxes business	TV business	Digital set-top boxes business
Water consumption	m ³	481,294	168,613	1,085,698	291,072
Intensity	m ³ /per thousand produced product unit	34	3.24	73	8.03

Discharge and management of sewage

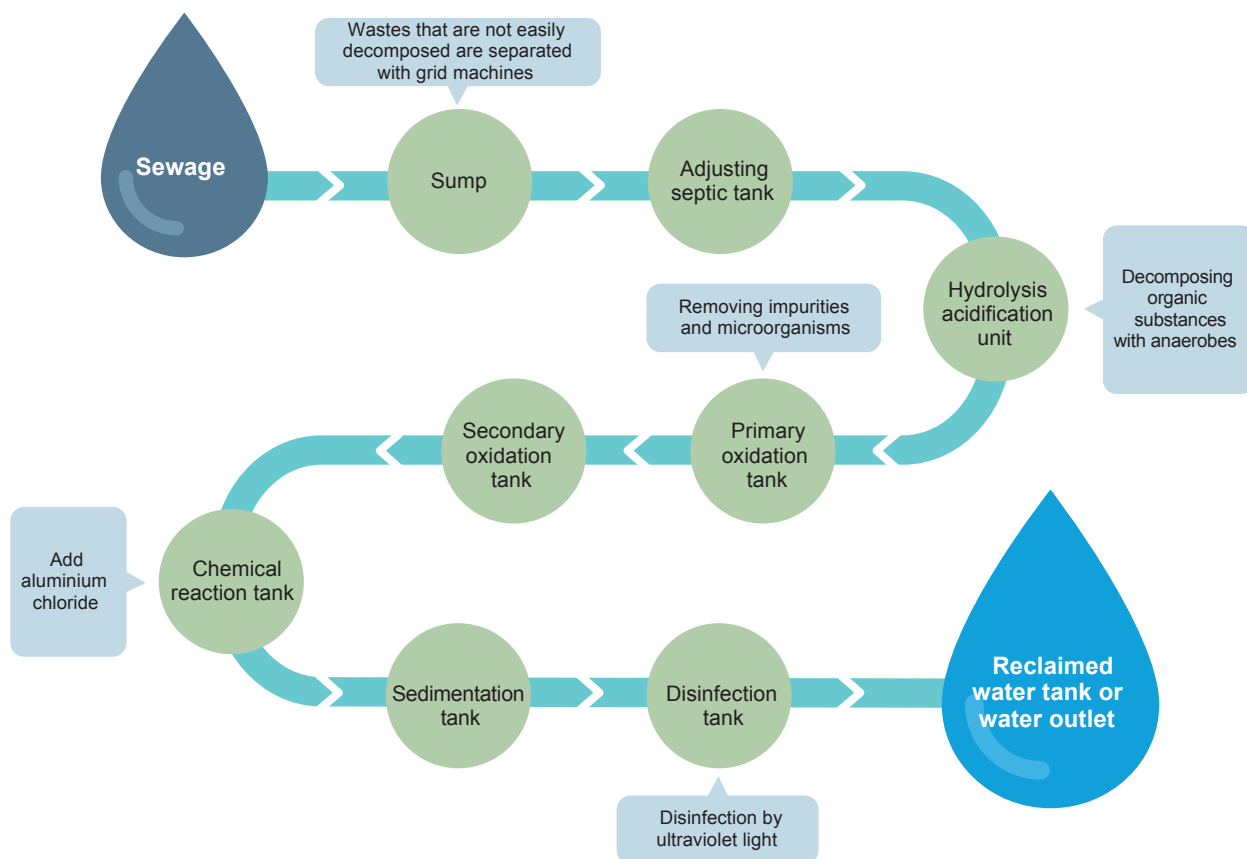
With an aim to minimise the impact to the aquatic environment and further reduce water use, the Group has installed an on-site wastewater treatment plant in the Industrial Park. The treated water is reused for cleaning, irrigation and flushing purpose. The Ministry of Environmental Protection of China keeps monitoring the treatment facilities remotely to ensure the effluent meets the A-grade national standard. During the Reporting Period, the plant reused 360,000 m³ of reclaimed water and discharged 192,000 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.

The Group endeavour to encourage the improvement of water efficiency. The Group will maintain and strengthen the daily management of water conservation to eliminate water spilling, leakage and avoid water waste. To continuously manage our water resources, we will take the following actions to reduce water consumption:

- Continuously optimise the water circulation system, strengthen the use of circulating water, and reduce water intake
- Adopt water management systems, refurbish existing water supply systems for water consumption and sewage discharge targets

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Process Adopted by Skyworth for Treatment of Domestic Wastewater



7.5. 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 achieve efficient utilisation of resources, the recycled packaging materials such as paper box and plastics are reused in the manufacturing process.

