Hisense

Hisense HA Environmental, Social and Governance Report

2024

/ Winning Together for the Good
Intelligent Manufacturing for a Green Future /

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Letter to Our Stakeholders

After years of diligent effort, the Chinese home appliance industry has made significant advancements: transitioning from mere scale expansion to technological empowerment, from breakthroughs in high-end technologies to innovations tailored to specific scenarios. This evolution continuously reshapes the industry's landscape amidst the current wave of development.

Presently, profound changes unseen in a century are accelerating; the international trade system is undergoing profound adjustments, resulting in increased uncertainty regarding industry growth. Concurrently, the rapid development of general artificial intelligence (AI) has injected new momentum into a transformative wave across industries, broadening the imaginative horizons for the future. Positioned at this historical intersection of opportunities and challenges, Hisense HA illustrates strategic resolve and innovative courage. The Company adheres to a technology-driven approach centered around user needs and upholds the principle of long-term sustainability while nurturing new quality productive forces in the realm of green intelligent manufacturing. Through a full-chain co-creation model, the Company fosters value sharing among multiple shareholders and accumulates business resilience to navigate the economic cycle.

Persisting in technology-driven development

Hisense HA focuses on user needs, guided by the foundational value that "the essence of home appliances is home, and the essence of home is love." The Company remains attentive to the demands of every household, emphasizing the use of innovative technology to deliver emotional value and satisfaction and to achieve resonance between technology and emotion. Hisense HA firmly advances its AI strategy by building endogenous drivers through digitization and intelligence, actively introducing advanced technologies, including automated robots, AI, and 5G, to enhance quality and efficiency in its operations. By deeply integrating its independently developed Xinghai Big Model with DeepSeek, the Company emphasizes the "AI+" smart life experience, launching vertical intelligent agents for home appliances that impart three key AI capabilities: AI perception, AI decision-making, and human interaction. Leveraging strengths in semantic comprehension and logical reasoning, Hisense HA accurately interprets user needs and creates Hisense Full Scenario AI Home Appliance Solution from the user's perspective. The Company translates cutting-edge technology into tangible, warm experiences - from the freshness of ventilated air to the softness of smart laundry and the health of food preservation. The Company seamlessly integrates a people-oriented technological philosophy into everyday life and enables individuals to savor moments of happiness and encounter the new dimensions of smart living.

Adhering to long-termism

Hisense HA considers green and intelligent manufacturing as a crucial pathway for sustainable and high-quality development. In response to the challenges posed by global climate change, the Company has issued the 2024 Carbon Neutrality White Paper. This document officially sets the target of achieving carbon neutrality in its operations by no later than 2050 and outlines the short-term, medium-term, and long-term plans for carbon neutrality, detailing phased objectives and demonstrating a commitment to long-term development through actionable steps. On the production front, Hisense HA vigorously promotes the use and substitution of green energy, integrates green design concepts into its products, and continuously increases investments in green manufacturing. Furthermore, the Company actively consolidates low-carbon development experiences, establishes and refines industry standards, and builds a green manufacturing system encompassing the full value chain and lifecycle of home appliances. Currently, Hisense HA has nine national-level green factories, four national-level companies with green supply chain management, and two certifications as zero carbon factories. Regarding products, Hisense HA actively aligns with the national"trade-in policy while combining national subsidies with its own substantial subsidy offerings to elevate trade-in to quality trade-in, thus providing consumers with higher-quality, environmentally friendly product choices. Simultaneously, the Company collaborates with upstream and downstream partners across the value chain to explore a green incentive paradigm for the entire product lifecycle. This effort includes building a closed-loop management system that encompasses procurement, logistics, warehousing, recycling, and disposal, promoting the transition of all these segments toward greener, low-carbon practices, and injecting strong momentum into the green home appliance consumer market.

Upholding value sharing

As a company listed on both the A-share and H-share markets, Hisense HA embodies the corporate values of integrity, innovation, customer focus, and sustainability. While building a robust corporate governance framework, improving the internal control system, strengthening comprehensive risk management, and enhancing business resilience, Hisense HA actively develops diversified communication platforms to convey its development strategy and management information from multiple perspectives. The Company closely monitors the expectations and demands of investors and shares its developmental achievements with shareholders by increasing dividend ratios. In terms of internal management, Hisense HA has optimized its organizational structure, talent allocation, and process management. The Company has implemented a long-term incentive mechanism, including equity incentives and employee stock ownership plans, to fully stimulate employee innovation and potential. Regarding market expansion, Hisense HA emphasizes risk management and value creation across the entire value chain. The Company seeks to explore more space for procurement efficiency while also prioritizing supply chain quality and cost competitiveness. The Company integrates ESG principles into procurement and supply chain management, providing robust support for supplier empowerment and enhancing supply chain stability. Moreover, Hisense HA continues to deepen the integrated and coordinated development of R&D, production, and sales. The Company adheres to the development philosophy of "integrating into the local, serving the local, and contributing to the local" while actively promoting the strategic transformation of the enterprise from "managing the global company with Chinese model" to "managing the global company with global models," thereby demonstrating the responsibility and exemplary nature of Chinese enterprises in the global market.

Gathering strength for win-win sharing

Looking to the future, Hisense HA will continue to stimulate endogenous drivers while fully cultivating and enhancing new quality productive forces. Hisense HA seeks to achieve synergistic improvements in efficiency, capability, and business quality. The Company will promote win-win outcomes through co-creation and foster symbiosis through shared benefits, which helps secure long-term, stable growth as the Company steadfastly advances toward the goal of establishing a world-class company and building a world-class brand.

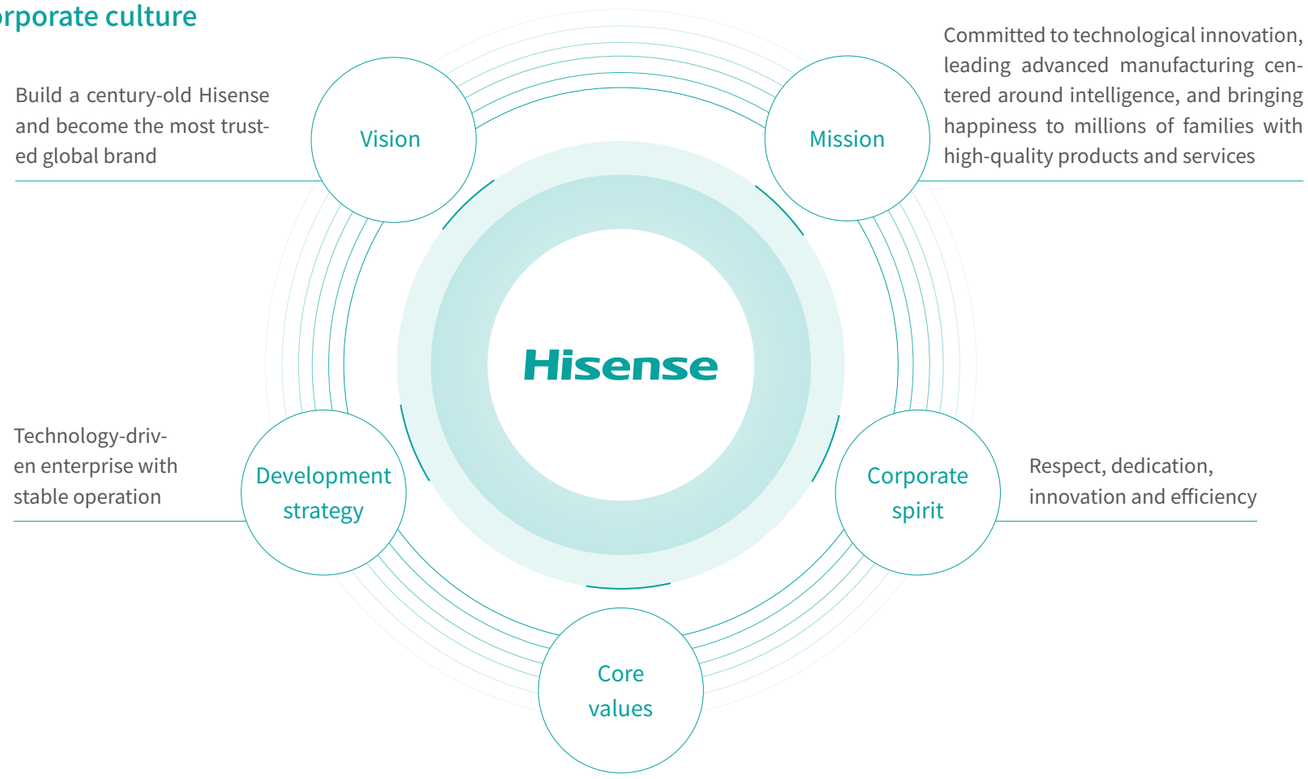
About Hisense

Established in 1984 and listed on the main boards of the Hong Kong Stock Exchange (stock code: 00921) and the Shenzhen Stock Exchange (stock code: 000921) in 1996 and 1999 respectively, Hisense Home Appliances is a global company focusing on the manufacturing of home appliances. The Company specializes in researching, developing, manufacturing, and marketing electrical products including refrigerators, household air conditioners, central air conditioners, freezers, laundry, kitchen appliances, molds, automotive air conditioning compressors, and comprehensive thermal management systems. Additionally, the Company offers smart home solutions focused on intelligently upgraded household appliances.

The Company's product portfolio includes eight brands: "Hisense," "Ronshen," "KELON," "HITACHI," "YORK," "gorenje," "ASKO," and "SANDEN." This diverse brand lineup exhibits a robust reputation and market presence.

The Company continues to enhance its global research, production, and sales network and accelerates market penetration and channel upgrades through high-end bundled product matrices and intelligent scene solutions. By leveraging synergies across eight major brands, including "Hisense," the Company has developed an international business framework encompassing all product categories. Additionally, the Company adheres to a "technology-based enterprise" strategy that utilizes intelligent transformation as a driving force for collaborative innovation within the industrial chain and pursues the "four transformations" towards digitization, high-end capabilities, intelligence, and sustainability. Utilizing the Hisense Smart Home and Smart Cloud platform, the Company implements the "Smart New Life" strategy and facilitates a significant transition from standalone product intelligence to a comprehensive ecological approach.

Corporate culture



Business performance

Business performance

Operating revenue: RMB92.746 billion, a year-on-year increase of 8.35%

Compound annual growth rate of operating revenue from 2020 to 2024: 18%

Net profit attributable to shareholders of the listed company: RMB3.348 billion, a year-on-year increase of 17.99%

Compound annual growth rate of net profit attributable to shareholders from 2020 to 2024: 21%

Total assets: RMB69.702 billion

Net assets attributable to shareholders of listed companies: RMB15.456 billion, with a 23.27% return on equity

Basic earnings per share: RMB2.46 per share

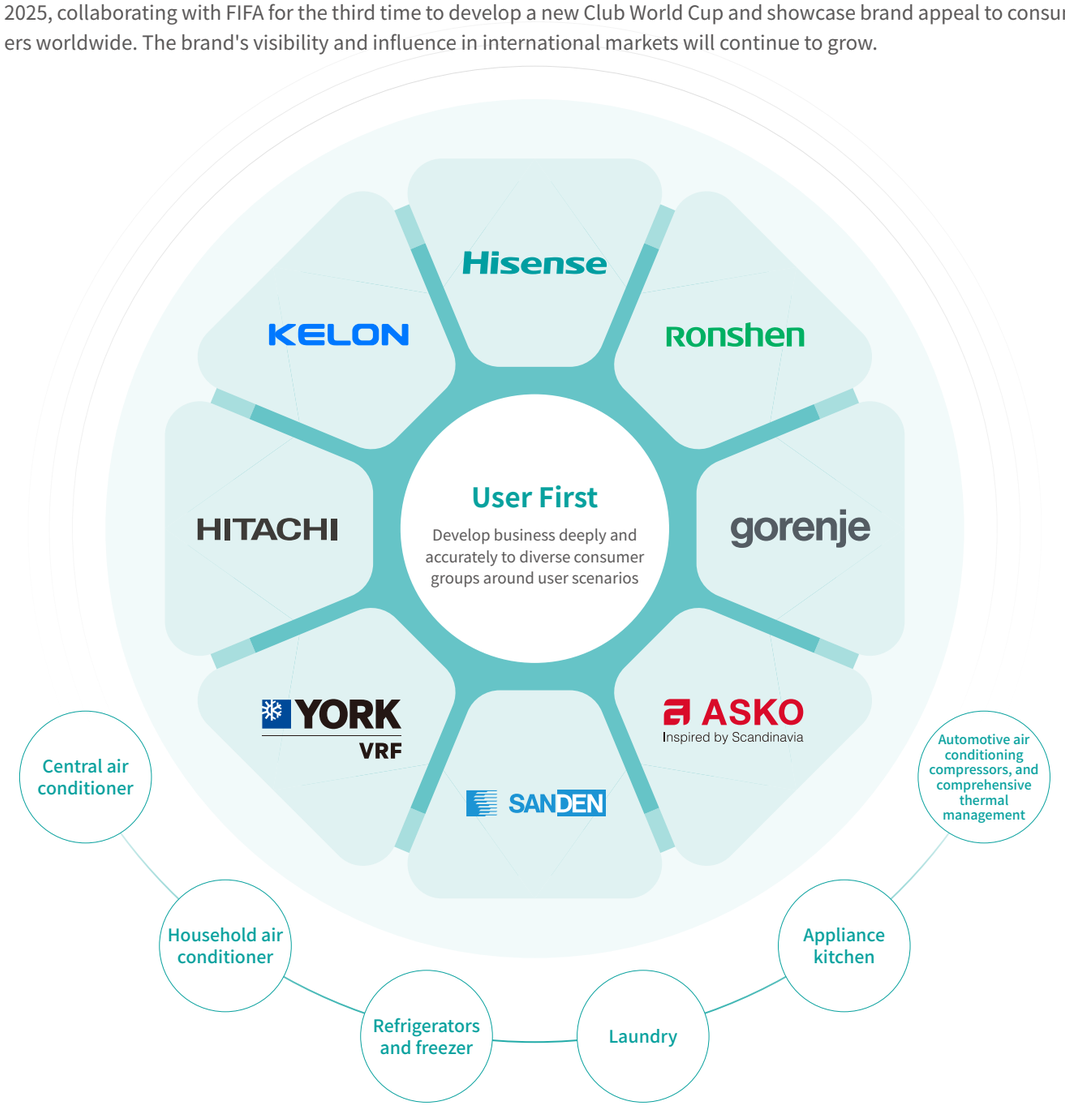
Dividend per share: RMB1.23, a year-on-year increase of 21.4%

Business Presence

Hisense HA consistently adheres to a globalization strategy, and embraces the principles of "integrating into the local market, serving the local market, and contributing to the local market." The Company actively expands overseas markets and has established five regional hubs in Europe, America, the Middle East and Africa, Asia Pacific, and ASEAN. By deepening the integration of production and sales operations and promoting synergy among overseas research and development centers, production bases, and local business centers, Hisense HA aims to enhance its global brand influence. In parallel, the Company is dedicated to nurturing the domestic market, and driving product upgrades and structural optimization through integrated online and offline sales channels. Currently, Hisense operates 36 industrial parks and production facilities worldwide, located in various countries, including Mexico, and Thailand, as well as in key domestic cities such as Qingdao, Shunde, Jiangmen, and Yangzhou. Additionally, the Company boasts 30 research and development institutions and 64 overseas subsidiaries and offices in regions such as the United States and Japan, including in cities like Qingdao and Shunde in China. Furthermore, Hisense HA maintains over 20 provincial-level scientific research platforms in China, which encompass national enterprise technology centers, postdoctoral research workstations, and industrial design centers. The Company has been recognized with the National Science and Technology Progress Award three times and has received other accolades, including the United Nations Star of Energy Saving, the China Patent Award for Exterior Design (Gold), and the iF Design Award, totaling over 300 provincial-level and above scientific and technological accolades and patent awards.

Brand Matrix

Hisense HA has developed a diversified brand portfolio, encompassing eight major brands: "Hisense," "Ronshen," "KELON," "HITACHI," "YORK," "gorenje," "ASKO," and "SANDEN." The Company focuses on home scenario optimization, and segments consumer needs based on extensive data to ensure more precise and efficient brand positioning. Utilizing artificial intelligence, Hisense HA anticipates user demands and offers proactive services and tailored scene solutions to enhance the overall user experience. The Company is committed to deepening its engagement in sports marketing and consistently sponsors world-class events. Following its successful sponsorship of the 2018 FIFA World Cup in Russia and the 2022 FIFA World Cup in Qatar, Hisense HA will officially become the first global partner of the FIFA Club World Cup in 2025, collaborating with FIFA for the third time to develop a new Club World Cup and showcase brand appeal to consumers worldwide. The brand's visibility and influence in international markets will continue to grow.



Brand and Product Portfolio of Hisense HA

Product Portfolio

Hisense HA prioritizes "customer first" as its core value, and fosters the robust development of various business segments through innovation. With a forward-looking strategic approach and continuous technological advancements, the Company focuses on deeply integrating user scenarios to effectively reach diverse consumer groups. The Company offers a wide range of products and solutions characterized by exceptional quality and leading technology, earning widespread acclaim within the industry and market.

Business	Content	Growth
Central air conditioner	As a leader in the central air conditioner industry, Hisense HA offers smart home decoration retail solutions, full scenario engineering solutions, and integrated models such as "HVAC + energy + segmented scenarios" with the launch of Hisense ECO-B smart building solutions. Through technological innovation and deep market engagement, the Company has achieved a steady increase in sales performance	Hisense HA's domestic multi-split air conditioner market share has surpassed **20%**
Household air conditioner	Adhering to its mission of "establishing air conditioning as the central steward of indoor air quality, enhancing the living environment, and bringing happiness to millions of families," Hisense emphasizes technological enhancements and product upgrades across its two main brands, Hisense and Kelon	Hisense household air conditioner holds the **largest** market share in the ventilating air conditioner category in China, with online and offline retail sales growing by **10.8%** and **21.2%** year-on-year, respectively, thereby achieving counter-trend growth
Refrigerators and freezer	Leveraging the dual-brand strategy with Rongsheng, and focusing on freshness preservation and vacuum technology as core competencies, coupled with the "national subsidy" policy for home appliances, Hisense HA has accomplished significant growth in both quantity and quality, securing the second position in market share within the industry	Hisense Refrigerator ranks **second** in domestic offline market share
Laundry	Hisense HA consistently cultivates technological innovation and achieves breakthroughs in healthy laundry technology. Its global shipment for laundry products ranks third in China, with a leading growth rate among the top 10 global brands	Hisense Laundry is positioned **third in China** in terms of global shipment and ranks **first** in the growth rate among **the global 10 ten brands**
Kitchen Appliance	While promoting technological advancements, Hisense HA also optimizes the consumer experience by launching 34 mid- to high-end new products throughout the year, encompassing various categories including stove sets, dishwashers, electric heating, and combustion heating	Hisense Kitchen Appliance ranks **first** in terms of shipment growth rate
Automotive air conditioning compressors, and comprehensive thermal management	In alignment with the automotive industry's emerging trends of "electrification, intelligence, networking, and sharing," Hisense is targeting high-potential customers in the Chinese market. The company relies on localized R&D centers and flexible production lines to provide customized solutions, such as heat pump air conditioning systems and intelligent water heaters	The volume of supporting orders in China has increased by **20.8%** year-on-year Cumulative production of automotive air conditioning compressors reached **400 million** units

HVAC Business - Embarking on a New Era of Smart Air

The Hisense 5G Plus Honor Home series of central air conditioner systems is designed to address the demand for formaldehyde removal in drying rooms. This system incorporates a self-developed, high-speed IoT module that operates on a built-in 5G network. Even if new users lack WiFi, they can remotely control the air conditioner from anywhere, and address formaldehyde removal with just one click. Installing an active all-health air management system, it automatically connects multiple air devices throughout the home for self-perception and self-adjustment, thereby achieving AI intelligent control and active air regulation. The M3 series global scenario solution is tailored for extreme environmental applications, breaking through the limits of extreme cold and heat with the industry's first global operational capability ranging from -30 to 58 °C. It has been validated to withstand Force 17 typhoon and the magnitude 9 earthquake, making it suitable for complex scenarios such as extreme cold in high-altitude areas, coastal typhoons, and earthquake-prone regions. This system provides reliable all-weather stability for commercial complexes, scientific research institutions, and other settings.

5G Plus Honor Home ThinkAir Active All Health Air Solution

Home Air Conditioner Business - Creating a Healthy and Comfortable Living Space

Through continuous technological innovation, Hisense Ventilated Air Conditioner advances the development of the fresh air conditioner category. New product lines, such as the Radiance C3 series, Spring Breeze X6, and Small Oxygen Bar X7, are designed to function as personal air consultants for users. Those products utilize AI Air Stewards that automatically sense environmental changes and adjust the optimal temperature, humidity, cleanliness, and freshness. Upon detecting an increase in indoor PM2.5 levels, the purification mode is activated immediately; when the air is identified as dry, the humidification function is automatically engaged. Through the Hisense Smart Home App, users can customize specific air configurations with just one click: the "Bama Health Mode" for morning exercises, the "Strong Formaldehyde Removal Mode" for new homes, the "Energy Saving Mode" for hot weather, and the "Drying Mode" for rainy seasons, allowing technology to genuinely enhance users' lives.

Five Dimensional Air Steward at Hisense Ventilated Air Conditioner Radiance C300

Refrigerator Business - Leading the New Trend of Sustainable Freshness Preservation

The Hisense Radiance 607 Vacuum First-Class Built-In Refrigerator is equipped with an AI-driven intelligent control fresh storage system. This system customizes a dedicated preservation space for ingredients based on intelligent matching and preservation schemes. The vacuum freshness preservation function effectively prolongs the freshness of ingredients, reduces food waste, and aligns with environmental protection principles. Additionally, the built-in design integrates seamlessly into kitchen spaces, enhancing the overall aesthetics of the home and providing users with a high-quality living experience. The energy-saving technology and optimized refrigeration system reduce energy consumption while improving overall energy efficiency throughout the product's lifecycle. It is the first in the industry to receive AI energy-saving certification from the China Household Electric Appliance Research Institute.

Hisense Radiance 607 Vacuum First-Class Built-In Refrigerator

Laundry Business - Integrating Fashion Trends and Eco-Friendliness

The Hisense Pianist i3 Laundry continuously innovates and enhances its washing technology in response to user needs by developing patented running water washing technology. By enhancing the vitality of water, it achieves a cleaning power increase of over 22% and a rate of washing ability of 1.25, establishing a new industry benchmark. This machine softens water, removes more than 93% of scale, and prevents the yellowing and hardening of fabrics during laundering. It also provides real-time protection for user health with a fungal removal rate of 99.99%. Its deep cleaning and circulation filtration help eliminate debris from clothing throughout the washing process, ensuring a meticulous and healthy washing experience for pet owners, children, and individuals prone to allergies. According to data from All View Cloud, the Hisense Pianist i3 Laundry has topped the national best-selling washing machine list of the week.