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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 during the Reporting Period

		2021		2020	
Unit	TV business	Digital set-top boxes business	TV business	Digital set-top boxes business (Note 1)	
Non-hazardous waste	tonnes	817	879 (Note 2)	4,054	0
Recycled non-hazardous waste	tonnes	702	873	1,629	0
Recycling rate	%	86	99	42	0
Non-hazardous waste intensity	tonnes/per thousand produced product unit	0.01	0.00005	0.20	0
Liquid hazardous waste	tonnes	10	2	20	0
Solid hazardous waste	tonnes	54	1	49	0
Hazardous waste intensity	tonnes/per thousand produced product unit	0.004	0.00005	0.005	0

Note 1: The hazardous and non-hazardous waste data of Digital set-top boxes business during the previous Reporting Period was from the Qunxin industrial park, however, it was disposed during the previous Reporting Period that led to zero amount non-hazardous waste.

Note 2: Due to the transformation of digital set-top boxes business, the waste generated data has included the automotive electronic systems during the Reporting Period.

Packaging materials used by Skyworth in the Reporting Period

		2021 (Note 1)		2020	
Packaging materials type	Unit	TV business	Digital set-top boxes business	TV business	Digital set-top boxes business
Paper	tonnes	23,531	8,660	35,753	6,930
Metal	tonnes	45,990	2,700	21,060	1,800
Plastic (including polystyrene foam, plastic)	tonnes	14,673 (Note 2)	4,200	1,285	2,800
Packaging bag	tonnes	0	120	1,431	97
Other packaging materials	tonnes	0	940	6,015	759
Total packaging materials	tonnes	38,212	16,620	65,543	12,386

Note 1: Due to the procurement transformation of business, the packaging materials data collection was changed during the Reporting Period.

Note 2: Due to the change of packaging data collection of TV business, the plastic packaging materials have included packaging bag and other packaging materials during the Reporting Period.

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The Group has recognised the significance of waste management and actively adhered to the principle of 4Rs in environmental protection, such as recycling and reducing disposable materials. In order to achieve the goal of minimising the generation of wastes and making full use of resources, the Group will take the following actions to enhance employees' environmental awareness:

- Increase the use of alternative plastic packaging materials and reduce the use of plastic packaging materials
- Reduce the use of polyethylene terephthalate (PET) materials and look for alternative materials
- Increase the recycling rate of packaging materials

8. OUR EMPLOYEES AND THEIR DEVELOPMENT

8.1. 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 Department (the “HR Department”) is required to recruit talents fairly and transparently. During the recruitment process, the HR Department only evaluates the candidates based on their capability, qualification and experience with no consideration for their age, gender, race, or other social variables that are irrelevant to the roles. Following the evaluation stage, the HR Department verifies the candidates’ identities to prevent illegal employment of child and forced labour before official appointment. In case of any violation, the Group terminates the contracts with illegal labour promptly and compensates them fairly. To combat child labour, the Group has implemented the Motion Identification System to prevent the abuse of identity documents to bring in unauthorised persons. The Group reviews human resource policies and management procedures to ensure that they are in line with industry and societal standards. During the Reporting Period, there was no labour dispute cases. 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 people. In order to strengthen communication and employees' sense of belonging, the Group has organised a variety of staff activities during the Reporting Period:

Skyworth organised the "2021 International Women's Day Fun Games" to empower female employees.



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



Skyworth celebrated the centennial of the Chinese Communist Party (CCP) with the "CCP Anniversary Basketball Match" and fostered team spirit.



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Workforce portfolio

The Group has recorded a detailed diverse workforce portfolio. As at 31 December 2021, the total number of employees of Skyworth was 34,073 and the overall employee turnover rate of 2021 was 80%. 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
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Male	21,606	87%
Female	12,467	68%

By employee category	Number of employees	Employee turnover rate
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Senior management	366	—
Manager-level	1,039	—
General staff	32,668	—

By age group	Number of employees	Employee turnover rate
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30 or below	14,726	100%
31-50	17,727	49%
51 or above	1,620	20%

By geographical location	Number of employees	Employee turnover rate
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China	31,772	—
Hong Kong	57	—
Others	2,244	—

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8.2. Healthy and safe working environment

Skyworth has transitioned its occupational safety management system from OHSAS 18001:2007 to ISO 45001 standards in order to strengthen safety management in our workplace. The Group has adopted a set of safety regulations that are reviewed on a regular basis in compliance with international standards. 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 conducts safety training and contingency exercises to increase employees' awareness and comprehension of risk assessment, on-site safety, standard of operations, and machinery usage. 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.