Hisense Washer-Dryer Combo - Pianist i3 · Radiance WD100I3

Kitchen Appliance Business - Leading the New Paradigm of Healthy Kitchen

Hisense Kitchen Appliances has introduced the Radiance C3 series of kitchen appliances by drawing on extensive consumer insights and analyses of emerging kitchen scenarios. Featuring a minimalist, family-oriented design language, this series expands the aesthetic boundaries of modern kitchen life, embodying the aesthetic principle of "less is more." The Zero Bacteria Dishwasher Radiance C3 is enhanced with core technologies—including "washing, sterilizing, drying, and storing"—that integrate UVC full water circulation sterilization, an AII Dry dual-pump cleaning and discharge system, and a high-efficiency ion purification device. The U8 smoke hood incorporates an intelligent constant airflow function, along with a DC variable frequency fan, an AI algorithm, and vortex multi-variable diameter technology, which automatically adjusts the smoke hood's speed according to the pressure of the public flue, thus ensuring robust smoke exhaust, minimizing motor idling, conserving energy, and reducing noise.

Hisense Kitchen Appliances Radiance C3 series

Sanden Services-Green Technology Innovations for New Travel Experience

Focusing on new energy vehicle user's core demands for safety, efficiency, and comfort, Sande continuously improves the travel experience through green technology innovations. Sande independently develops new-generation integrated natural refrigerant units (CRUs), improving winter endurance by up to 25%. Additionally, Sande innovatively launches the fifth-generation electric compressor with a modular design, achieving a 20% reduction in noise during operations compared to the industry average. This innovation aligns with users' demands for a driving experience characterized by "high efficiency and quietness." The thick film heating technology synchronously facilitates rapid heating of both the battery pack and cockpit in environments as low as -30°C, ensuring winter endurance stability and allowing users to effectively address the challenges of heating the interior during extremely cold weather. Addressing the spatial challenges of compact cars, Sande pioneers split-type double-layer flow air conditioning technology. Through the lightweight design of the external fan case, Sande optimizes the interior space by releasing up to 12% and provides urban users with an enhanced driving experience.

Sanden Fifth-Generation Electric Compressor

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Milestone in 2024

In 2024, Hisense HA made significant breakthroughs in environmental, social, and corporate governance (ESG) and implemented responsible practices based on the five "For Good" strategies, gaining widespread recognition and acclaim.

Key ESG Performance

Business for Good

In 2024

Conducted over 400 investor exchanges, engaging more than 1,100 institutional investors

Consistently maintained an A-level rating for disclosure on the Shenzhen Stock Exchange for 4 consecutive years since 2020

Performed integrity checks and internal audits covering 100% of business and operational processes

100% of employees signed both the *Integrity Pledge* and *the Anti-Commercial Bribery Pledge*

100% of employees (including part-time employees and contractors) received business ethics training

0
reported instances of violations of business ethics

Conducted over 10 offline training sessions on information security and privacy protection, as well as 8 online training sessions on information security and privacy protection.

Partnership for Good

In 2024

0
illegal employment incidents have occurred

100% of employees were covered with both statutory and non-statutory benefits

100% of employees received regular performance and career development assessments, along with variable performance-based compensation

Invested RMB42.9683 million in employee training and development achieving a training coverage rate of 100%

The employee engagement score was 4.44 , and the participation rate in the employee engagement survey was 85.67%

0 employees suffering from work-related fatalities, and the LTIFR was 0.17

100% of employees in roles exposed to hazardous operations undergo occupational health examinations, with a pass rate of 100%

Smart Manufacturing for Good

In 2024

- 34 factories received ISO 14001 certification for their environmental management systems
- 12 factories have received certification for their energy management systems
- 9 national-level factories with certification as "Green Factories"
- 5 national-level demonstration business for green design in industrial product
- 4 national-level companies with green supply chain management
- 2 zero carbon factories
- 1 Lighthouse Factory (the world's first multi-connected central air conditioning Lighthouse Factory)
- 12 factories with "national-level intelligent manufacturing capability maturity level 3 and above"
- 12 products obtained carbon footprint certificates
- 16 products obtained carbon label certificates
- 24 products were certified as green and low-carbon products
- Energy saving and carbon reduction measures saved a total of 3,632 tons of standard coal
- The total installed capacity of photovoltaic reached 76.53 MW

Technology for Good

In 2024

- 100% of production facility covered with ISO 9001 quality management system certification
- 0 Zero product recalls due to safety and health issues
- Invested RMB3.45 billion in R&D, accounting for 3.72% of primary business revenue
- The incentive amount for patent investments reached RMB4,812,700, with a total of 3,603 patent applications filed
- Presided over the formulation of 6 national standards and 3 industry standards, and participated in the formulation of 52 national standards and 9 industry standards.
- Added 18 new scientific and technological achievements appraised as "international leading" and 24 important scientific and technological awards from the government and the industry.

Eco-Friendly Environment for Good

In 2024

100% of customers participated in the satisfaction survey, with an customer satisfaction score of 98.3%

The customer complaint rate remained below 0.5% , and the customer complaint resolution rate reached 100%

100% of suppliers were covered with quarterly evaluation and audit of ESG performance

100% of suppliers signed the *Supplier's Code of Conduct for Supply Chain*, *Anti-Bribery Agreement*, and *Corporate Social Responsibility Agreement*.

100% of suppliers received conflict mineral audits, with no controversial procurement incidents reported

0 supplier involved in the supply of 3TG (tantalum, tin, tungsten, and gold) materials, and 100% signed the *Declaration of Non-Use of Conflict Minerals*.

Awards and Honors

Leadership

Awarded 2024 Most Brand Value Award and Most Social Responsibility Award for Listed Companies

Awarded the 7th New Fortune Best IR Hong Kong Listed Company (A+H Stock)

Listed as the Best Practice Cases of the Board of Listed Companies for two consecutive years

Listed as The Most Powerful China-Chic Brand by New Fortune

ESG Leadership

MSCI ESG Rating BBB

CDP Climate Change Questionnaire B

Awarded ESG "Golden Dawn Award" for best ESG practices

Entered Forbes 2024 China ESG50 list

Awarded New Model ESG Enterprise (Stockstar)

Awarded the title of Model Carbon Neutral Enterprise for three consecutive years

Awarded the ESG Pioneer Award for Technology Companies

Awarded New Model ESG Enterprise of the Industry 2024 (Boao Forum)

Innovation

The project "Indoor Microclimate Intelligent and Efficient Control of Multi-Split and Fresh Air Systems" won the First Prize of the Science and Technology Award by the China National Light Industry Council; the project "Key Technologies and Application of New LCD TV Module Backplanes and Molds" won the First Prize of the Science and Technology Progress Award by the Shandong Mechanical Industry Science and Technology Society; among a total of 24 important government and industry science and technology awards

The all-new ASKO Pro Home™ laundry room won the 2025 AWE iF Gold Award; Hisense Fresh Air Conditioner "Xiaoyangba" X7Pro, Hisense Brilliant 606U7 Vacuum Refrigerator, Brilliant C3 Home Central Air Conditioner, ASKO built-in refrigerator-freezer combination, Hitachi Smart Villa AI Floor Temperature Control System, and Zero-Bacteria Dishwasher all won the iF Innovation Award

The appearance patent for the 'Wall-mounted Air Conditioner' won the Silver Award at the 25th China Patent Awards; the "Air Conditioner Control Method and Air Conditioner" won the Gold Award at the inaugural 2024 National High-Promotion-Value Patent Competition in the Building Materials and Home Furnishing Field

Hisense AR Intelligent Transparent Screen Refrigerator won the German iF Design Award; Hisense washing machines received the international CMF Design Gold Award; and the concealed air conditioner C3X was honored with the "Red Dot Best of the Best Award," among a total of 12 international industrial design awards

Hisense Hitachi won the Second Prize at the 30th National Enterprise Management Modernization Innovation Achievement Awards

Hisense Refrigerator, Hisense Air Conditioner, and Hisense Hitachi were awarded the "AAAAA Standardized Good Conduct Enterprise"

The "China National Light Industry Healthy Home (Vacuum Preservation) Pioneer Technology Laboratory" was recognized as one of the industry's first pioneer laboratories

The Laundry Technology Testing and Research Center received the country's first "Electronic and Electrical Sustainability Index Certification"

Hisense Hitachi was selected as one of the first batch of excellent-level smart factories by the Ministry of Industry and Information Technology, the eighth batch of manufacturing industry "Single Champion" enterprises, and its "Digital Intelligent Air Compressor Station AI Cloud Control" case was selected as a typical example for green and low-carbon transformation by the China National Light Industry Council

03

Long term Value ESG Strategy Blueprint

In 2024, concentrating on its strategy of Smart New Life, Hisense HA reshaped the expected life through artificial intelligence technology. The Company also redefined its ESG strategic approach by integrating ESG principles into corporate operations. By prioritizing technological innovation centered on intelligence, health, and energy conservation, Hisense HA deployed low-carbon products and solutions across various scenarios for collaborative transformation and partnership across the entire value chain.

ESG Value Commitment

In 2024, Hisense HA further upgraded its ESG value. Placing "For Good" at the core of its initiatives, the ESG governance consists of four key pillars: closed-loop management of ESG risk points, consolidation and optimization of management systems, performance management and tracking, and collaborative transformation throughout the value chain. The Company charts a long-term pathway for ESG development, encapsulating achievements across five action pillars: technology, business, partners, smart manufacturing, and eco-friendly environment. Hisense HA benchmarks its efforts against multiple United Nations Sustainable Development Goals and addresses stakeholder concerns. By offering high-quality, green and low-carbon products, Hisense HA effectively connects users' private homes with the broader homes of industry and society, fully addressing the low-carbon transformation needs of users, businesses, and work together with all value chain partners to promote sustainable development.

Hisense

Hisense Home Appliances Group

Use AI technology to reshape the ideal life

Introduce all-scenarios low-carbon products and solutions around the smart life strategy, and promote the collaborative transformation across the entire value chain

Business for Good · Excellent Governance	Smart Manufacturing for Good · Sustainable Development	Eco-Friendly Environment for Good · Co-creating the Future	Technology for Good · Technology-Driven Development	Partnership for Good · Win-Win Cooperation
The Company establishes a standardized governance structure that delineates clear rights and responsibilities, ensures transparency, integrity, and efficiency, and strengthens standardized operations. Concurrently The Company integrates ESG risk management into the existing risk management system.	The Company actively assumes corporate responsibility for addressing climate change by developing a clean, low-carbon, and efficient energy system. The Company integrates green concepts into all aspects of the value chain and reduces negative environmental impacts throughout the entire lifecycle.	The Company practices responsible concepts throughout the entire value chain, develops a responsible supply chain, eliminates conflict minerals and collaborates with stakeholders to create a value-sharing ecosystem.	The Company focuses on innovative technology R&D, enhances product capabilities through intelligent innovation, leads the green and low-carbon transformation of home appliances, and ultimately establishes a benchmark for companies going global.	The Company establishes a fair and inclusive workplace requires safeguarding employee rights and benefits, as well as creates a comprehensive, multi-level talent training system and innovative mechanisms.
• Corporate governance • Compliance operation • Risk management and control • Business ethic	• Energy and water management • Green management throughout the product lifecycle • Emissions and waste management • Response to climate change	• Customer experience and satisfaction • Data security and privacy protection • Sustainable procurement • Conflict minerals • Community engagement and investment • Public welfare, charity, and volunteer service	• Product quality and safety • Product development and innovation • Intellectual property protection	• Protection of Employees' Rights and Interests, and Compensation and Benefits • Employees' Career Growth and Training • Employees' Safety and Health • Job Creation and Equal Employment
Stakeholder Concerns and Response				
• Government and regulators • Investors and shareholders	• Industry • Media • Community	• Government and regulators • Business partners • Industry • Media	• Customer/Consumer • Business partners • Industry	• Employees

ESG Risk Point Closed-loop Management | Consolidation and Optimization of Management System | Performance Management and Tracking | Collaborative Transformation Across Value Chain

ESG Management Policy

Guided by the ESG strategy model of For Good, Hisense HA has established heightened requirements for ESG governance processes. The Company has developed a comprehensive, effective, and industry-leading ESG management system in collaboration with the responsible departments on pertinent issues. Stakeholder expectations have been internalized as constraints on the Company' s internal management, fostering its high-quality development.

Business for Good | Becoming a globally recognized benchmark for modern corporate governance

Core Issues	Value Commitment	ESG Management System Development
Corporate Governance	We strengthen the independence and risk management of the board, improve the independence of the compensation committee, enhance the professionalism of the Audit Committee, and promote overall governance advancement.	Hisense HA has established a management structure comprising shareholders' meetings, board of directors, supervisory board, and management team. Additionally, five board-level committees have been formed, including the Audit Committee, the compensation and assessment committee, the nomination committee, the strategy committee, and the environmental, social, and corporate governance (ESG) committee, to enhance corporate governance. The Company has revised articles of association to ensure compliance with applicable laws and regulations while promoting effective governance.
Compliance Operation	Guided by principles of completeness, importance, balance, and hierarchical responsibility, while focusing on comprehensive risk management, and prioritizing key areas and high-risk factors, we integrate internal control throughout the processes of decision-making, execution, and supervision to ensure the achievement of overarching control objectives.	A system has been implemented in which the board of directors is fully responsible for the execution, enhancement, and oversight of the internal control system. The management team organizes and directs the day-to-day operations of internal control, while the supervisory board and Audit Committee oversee the internal control framework to ensure compliant operations.
Risk Management and Control	We are dedicated to incorporating ESG risk management into existing risk management frameworks, improving overall decision-making capabilities and ensuring the attainment of sustainable business and operation goals.	A risk management line has been established, consisting of three lines of defense: subsidiaries, functional departments, and audit departments, integrating risk control throughout the operational process.
Business Ethics	We eliminate all forms of corruption, bribery, extortion, fraud, money laundering, insider trading, and other unethical business practices. We strengthen preventive mechanisms against ethical risks through proactive measures such as audits, internal capacity building, and clear reporting channels.	A multi-level business ethics supervision and management system has been developed, comprising the board of directors, the Audit Committee, the internal audit department, and various functional departments/subsidiaries. Regular training is provided to all employees and contractors to cultivate a culture of integrity.
Data Security Management	We develop a privacy, confidentiality, and cybersecurity management plan aimed at achieving zero major information security incidents. By constructing a holistic information security management system and fostering a culture of information security, we ensure data security and compliance.	As one of the key listed entities of Hisense Group, Hisense HA has developed an internal information security system in accordance with the ISO/IEC 27701 Privacy Information Management System. Its subsidiaries, Hisense Hitachi and Sanden Company, have achieved ISO 27001 information security management system certification.

Smart Manufacturing for Good

Addressing environmental risk factors and aiming to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2050, with a target of 100% renewable energy consumption.

Core Issues	Value Commitment	ESG Management System Development
Energy and Water Management	We are committed to continuously improving energy and water management systems by employing management techniques such as resource audits, resource measurement, management reviews, and statistical analysis. Grounded in the Plan-Do-Check-Act (PDCA) continuous improvement model, we promote resource recycling and optimize energy structure.	Hisense HA has built a comprehensive top-down energy and water management framework that encompasses all organizational levels, clearly defining responsibilities and objectives at each tier while consistently advancing towards ISO 50001 and GB/T 23331 certification for energy management systems.
Green Management Throughout Product Lifecycle	Our focus remains on material upgrading, structural optimization, energy consumption reduction, efficiency improvement, and end-of-pipe recycling. We continuously optimize green management throughout the product lifecycle, mitigating negative impacts on the ecological environment and biodiversity at the source while promoting sustainable development.	Hisense HA has developed a green management framework throughout product lifecycle, which includes strategic decision-making, R&D and design, green procurement, production and operations, quality certification, warehousing and logistics, and recycling. All organizational levels collaborate to advance green development goals and engage in the certification of green products, carbon-label products, and Energy Star products.
Emissions and Waste Management	Adhering to a strong sense of responsibility and compliance, we comprehensively implement measures aimed at "reduction at the source, process control, end-of-pipe control, and recycling. We are dedicated to transforming emissions and waste into those that comply with the principle of reduction, harmless treatment and recycling, safeguarding ecological balance and laying a solid foundation for green initiatives.	The safety and environmental protection departments of Hisense HA factories, along with the safety and environmental management departments of its affiliated factories, hold primary responsibility for emissions and waste compliance management. They supervise, inspect, and guide the compliant treatment of emissions and waste to ensure that operations meet environmental requirements and lower their negative impacts on the environment.
Response to Climate Change	We meticulously prepare and publicly release the *Hisense HA Carbon Neutrality White Paper*, which scientifically sets targets for carbon peaking and carbon neutrality. This document clarifies action pathways and practical measures aimed at improving global climate conditions.	The Company utilizes ESG management framework to establish a three-tier carbon neutrality management structure encompassing decision-making, leadership, and execution, comprehensively promoting initiatives to address climate change.

Technology for Good

Planning to invest RMB30 billion in cutting-edge innovative technologies, strengthening the quality control of the entire life cycle, and striving to achieve zero product recall

Core Issues	Value Commitment	ESG Management System Development
Product Quality and Safety	We strictly comply with national and industry standards to ensure that all products meet requirements for quality throughout the entire lifecycle, from design and production to sales, and provide users with a long-lasting and reliable experience.	Each subsidiary of Hisense HA has established product quality and safety committee, which implements a long-term responsibility mechanism for product quality and oversees compliance with quality and safety standards, assessment methods, and risk management measures. The Company continually improves its product quality management system in accordance with the ISO 9001 certification standard. Its air conditioner, refrigerator, kitchen and bathroom equipment, and mold production units have all achieved ISO 9001 certification, with a coverage rate of 100%.
Product Development and Innovation	We are committed to exploring and innovating with cutting-edge technology, guided by user needs, continuously launching smarter and more efficient product solutions that align technological progress with strategic goals.	Hisense HA strategically plans the medium- and long-term technological development of subsidiaries, aligning with strategic objectives and covering key project lists, core patents, leading standards, university-enterprise collaborations, and laboratory construction.
Intellectual Property Protection	We actively facilitate the efficient translation of technological innovations, diligently prevent infringement risks, respond appropriately to infringement behaviors, maintain our innovation achievements and brand value.	Hisense HA has established a full-time intellectual property management team to undertake functions such as patent management, trademark management, and results project declaration management, forming an efficient and synergistic intellectual property management system; and actively carried out the re-certification of the enterprise intellectual property compliance management system.

Eco-Friendly Environment for Good

Fostering a responsible ecosystem by collaborating with customers, partners, and community stakeholders to drive improvements in supplier practices and continuously creating value for clients and communities

Core Issues	Value Commitment	ESG Management System Development
Customer Experience and Satisfaction	We prioritize customer needs by committing to timely and professional service support, ensuring prompt problem resolution, and creating a warm, personalized, high-quality brand experience.	Hisense HA has established customer service and technical service positions at subsidiaries, developed scientific customer service management system, and achieved certification for the air conditioner business's after-sales service system.
Data Security and Privacy Protection	We uphold transparency, clearly inform customers about the purpose and scope of information use, respect their right to choose, ensure compliance with laws and regulations regarding the collection, storage, and use of customer information, and mitigate the risk of privacy breaches.	Hisense HA clarifies the process of collecting, storing and using personal information, specifies the norms for the use of customer information, and realizes the strict confidentiality of customer information.
Conflict Minerals	Aiming for zero conflict mineral procurement and use, we actively identify procurement links related to conflict minerals, continuously track the attributes and origins of all mineral materials within the supply chain, and foster responsible mineral management.	Hisense HA has created a responsible mineral management system, which is supervised and guided by the board of directors, regularly monitored and reviewed by the ESG committee, and managed by the supply chain management department.
Sustainable Procurement	We incorporate ESG factors into the supplier lifecycle management process, including admission, assessment, and withdrawal, while empowering suppliers through capacity-building initiatives to reduce supply chain risks and enhance responsible procurement management.	The supply chain management department of Hisense HA coordinates and oversees system appliances, bulk materials, procurement operations, and planned operations for both the Company and its subsidiaries.
Community Engagement and Investment	By supporting community development projects, promoting employment and economic prosperity, and participating in cultural and educational activities, we build feedback and cooperation mechanisms, and fuel community sustainability.	Establish a community participation and investment management system comprising "Headquarters Coordination - Subsidiary Execution - Community Feedback," integrating community development projects, employment support, cultural and educational activities into the entire process of corporate operations.

Partnership for Good

Achieving "zero" violations in employment and "zero" safety incidents, the aim is to construct an inclusive and diverse workplace that prioritizes health and safety, thereby fostering a positive and secure environment for all stakeholders

Core Issues	Value Commitment	ESG Management System Development
Protection of Employees' Rights and Interests, and Compensation and Benefits	We fully commit to respecting and protecting human rights and establish a performance-based compensation system aimed at enhancing employee motivation.	Hisense HA adheres to the principles of human rights outlined in the *United Nations Global Compact* and strictly prohibits forced labor, child labor, discrimination, and harassment. The Company provides employees with a competitive salary and benefits system to enhance their sense of belonging.
Job Creation and Equal Employment	We are dedicated to eliminating all forms of forced or compulsory labor, effectively abolishing child labor, and resolutely eradicating any illegal labor practices while ensuring equal treatment for every employee during the election and employment process.	Hisense HA has developed diverse platforms and incentive mechanisms that ensure equal and fair development opportunities for all employees. The Company encourages lifelong learning, facilitates the scientific planning of career development paths, and promotes mutual growth between employees and the organization.
Employees' Career Growth and Training	Recognizing employee career development as a crucial driver of sustainability, we provide clear career pathways and foster fair promotion environment through systematic optimization of job structure, facilitating employee growth.	Hisense HA has established a complete talent development system, incorporating dual channels for management and professional career advancement, along with a three-tiered training system at the group, company, and departmental levels to support employee growth.
Employees' Career Growth and Training	We integrate safety measures throughout all production and operation activities, ensuring the implementation of the principle of "five in place", which includes safety responsibility, management, investment, training, and emergency rescue.	Hisense HA actively promotes standardized safety protocols and achieves ISO 45001 certification across all business lines in occupational health management. The Company effectively operates its EHS management system and consistently provides employees with a safe and comfortable working environment.