Fire safety training programme

The Group has recorded no work-related fatalities in the last three years including the Reporting Period. The number of work injuries and lost workdays due to work injury was zero during the Reporting Period. 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 Coronavirus ("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

8.3. Training and development

Skyworth believes that talent development as an essential component of the Group's long-term and sustainable growth. 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 provides training on a variety of topics, including but not limited to safe manufacturing, market trends, and managerial skills. To guarantee the success of the training programs, the Group reviews and updates them on a regular basis. 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 102,859 training hours to its employees. (Note 1)

Note 1: The calculation method of training hours has been updated during the Reporting Period.

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Internal training programmes

Operations Management Boot Camp



2021 New Employee Training



Category	Percentage of employees trained (%)	Average training hours
<i>By gender</i>		
Male	60%	87
Female	40%	72
<i>By employee category</i>		
Senior management	6%	101
Manager-level	14%	85
General staff	80%	68

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8.4. Anti-corruption

As an ethical corporation, Skyworth has a zero tolerance policy for any sort of corruptive misbehavior, including bribery, extortion, fraud, and money laundering. Employees are not permitted to receive or solicit advantages from other parties, as mentioned in Skyworth's Employee Integrity Policy. The Group has developed an independent reporting mechanism to detect and combat corruption. Employees are encouraged to use the channel to report any misconduct. 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 recognises that employee understanding of corporate ethics and integrity is critical in preventing and addressing misbehaviours. The Group thus organised a training course regarding prevention of commercial crime to the directors and the 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.

9. 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 RMB1.3 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.

Skyworth Kids Science Lab Sessions



National Blood Donation Campaign



Skyworth Kids Talent Show



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10. 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 lifestyle 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”.

11. ESG GUIDE CONTENT INDEX

Aspect	Statement/Section	Page No.
(A) ENVIRONMENTAL		
A1: EMISSIONS		
General Disclosure	(a) the policies	(a) Our environmental protection practices 17-26
	(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 19-22
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 19-22

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Aspect	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 24-26
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management 24-26
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate change and greenhouse gas emission 19-22 The Group is currently developing emission targets and will disclose it in the future reports.
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 24-26 The Group is currently developing waste reduction target and will disclose it in the future reports.

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Aspect		Statement/Section	Page No.
A2: USE OF RESOURCES			
General Disclosure	Policies	Our environmental protection practices	17-26
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	19-22
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption and wastewater management	23-24
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.	19-22
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	23-24
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Waste management	24-26

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Aspect		Statement/Section	Page No.
A3: THE ENVIRONMENTAL NATURAL RESOURCES			
General Disclosure	Policies	Our environmental protection practices	17-26
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	17-26
A4: CLIMATE CHANGE			
General Disclosure	Policies	Climate change and greenhouse gas emission	19-22
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	19-22

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Aspect		Statement/Section		Page No.
(B) SOCIAL				
B1: EMPLOYMENT				
General Disclosure	(a)	the policies	(a) Our employee and their development	27-33
	(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	27-29
B1.2		Employee turnover rate by gender, age group and geographical region.	Employee management	27-29
B2: HEALTH AND SAFETY				
General Disclosure	(a)	the policies	(a) Healthy and safe working environment	30-31
	(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 occurred in each of the past three years including the reporting year.	Healthy and safe working environment	30-31
B2.2		Lost days due to work injury.	Healthy and safe working environment	30-31
B2.3		Description of occupational health and safety measures adopted, how they are implemented and monitored.	Healthy and safe working environment	30-31

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Aspect	Statement/Section	Page No.
B3: DEVELOPMENT AND TRAINING		
General Policies Disclosure	Training and development	31-32
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B3.2	The average training hours completed per employee by gender and employee category.	31-32
B4: LABOR STANDARDS		
General Disclosure	(a) the policies	(a) Employment practices 27
	(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 27
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment practices 27

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B5.1	Number of suppliers by geographical region.	Supply chain management	12
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	12
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	12
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	12

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Aspect	Statement/Section		Page No.
B6: PRODUCT RESPONSIBILITY			
General Disclosure	(a) the policies	(a) Our operation and product quality	12-16
	(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	14-15
B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility	14-15
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property management	15
B6.4	Description of quality assurance process and recall procedures.	Quality management system	13
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility	14-15

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Aspect	Statement/Section	Page No.
B7: ANTI-CORRUPTION		
General	(a) the policies	(a) Anti-corruption 33
Disclosure	(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 33
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption 33
B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption 33
B8 COMMUNITY INVESTMENT		
General	Policies	Our social responsibility 33
Disclosure		
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our social responsibility 33
B8.2	Resources contributed (e.g. money or time) to the focus area.	Our social responsibility 33