ESG Governance as the Cornerstone

Within the ESG strategic framework of Hisense HAs, corporate governance and ESG management system are the two foundational pillars that underpin the Company' s sustainable development. Corporate governance functions as the cornerstone of sustainability, achieved by improving the governance structure, strengthening risk management, and enhancing decision-making efficiency, thereby ensuring stable operation. Conversely, the ESG management system acts as a strategic tool that enables the Company to embody the principles of sustainability. Through systematic planning and effective implementation, environmental, social, and governance factors are intricately integrated into various facets of operations. This synergy between governance and ESG management system collaboratively drives Hisense HA towards continuous progress in business for good, partnership for good, smart manufacturing for good, technology for good, and eco-friendly environment for good, fostering harmonious coexistence and long-term development among the Company, society, and the environment.

Robust Corporate Governance

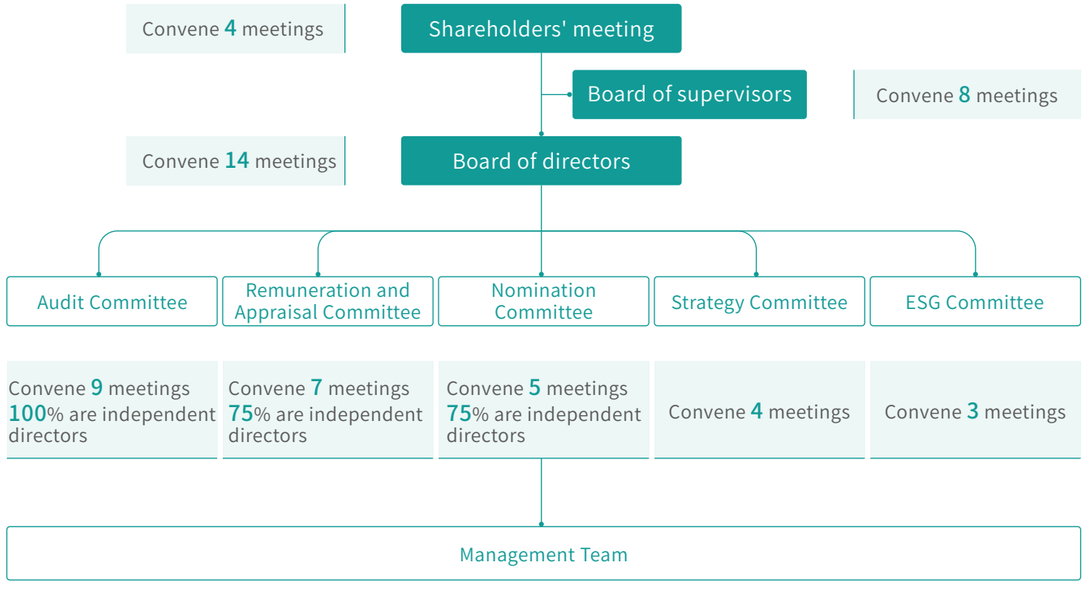
Hisense Home Appliances consistently upholds the principles of compliance and efficiency while actively developing a robust and dynamic corporate governance system. The structure of "1+3+N" functions effectively, and provides strong support for decision-making transparency and compliance. This framework ensures the Company navigates a complex and ever-changing competitive landscape.

Corporate Governance Structure

Hisense HA strictly complies with the legal requirements outlined in the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. The Company establishes a "1+3+N" institutional framework that centers on the Company's articles of association, utilizes the operational systems of the shareholders' meetings, board of directors, and supervisory board as structural guidelines, and integrates various supporting systems for implementation. The Company also develops an internal control system that combines scientific decision-making with transparent rights and responsibilities, as well as effective checks and balances. The board of directors of Hisense HA comprises five specialized committees: the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee, the Strategy Committee, and the ESG Committee. These committees report to the board of directors and are required to perform their duties in accordance with the articles of association and the board's authorization. Proposals are presented to the board for review and decision-making, and the board of directors is responsible for formulating working procedures for the specialized committees and regulating their operations. Notably, independent directors constitute the majority and serve as conveners in the Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. The convener of the Audit Committee is an accounting professional with extensive experience in financial auditing and internal control assessment.

During the reporting period, in accordance with Regulations on the Administration of Overseas Issuance and Listing of Securities by Domestic Companies (Trial) and *Guidelines for the Articles of Association of Listed Companies* and other laws and rules of China, the Company has conducted a systematic revision of core documents, including the *Articles of Association*, the *Rules of Procedure for Shareholders' Meetings*, and the *Rules of Procedure for Directors' Meetings*. This revision clarifies the boundaries of shareholder rights and obligations, enhances internal supervision mechanisms, and implements measures to protect the rights and interests of minority shareholders as well as safeguards the legitimate rights and interests of the Company, shareholders, and employees. A separate vote-counting mechanism has also been established for significant issues in online voting to ensure fairness in shareholder participation in decision-making and effectively protect the rights and interests of minority shareholders.

The controlling shareholder of Hisense HA must not directly or indirectly interfere with the Company's decision-making or lawful production and operation activities, as such interference could undermine the rights and interests of the Company and its shareholders. Personnel in administrative roles, other than directors and supervisors in the entity where the Company is the controlling shareholder, are prohibited from serving as senior management of the Company to prevent excessive concentration of decision-making power. Independent directors strictly adhere to relevant laws, regulations, and corporate governance standards, while utilizing their professional expertise and extensive experience to fulfill their duties with objectivity, impartiality, and independence. They also provide professional advice and independent judgment on major decision-making matters for the Company.



Governance Structure at Hisense HA

Diversity and Independence

Hisense HA takes into account a variety of factors such as gender, age, cultural and educational background, professional experience, skills, knowledge, and years of service in the selection process of board members. The aim is to create a board that combines diverse perspectives with comprehensive capabilities, enabling it to deeply integrate sustainable development concepts into corporate strategic planning and daily operations. This approach allows for more accurate identification and response to the various challenges that arise during development, thereby laying a solid foundation for the company's scientific decision-making.

The board of directors of Hisense HA consists of nine members, including three independent directors and one female director. None of the independent directors hold positions in related parties, and the number of external positions complies with regulatory limits, effectively ensuring decision-making independence. Independent directors offer unbiased opinions on key issues, such as the pricing of related party transactions, through regular special surveys and independent board meetings, while supervising the compliance of the internal control system.

Key Performance

In 2024

Hisense HA has 9 directors

1 female director, accounting for 11.1%

3 independent directors, accounting for 33.3%

Salary and Incentive Mechanism

The Remuneration Committee, comprising two non-executive directors not engaged in daily management and three independent non-executive directors, operates independently from the Company's operational management to ensure that assessment decisions are closely aligned with the company's long-term interests. This Committee has established a multi-tiered compensation framework that integrates "base salary + performance incentives + equity linkage," adhering to principles that link compensation with work effort, responsibility, authority, and benefits, ties income levels to company performance and strategic objectives, aligns remuneration with the company's long-term interests, and maintains transparency, fairness, and openness in compensation standards. Employees are offered a compensation package consisting of base salary, performance bonuses, and operational incentives. Base salaries and performance bonuses are determined by considering factors such as job responsibilities, risks, contributions to the company, industry compensation benchmarks, and performance outcomes. Operational incentives are directly tied to the company's annual performance metrics, including revenue growth, profit margins, and ESG performance. In instances where ESG targets are not achieved, a proportion of bonuses will be deducted to encourage executives to actively advance environmental and carbon neutrality goals, and to uphold commitments to excellent corporate governance and other ESG initiatives. Additionally, the company has instituted a malus clause for clawing back compensation in cases where (targets) are deliberately falsified, with full recovery of variable pay for the year and penalties based on the severity of the misconduct. For post-audit adjustments to targets, any overpaid compensation is fully reclaimed to further reinforce a sense of accountability and long-term value orientation among management. Furthermore, Hisense Home Appliances has introduced and refined long-term incentive plans, including equity incentives for core talents, to fully engage employees and foster a strong community of shared interests. In 2024, the company launched its second employee stock ownership plan to enhance the medium to long-term incentive structure, providing a safeguard for achieving strategic long-term objectives.

Excellent ESG Governance

Hisense HA has established a systematic and comprehensive ESG management framework to facilitate the effective execution of ESG initiatives. This framework comprises three levels: the decision-making body, the management body, and the executing agencies. Each level has clearly defined responsibilities and collaborates to ensure the successful implementation of ESG strategy.

Decision-making Body	ESG Committee	**Responsibility** • Led by the chairman and comprised of directors • Responsible for developing the ESG strategic plan, identifying and evaluating ESG risks and opportunities closely related to the business, tracking and inspecting the ESG work's progress, and reviewing ESG-related disclosure documents and other significant matters • Hold at least one meeting annually, with proposals approved during these meetings submitted to the board of directors for review and decision-making
Management Body	ESG Leadership	**Responsibility** • Include the heads of major departments • Responsible for identifying ESG risks and issues and promoting the implementation of ESG initiatives. • Report to the ESG committee at least twice a year
Executing Agency	ESG Executive Working Group (Risk Governance Group, Technology Innovation Group, Supply Chain Integration Group, Quality Assurance Group, Warehousing and Logistics Group, Employee Rights Group, Green Manufacturing Group, Sales/Recycling Group, Social Welfare Group)	**Responsibility** • Leaders from each department are jointly appointed by key functional leaders and frontline management • Collaborate to advance material ESG issues, integrate ESG concepts into all aspects of operations and promote the implementation of sustainable development principles • Results of relevant work will be reported quarterly by the leaders of each department to the ESG leadership group

ESG Statement of Board of Directors at Hisense HA

As the highest authority responsible for Hisense HA's ESG strategy and management, the board of directors coordinates and deploys the Company's ESG management efforts. It oversees ESG supervision, manages policies and strategies, reviews objectives, and identifies, evaluates, and addresses ESG risks and opportunities. The board places significant emphasis on aligning ESG concepts with development strategy, closely monitors the overall performance of ESG governance, and continuously works to enhance the ESG management mechanism. The board recognizes the demands and expectations of all stakeholders and requires the ESG committee to dynamically reevaluate major ESG issues based on strategic direction, operational status, and stakeholder communication outcomes. This process involves comprehensively identifying ESG-related risks and opportunities, timely optimizing and adjusting ESG management policies and strategies, and ensuring that the Company's ESG practices remain current. In 2024, the board reviewed and confirmed the identified material issues and their implications for the Company.

The board regularly receives reports on the development and progress of annual ESG strategy and goals. It promotes the integration of ESG goal achievement into the performance evaluation system, and reviews progress in key areas such as product quality and safety, occupational health and safety, electronic waste recycling, and sustainable supply chain development. The board also proposes improvement measures to enhance ESG performance continuously.

In 2024, the board and the ESG Committee

- Approved the *Environmental, Social, and Governance Report 2023*
- The Chairman of the ESG Committee was re-elected as part of a dynamic adjustment of the ESG leadership structure .

This report details the progress and effectiveness of Hisense HA's ESG progress and achievements in 2024 and was approved by the board of directors on April 28, 2025.

04

Business Resilience ESG Risks and Opportunities

A fully effective internal control and risk management system is important guarantee for achieving business strategic goals. Hisense HA continuously strengthens its internal control and risk management. By establishing robust mechanisms, forming dedicated organizations, and developing efficient processes, the Company judiciously allocates resources, implements internal control and risk management measures, and promotes ongoing improvements in the internal control and risk management system, ultimately enhancing the resilience of business operations.

Internal Control and Compliance System

Hisense HA complies with the principles of completeness, significance, balance, and hierarchical responsibility. By employing comprehensive risk management, and emphasizing key areas and high-risk factors, Hisense HA integrates internal control throughout the processes of decision-making, execution, and supervision. Utilizing a centralized, hierarchical, and tiered management model, the Company implements specific internal control measures to ensure the attainment of its overarching control objectives.

Improve Internal Control Processes

Hisense HA enhances its management team's responsibility for developing, maintaining, and supervising its internal control system. The Company conducts internal control evaluations based on five key elements: internal environment, risk assessment, control activities, information and communication, and internal supervision. The goal is to promptly identify potential risks and vulnerabilities, develop adequate control measures to mitigate risks and ensure the effective achievement of business objectives.

The Company has established an internal control system that integrates scientific decision-making, transparent allocation of rights and responsibilities, and effective checks and balances. Internal control responsibilities are systematically broken down, forming three-tiered lines of defense for internal control management at Hisense HA. Each subsidiary's business department acts as the primary entity responsible for internal control, which designs and executes the necessary systems, processes, and standards for business development in alignment with authorized requirements, areas of responsibility, and business objectives. Functional departments, such as the President's Office, the Securities Department, the Operations and Finance Management Department, the Human Resources Department, and the Legal Department, collaborate on risk management through continuous monitoring and assessment. They also engage in internal control development and evaluation to maintain the effectiveness of internal controls. The Audit Department oversees the implementation of internal controls by conducting supervision and evaluations and issuing audit reports. In conjunction with the digital transformation project, the Company thoroughly integrates internal controls into the business process system, effectively identifying potential risks and ensuring 100% coverage of key control points related to significant risks. This integration substantially enhances the Company's capacity to support business operations and implement risk prevention and control measures, thereby laying a solid foundation for stable company operations.

Three lines of defense for internal control management at Hisense HA

The first line of defense	The second line of defense	The third line of defense
Each subsidiary's business department	Each functional department	Audit department
• Perform tasks according to business processes and fulfill internal control management responsibilities. • Proactively carry out internal control management tasks, identify risks, control defects, develop response plans, and optimize processes.	• Provide internal control management methods, tools, and processes to guide business departments in performing internal control management tasks. • Evaluate and supervise the implementation and effectiveness of internal control management in business departments.	Supervise and evaluate the internal control management of the first two lines of defense, including: • Audit the internal control system and its implementation status. • Conduct annual special audits according to the audit plan.

Three lines of defense for internal control management at Hisense HA

By establishing dedicated positions to conduct regular internal control compliance checks, the Company ensures the timely detection, reporting, and resolution of issues, and guarantees the strict implementation and evidence-based foundation of internal control processes. This approach significantly enhances the standardization and reliability of internal control execution. In the future, we will continue to optimize the corporate governance framework, improve the internal control system structure, further elevate the level of standardized operations, and provide robust support for high-quality development.

Preparation	• Conduct a thorough analysis of high-risk areas and critical business matters within the management process in accordance with the Company's operational context and management requirements, and develop comprehensive evaluation work plan. • Establish an evaluation working group to oversee the internal control inspection and evaluation process, which is composed of evaluators who possess independence, business competence, and professional ethics.
Implementation	• Understand the basic context of the unit evaluated, and determine the scope and focus of the inspection and evaluation. • Utilize various methods, including individual interviews, survey questionnaires, thematic discussions, walkthrough tests, on-site inspections, sampling, and comparative analysis for thorough inspection and testing.
Reporting	• Conduct a preliminary review of internal control deficiencies, and prepare an internal control evaluation report based on the findings, and submit the report to the governance level after confirmation from the relevant departments. • The relevant departments perform a comprehensive review of the internal control evaluation report and the results of the internal control self-assessment. They will classify and summarize the findings to form an internal control summary report.
Improvement	• Establish mechanisms for rectifying internal control deficiencies, and clarify the division of responsibilities to ensure the resolution and control of significant issues and risks associated with the design and operation of internal controls. • For identified internal control deficiencies, the responsible units will be required to conduct root cause analyses, submit correction action plans, and track the implementation of these corrective actions.

Implementation Procedure for Internal Control Evaluation of Hisense HA

Key Performance

In 2024

Hisense HA conducted

16 audits

including annual salary audits, internal control audits, workplace safety audits, manufacturing management audits, audits on non-production material procurement, and strategy execution audits.

Create Culture of Internal Control and Compliance

A robust control environment serves as the foundation of the internal control system and ensures the effective implementation of internal controls. In 2024, Hisense HA identified 126 compliance risk points across the Hisense HA Group after completing compliance risk questionnaires and conducting interviews, to form compliance risk databases. The Company conducted compliance risk assessments evaluating and scoring the identified risk points according to predetermined proportions and dimensions, which included a total of 14 major compliance risk points and 13 medium- to high-level compliance risk points. This process yielded one compliance risk list for the Hisense HA Group. The Company organized various functional departments and product companies to rectify compliance risks and ensure acceptance regarding management methods, processes, mechanisms, and implementation for the compliance risk list. Meanwhile, the Company actively fosters a culture of internal control and compliance throughout all levels of the Company. The Company's management leads by example by promoting a robust corporate culture, clarifying management responsibilities, and establishing transparent and open communication channels. These efforts ensure that the principles of internal control and compliance are effectively communicated to all employees, encouraging them to consciously engage in compliance with internal control requirements. Currently, the Company is conducting compliance culture training activities related to the ISO 37301 Compliance Management System, anti-corruption initiatives, anti-fraud measures, anti-monopoly regulations, customs compliance, and labor employment standards. These initiatives include internal control training for new employees, targeted training sessions, and ongoing promotion of an internal control culture. The goal is to cultivate an internal control environment characterized by clear objectives, actionable guidelines, and motivational support for progress.

ISO 37301 Compliance Management System Training

Compliance Topic Training in 2024

Key Performance

In 2024

Hisense HA conducted 15 internal control training sessions, covering all key and sensitive positions.

ESG Risk Management

Hisense HA is dedicated to integrating ESG risk management into existing three-tiered risk management systems. Guided by strategic objectives, the Company actively identifies and evaluates ESG risk events and related factors that may impact business goals by adhering to principles of consistency, comprehensiveness, dynamism, inclusiveness, and collaboration. Through regular and ad hoc risk assessments and analyses, timely adjustments to response measures are implemented, fostering a risk management environment that encompasses the entire organization, manages the complete process, and engages all employees. This approach enhances the overall decision-making capabilities and business resilience of the organization.

Governance

- Oversee and manage Hisense HA's business operations, and regularly listen to and review proposals related to ESG risk management
- Regularly review ESG risk management strategies and associated internal control procedures to ensure their effectiveness in ESG risk management-related content
- Build and optimize the supervision system to ensure that its business operations meet the risk control requirements at the each level

Management

- Fully organize and implement the resolutions and regulations of the board of directors on ESG risk management to ensure effective implementation of policies
- Regularly report ESG-related risks and progress in work execution to the governance team, and maintain transparency in internal communication
- Timely promote all business departments to thoroughly understand and strictly comply with the risk management standards formulated by the Company, and supervise their implementation

Execution

- Maintain close cooperation and coordination with risk management departments to jointly conduct risk assessment and identification
- Develop targeted response measures based on the risk analysis results and actively promote their implementation to ensure controllable risks at all stages

ESG Risk Management Structure at Hisense HA

Stakeholder Expectation Management

Hisense HA views stakeholder expectations and demands as the cornerstone of ESG risk management strategy. The Company actively engages with stakeholders and utilizes their feedback as a vital reference for advancing sustainability initiatives. We have identified eight stakeholder categories based on our specific business characteristics and operation context. We continuously enhance diverse communication mechanisms and encourage all stakeholders to express concerns regarding potential negative impacts on the Company. We ensure that public email addresses (hxjdjiwei@hisense.com) and multiple appeal channels, including complaint hotlines, remain accessible, with dedicated personnel responsible for prompt follow-up and appropriate resolution. Furthermore, we regularly share updates on improvement efforts with stakeholders through ESG reports, official channels, and other means to ensure the openness, transparency, and effectiveness of our risk mitigation procedures.

Stakeholder	Government and regulators	Investors and shareholders	Customer/Consumer	Employees	Business partners	Industry	Media	Community
Expectations and Concerns	• Compliant operation • Tax payment • Anti-corruption • Product liability	• Corporate governance • Compliant operation • Risk management • Information disclosure • Business ethics Shareholders' equity	• Product and service accessibility • Information and privacy protection • Concept of responsible consumption	• Protection of rights and interests • Salary and benefits • Equal employment • Employee training and development • Employee safety and health	• Intellectual property protection • Sustainable Procurement • Green products and packaging • Product quality and safety • Business ethics	• Product development and innovation • Product liability • Industry development	• Pollution and emission • Product liability • Protection of employee' s rights and benefits • Response to climate change	• Community engagement • Public welfare • Job creation
Communication and Response	• Seminar • On-site interviews and research • Working report	• Shareholders' meetings, • Investors exchange meeting • On-site research • Conference call • Email and online interactive platform • Financial reports • ESG reports	• Online customer service hotline • Social media platforms • User feedback • User satisfaction survey	• Trade union • Employee symposium • Employee training • Daily interviews • Employee satisfaction survey • Employee feedback platform	• Working meetings • Business dealings • Supplier meetings • Supplier evaluation	• Industry exchange meetings • Field trips	• Press conferences • Social media platforms • Live interviews	• Regular return visits • Participation in public welfare • University-enterprise cooperation

Double Materiality Analysis

Hisense HA employs double materiality assessment as a quantitative tool to evaluate the impact of corporate ESG risks and measures and manages both ESG risks and opportunities, providing a basis for risk response and decision-making processes. In 2024, the Company conducted a double materiality assessment that incorporates financial perspectives alongside the impact materiality assessment. The assessment follows the double materiality assessment process involving issue identification, issue assessment, and issue confirmation to comprehensively analyze material issues and their effects on the Company's financial, economic, environmental, and social performance, further enhancing the scientific rigor and efficacy of ESG governance.

01

Identification of Issues with Double Materiality

- In accordance with the guidelines set forth by the Hong Kong Stock Exchange, MSCI, IFRS S2, GRI, SASB, SDGs, and other international standards, the Company identifies material ESG issues pertinent to its business development and operations by addressing industry concerns.

02

Assessment of Issues with Double Materiality

- Impact Materiality Assessment: Internal and external stakeholders are invited to evaluate the impact significance of various issues through online questionnaire surveys.
- Financial Materiality Assessment: The Company's management is asked to assess the financial materiality of issues from two perspectives: operational opportunities and operational risks.

03

Confirmation of Issues with Double Materiality

- Survey questionnaire data are processed and analyzed to conduct comprehensive quantitative evaluation and ranking based on the dimensions of financial materiality and impact materiality to create a materiality matrix.
- Following deliberation by the management and the ESG working group on the results, the final Hisense HA Double Materiality Matrix 2024 was formed.

In response to current business developments and shifting stakeholder priorities, the Company has reevaluated and prioritized issues to concentrate on the most substantive and material issues at present to enhance the relevance and effectiveness of ESG reports and better address stakeholder concerns[1].

Materiality Matrix 2024 at Hisense HA

[1] For the 2024 ESG issue library adjustment, the Company has streamlined issues across the three dimensions of environment, society, and governance. Within the environmental dimension, the issues of product carbon footprint management, biodiversity, and green operation have been removed. In the social dimension, the issues of promoting the concept of responsible consumption, accessibility of prodcuts and services, and community engagement and investment have been removed. Regarding governance, the issues of principles of responsible tax principle and stakeholder communication have also been removed.

Item	Material Issue	Substantive Impact Assessment				
		Supply Chain	Production/ Operation	Product	Employee	Social Engagement
ESG Governance as the Cornerstone	Corporate governance		■	■		
	Compliance operation	■	■	■	■	■
Business for Good	Business ethics	■			■	
	Risk management and control	■	■	■	■	■
Smart Manufacturing for Good	Energy and water management	■	■	■	■	
	Green management throughout the product life cycle	■	■	■	■	■
	Emissions and waste management	■	■	■	■	
	Response to climate change	■	■	■	■	■
Technology for Good	Product quality and safety	■	■	■		
	Intellectual property protection		■	■	■	
	Product development and innovation		■	■	■	
Eco-Friendly Environment for Good	Customer experience and satisfaction		■	■	■	
	Data security and privacy protection		■		■	
	Sustainable Procurement	■	■	■		
	Conflict Minerals	■	■	■		
	Public welfare, charity, and volunteer service					■
Partnership for Good	Employees' safety and health		■		■	
	Job creation and equal employment		■		■	■
	Protection of employees' rights and interests, and compensation and benefits		■		■	
	Employees' career growth and training		■		■	

Financial Impact Assessment of Material Issues

In 2024, the Company conducted a preliminary assessment of the impact of identified ESG risk factors based on on-site interviews and opinions from third-party experts. The analysis results were reviewed and approved by the Board of Directors, and the final criteria for determining the financial materiality assessment level of the issues were established. These criteria will be used to adjust the 2024 ESG issue identification results. The Company will continue to develop and implement internal action plans based on the annual material issues assessment results, and disclose relevant information in the ESG report to address stakeholders' concerns regarding Hisense Home Appliances' sustainable development efforts.

Material Issue	Risk Factor	Stage Being Impacted	Who Being Impacted	Financial Impact Indicators	Impact Assessment	Degree of Impact	Possibility	Level of Impact
Corporate governance	Whether the governance process and structure are reasonably operated	Business operators/Regulators/Investors	Operation process	Net operating profit Profit cost	Redundancies within hierarchical structures and decision-making processes can increase operating costs and slow market responses for the Company. Ambiguities in governance rights and responsibilities may create management gaps that hinder business development.	4	1	2
Business ethics	Corruption and unfair competition issues	Business operators/Regulators/Investors	Operation process	Brand value Operating costs Financing on the market	Investors question the stability of operations, which can negatively impact reputation and financing capabilities.	2	2	2
Risk management and control	Failure to properly identify and assess all potential risks	Relation with business operators/Investors	Operation process Corporate finance	Operating costs Brand value Financing on the market	Inadequate identification and response to potential risks across all facets of operations could elevate the likelihood of unforeseen risk events, disrupting operations.	4	1	2
Compliance Operation	Corruption and non-compliance	Business operations/regulators/investor	Operation process	Brand value Operating costs Financing on the market	Investments in litigation related to corruption and noncompliance can be substantial, and legal violations may lead to significant fines.	2	2	2
Energy and water management	Rising energy and water prices or abnormal supply affect business operations	Manufacturing	Operation process	Operating costs	The rising costs of energy and water necessitate investment in energy-efficient technology research and applications to enhance overall operational efficiency. Long-term irregular supply of resources could lead to decreased production capacity.	1	3	2
Green management throughout the product lifecycle	Regulatory strictness and increased demand from customers for green products	Upstream procurement/Manufacturing/Product development and design/End-of-pipe disposal	Government/Customer/Procurement and supply chain	R&D costs Production costs Net operating profit	The Company may also lose orders due to non-compliance with certain green procurement requirements, and they may face warnings and penalties from regulatory authorities. The growing customer demand for green products compels the Companys to allocate additional time and resources toward facilitating this transformation.	3	3	3
Emissions and waste management	inappropriate disposal of emissions and waste	Production and manufacturing/Social reputation	Government/Operation process	Operating and management costs/Nonoperating Expenses/Operating income	Improper waste disposal can result in environmental violations, leading to fines, orders to suspend production for rectification, and other detrimental consequences. Such violations can damage the Company's reputation, increase compliance costs, and lead to revenue losses.	3	1	2
Response to climate change	Business discontinuity caused by climate disasters	Business operations	Operation process/Production manufacturing	Net operating profit Operating costs	Extreme weather conditions may also inflict harm on corporate assets, necessitate forced production interruptions, and escalate operating costs for businesses.	2	2	2

Material Issue	Risk Factor	Stage Being Impacted	Who Being Impacted	Financial Impact Indicators	Impact Assessment	Degree of Impact	Possibility	Level of Impact
Protection of employees' rights and interests, and compensation and benefits	Employee outflow	Business operations	Employee/Operation process	Operating costs	Violating employee rights or fail to offer competitive compensation and benefits may experience higher employee turnover rates and increased recruitment costs.	1	1	1
Job creation and equal employment	Employee outflow	Business operations/Social reputation	Employees/Operation process/Manufacturing	Operating costs Brand value	The occurrence of incidents such as forced labor and child labor within enterprises could prompt partners to cancel cooperation to mitigate risks.	2	1	1
Employees' career growth and training	Employee outflow	Business operations	Employee/Operation process	Operating costs	An unclear promotion mechanism or insufficient promotion opportunities can further exacerbate employee turnover rates.	3	1	1
Employees' safety and health	Occurrence of employee work-related injury or fatality	Business operations	Manufacturing/Employees	Operating costs	Failure to implement workplace safety management system may jeopardize employee safety.	2	2	2
Product Quality and Safety	Poor product quality	Manufacturing/Customer consumption/Social reputation	User/Customer	Net operating profit	Poor product quality and safety can lead to legal liability, customer loss, and various risks for the Company, significantly damaging brand image.	3	2	2
Product Development and Innovation	Competitors proactively develop innovative products to seize the market share	Market competition/ Product development and design	Operation process/Production manufacturing	R&D costs Production costs Net operating profit	If the Company fails to launch similar products in a timely manner to meet customer demand, customers may switch to other brands, affecting the Company's market share.	4	2	3
Customer Experience and Satisfaction	Failure to provide timely products and technical services required by customers	Customer consumption/ Social reputation	User/Customer	Net operating profit	Failure to meet customer needs can result in decreased satisfaction and even customer churn.	2	2	2
Data security and privacy protection	Customer Privacy Breach	Corporate Operations/ Customer Usage/Social Reputation	User/Customer	Operational Costs Brand Value	A customer privacy breach will lead to an increase in customer complaints and a loss of trust in the company.	2	2	2
Intellectual Property Protection	Losing patent protection	Market competition	Competitor	Operating costs	Intellectual property litigation incurs costs that elevate operating expenses; a lack of systematic maintenance of intellectual property rights may result in the theft of the Company technology or brand, hindering business development.	2	1	1
Sustainable Procurement	Unstable supply chain Supply chain compliance risk	Production and manufacturing/Natural environment/Social reputation	Manufacturing/Customer	Net operating profit Operating costs	Shortages of key components due to raw material supply interruptions can indirectly cause production delays, requiring additional manpower and financial resources to mitigate the impact.	3	1	2
Conflict Minerals	Lawsuits arising from controversial procurement	Production and manufacturing/social reputation	Production manufacturing/Customer Consumption	Net operating profit Operating costs	Financial losses may arise from disputes and lawsuits, along with a decline in market share due to an inability to satisfy customer access requirements.	1	1	1
Public welfare, charity, and volunteer service	Public Sentiment	Social Reputation	Community	Brand Value	Actively engaging in social welfare enhances the company's responsible image, deeply resonating with the public and steadily increasing brand value.	1	1	1

List of Issues with Double Materiality

Level of Materiality	Material ESG Issues	Response Section
High Materiality	Response to climate change	Feature: Climate Risks and Opportunities
	Green management throughout the product lifecycle	Technology for Good Technology-Driven Development Smart Manufacturing for Good Sustainable Development
	Protection of employees'rights and interests, and compensation and benefits	Partnership for Good Win-Win Cooperation
	Product quality and safety	Technology for Good Technology-Driven Development
	Customer experience and satisfaction	Eco-Friendly Environment for Good Co-creating the Future
	Data security and privacy protection	Eco-Friendly Environment for Good Co-creating the Future
	Sustainable procurement	Eco-Friendly Environment for Good Co-creating the Future
	Conflict minerals	Eco-Friendly Environment for Good Co-creating the Future
	Intellectual property protection	Technology for Good Technology-Driven Development
	Compliance operation	Internal Control and Compliance System
	Corporate governance	Business for Good Excellent Governance
	Business ethics	Business for Good Excellent Governance

Level of Materiality	Material ESG Issues	Response Section
Medium Materiality	Emissions and waste management	Smart Manufacturing for Good Sustainable Development
	Energy and water management	Smart Manufacturing for Good Sustainable Development
	Job creation and equal employment	Partnership for Good Win-Win Cooperation
	Employees' career growth and training	Partnership for Good Win-Win Cooperation
	Employees' safety and health	Partnership for Good Win-Win Cooperation
	Product development and innovation	Technology for Good Technology-Driven Development
	Risk management and control	ESG Risk Management
Low Materiality	Public welfare, charity, and volunteer service	Eco-Friendly Environment for Good Co-creating the Future

05

For Good and For All ESG Action Strategy

Hisense HA develops a customized ESG action framework based on its strategic ESG framework of "Win-win and For Good" and insights from ESG risk assessments. This action framework emphasizes standardized operations as a foundational element and value realization as a key objective, facilitating the integration of ESG principles into business practices, addressing social challenges, and fostering long-term trust among stakeholders.

Business for Good Excellent Governance

Hisense HA regards standardized governance and risk prevention as bedrock, and integrates the concept of sustainability into corporate governance to foster business operations for good. The Company ensures that minority shareholders are fully informed through transparent, accurate, complete, and timely disclosures, and promotes equitable rights and interests among all shareholders. The Company also emphasizes the importance of business ethics management to cultivate a fair competitive environment. With respect to data security and privacy protection, Hisense HA has implemented robust information security measures to safeguard user data and support its stable development.

Protection of Investors' Rights and Interests

Hisense HA upholds the principle of transparent communication and protects the rights and interests of shareholders, investors, and other stakeholders through close engagement, effective interaction, management of related party transactions, and adherence to tax compliance measures.

Investor Relations Management

Hisense HA manages investor relations in accordance with the principles of compliance, equality, proactivity, honesty, and trustworthiness. The Company clearly delineates the objectives, scope, management departments, and responsibilities associated with investor relations to enhance the standardization of these practices.

The Company employs multiple communication channels, including interim reports, shareholder meetings, the website, investor briefings, new media platforms, telephone, email, and the Interaction Easy (Shenzhen Stock Exchange) These channels are utilized to convey information regarding the Company's financial performance, business segments, future strategies, channel development, R&D investments, and technological advantages. While actively fulfilling its disclosure obligations, the Company also prioritizes listening to investors' opinions and suggestions. Hisense HA maintains close communication with domestic and foreign securities firms and various investor types through activities such as receiving investor surveys, participating in both offline and online roadshows, attending brokerage strategy meetings, conducting performance briefings, arranging investor channel survey, and facilitating factory visits, proactively communicate the Company's long-term investment value to the market, improve the efficiency and transparency of information dissemination, and promote better mutual understanding between the two sides.

Hisense HA Annual Investor 2024 Day with the theme of "Trust, For All, Towards the Future"

Key Performance

In 2024

Answered over 40 investor questions through the platform (irm.cninfo.com.cn) and over 200 investor inquiries through the investor service hotline

Organized over 400 investor communication events, covering more than 1,100 institutional investors

Golden Disclosure Award 2023 by Hisense HA

Key Performance

In 2024

A total of 149 research reports from securities firms were generated, including over 7 in-depth reports, all rating buy or hold for the Company's stocks

There have been 0 incident of criticism or penalties from regulatory authorities for violations of information disclosure

Since 2020, the Company has consistently achieved an A-level rating for information disclosure on the Shenzhen Stock Exchange for 4 consecutive years

Investor returns

Hisense HA places significant emphasis on shared developmental achievements with investors. In alignment with development strategy, business conditions, and financial performance, the Company has established an action plan "Dual Improvement of Quality and Return". Every three years, the Company formulates and discloses the Shareholder Return Plan for the Next Three Years, and has consistently increased the dividend per share ratio for four consecutive years. In 2024, the dividend per share rose to RMB1.23, reflecting a year-on-year increase of 21.4%, thereby aligning shareholder interests with corporate goals. Demonstrating confidence in future growth, the Company has initiated a repurchase of A-share stocks to incentivize employees through stock ownership plans, further enhancing the long-term incentive strategy.

The Company places a high priority on protecting shareholder rights and treating minority shareholders equitably. The Company continues to improve shareholder voting mechanisms and norms, including a separate vote counting process for minority investors and an online voting system, which facilitates shareholders' participation in meetings. The resolutions of the shareholders' meetings include separate vote counting for minority investors, and the Company addresses inquiries from these investors through various channels, such as the platform (irm.cninfo.com.cn), investor service hotline, and email. By considering the opinions of those shareholders, the Company ensures their right to participation and information is upheld.

Information Disclosure

Hisense HA timely and equitably fulfills its information disclosure obligations in adherence to applicable laws, regulations, self-discipline rules, and its articles of association. The Company ensures that all disclosed information is true, accurate, complete, concise, clear, easy to understand, and devoid of false records, misleading statements, or significant omissions. Concurrently, the board of directors strictly implements requirements related to internal information confidentiality and insider registration, accurately registers and reports insider information as mandated by law, and continually enhances professional training for relevant personnel. This training improves compliance awareness regarding information disclosure and insider information management, effectively elevating the Company's standard operating procedures.

In October 2024, the Company was honored with the Golden Disclosure Award by *China Securities Journal* in recognition of its robust information disclosure system and its standardized management and operation capabilities.

Fair Operation Practices

Committed to fair operations, Hisense HA upholds the code of business ethics and builds trustworthiness and compliance with legal regulations. The Company actively embraces its moral responsibilities toward mutual benefit and collaborative development with all stakeholders. The Company strictly adheres to the *Anti-Monopoly Law of the People's Republic of China*, as well as other applicable laws and regulations, while demonstrating commitment to preventing dumping and monopolistic practices. The Company consciously fosters an environment for fair competition, opposes all forms of unfair competition, and regulates market operations accordingly.

Related Party Transactions

Hisense HA adheres to principles of honesty, equality, voluntariness, equivalence, compensation, and avoidance of conflicts of interest. The Company strictly manages related party transactions in accordance with exchange regulations and internal policies. When engaging in necessary and unavoidable related party transactions, the Company ensures that these transactions are executed fairly, justly, and transparently, without compromising the interests of the Company or its independent shareholders. The Company guarantees fair operations based on market-oriented principles and appropriate pricing and complies with stringent requirements, including the principle of concurrent strict disclosure and relevant provisions in the Company's articles of association. This ensures that related party transaction decision-making procedures and information disclosure obligations are fulfilled, while also keeping shareholders informed of pertinent information in a timely manner and protecting their rights and interests.

Prior to conducting a transaction, the business department selects at least three independent third parties to compare similar transaction prices. The transaction proceeds only after confirming that the related party transaction price is not lower than the third-party quotations, thereby ensuring fairness and reasonableness. Additionally, the securities department, along with the operations and finance management department, reviews the necessity and reasonableness of the related party transaction to ensure compliance. If shareholder approval is required for related party transactions, the Company engages independent financial advisors and independent board committees to provide unbiased opinions and voting recommendations on the upper limits of related party transactions and their fairness, in accordance with exchange regulations, thereby ensuring the fair prices for related party transactions and safeguarding the overall interests of the Company and its independent shareholders.

Responsible Tax

Hisense HA diligently fulfills its tax obligations, and consistently enhances its tax management processes to ensure compliance. By establishing and refining systems for tax compliance, finance management, and internal audits, the Company clarifies processes and standards for tax management, standardizes reimbursement procedures, prevents false accounts, and ensures the integrity of financial accounting. Moreover, the Company regularly conducts tax risk assessments and promotes internal tax inspection to promptly identify and address tax compliance issues, mitigating the risk of negative tax consequences.

Furthermore, the Company places a strong emphasis on fostering a culture of tax compliance and continuously raises employees' awareness through tax compliance training, dedicated communication platform, and a tax compliance rewards program.

Key Performance

Hisense HA has achieved an **A-level** taxpayer credit rating for several consecutive years and had **0** tax violation during the reporting period

Business Ethics

Hisense HA is committed to its core values of integrity, innovation, customer focus, and sustainability. By improving its business ethics management system, conducting internal audits, developing business ethics competencies, and facilitating robust reporting channels and other preventive measures, the Company continuously strengthens its ability to prevent business ethics risks and makes this commitment a vital impetus for stable development and value creation.

Business Ethics Management

Hisense HA has developed a comprehensive process for monitoring and addressing business misbehavior. Utilizing diverse strategies, such as internal oversight, the signing of code of business ethics, and established reporting and appeal mechanisms, the Company actively prevents corruption, bribery, extortion, fraud, money laundering, insider trading, and other unethical business practices. Furthermore, the Company diligently undertakes corrective actions for inappropriate conduct and strengthens anti-corruption efforts across various operational and business processes.

Internal Oversight

The Company's Audit Committee is responsible for coordinating and supervising business ethics initiatives, clarifying the objectives of business ethics management. The business department holds primary responsibility for promoting these initiatives. Each year, the Company conducts internal business ethics inspections, including integrity checks, which encompass all business and operational processes. Additionally, it undertakes special inspections focused on key issues.

Appeal and Reporting

The Company encourages all employees and external stakeholders to report violations and disciplinary actions either anonymously or in real name. To facilitate this, a reporting reward mechanism is in place. Based on the results of investigations and punitive measures, whistleblowers may receive certain rewards. Additionally, those who voluntarily disclose the suspects involved in similar cases may be granted reduced or waived penalties, depending on the circumstances. The Company is committed to adhering strictly to the reporting process when handling reported incidents and will provide maximum protection for whistleblowers. Personal information and reported content will be kept confidential, and any actions that target, retaliate against, or suppress whistleblowers are strictly prohibited, ensuring fairness and security throughout the investigation process.

Reporting phone number: 0532-80877393

Report e-mail: hxjdjiwei@hisense.com

Signing of Code of Business Ethics

Hisense HA Group has established code of business ethics that requires all employees and partners to formally sign. This code regulates commercial behavior by enforcing strict regulations concerning business entertainment, gift giving, supplier management, and other related practices. Such measures aim to prevent any form of corruption, including bribery, extortion, fraud, money laundering, and insider trading.

Punishment for Violations

Upon the discovery of any behavior that violates business ethics, the Company will initiate an internal investigation conducted by a dedicated team. If improper behavior is confirmed, the Company will implement appropriate procedures to promptly address and rectify the issue. Disciplinary measures may include actions such as internal sanctions, termination of employment, pay cut, administrative penalties, or termination of partnerships.

Business Ethics Management Measures at Hisense HA

Key Performance

In 2024

100 % of related parties signed the *Integrity Pledge and the Anti-Commercial Bribery Pledge*

Integrity checks and internal audits covering 100 % of business and operation processes

0 corruption, bribery, conflicts of interest, fraud, money laundering, or unfair competition related violation of business ethics

Business Ethics Training

Hisense HA regularly identifies personnel across various positions and emphasizes the promotion of business ethics and culture, covering topics such as anti-bribery, anti-corruption, anti-money laundering, anti-fraud, and fair trade.

The Company constantly fosters a culture of integrity and provides ongoing integrity education to all employees (including part-time workers, contracted employees, and contractors), through annual training sessions and case studies. Prior to onboarding, new employees receive pre-job integrity training. Additionally, personnel in key departments and corruption--vulnerable positions such as finance, procurement, and sales undergo targeted training on anti-unfair competition and fair trade to enhance their understanding of the fundamental principles of business ethics.

Special Anti-Corruption and Integrity Training in 2024

Key Performance

In 2024

100 % of employees (including part-time employees nad contractors) received business ethics training

Information Security Management

Hisense HA continuously improves information security management systems, establishes a sound internal control review mechanism for information security compliance, and carries out full lifecycle data security management from multiple aspects such as data collection, storage, processing, transmission, and deletion. The Company also actively implements relevant work requirements and governance processes such as data management, network security, and personal information protection.

Information Security Management System

The Company develops a privacy, confidentiality, and network security management plan aimed at achieving zero major information security incidents. The management team actively participates in and supervises all strategic planning and execution processes related to information security.

To standardize the usage and management of information systems, the Company implements internal data classification standards and data security risk assessment tools to mitigate potential risks. For data leakage prevention, the Company employs multiple technical measures such as firewalls, antivirus software, and intrusion detection systems. The Company also conducts regular internal assessments of data leakage prevention efforts, closely monitors the links and equipment involved in processing highly confidential data, and maintains stringent safeguards against leakage of core data. Regarding data security emergency responses, the Company has established data security emergency response plans that delineate the incident reporting process, identify emergency team members, and specify emergency contacts and responsibilities. This framework ensures timely investigation, cause identification, and activation of emergency plans in the event of significant information security incidents, safeguarding business operations.

Additionally, during the reporting period, the Company updated its information security system certification, management manual, relevant documents, and applicability statement, further enhancing the data security control platform and optimizing the internal information security management system. As of the end of the reporting period, several subsidiaries of Hisense HA, including Hisense Hitachi and Sanden Company, have successfully obtained ISO 27001 certification for their information security management systems.

Hisense Hitachi ISO 27001 Information Security Management System Certification

Development of the Culture of Information Security

Hisense HA enhances employees' awareness of information security by fostering robust culture of information security. The Company actively conducts diverse training and drills focused on information security and privacy protection for all employees and suppliers.

To promote vigilance against phishing emails, the Company regularly conducts awareness campaigns for all staff and provides specialized training for personnel in information-sensitive positions. The Company mandates that all individuals who may handle customer personal information strictly adhere to confidentiality obligations and establishes rigorous access control and monitoring mechanisms for user data. Furthermore, the Company organizes regular network security attack and defense drills to evaluate the effectiveness of emergency response plans and promptly address any security vulnerabilities.

2024 R&D Confidential Knowledge Topic Training

Company invites relevant personnel from the Bureau of Confidentiality to conduct educational lectures on the theme of secret security in 2024

Key Performance

In 2024

Participated in 2 network security attack and defense exercises

Conducted 10 training sessions on information security and privacy protection

Technology for Good Technology-Driven Development

Hisense HA embraces the development strategy of "being a technology-based company and seeking robust growth", prioritizing the fields of "intelligence, health, and energy conservation". The Company consistently launching low-carbon products and solutions across various scenarios. In response to the trends of intelligence and low carbonization, Hisense HA leverages AI technology to expand its scenario-based product ecosystem and establishes a differentiated product matrix in the realms of energy conservation, environmental protection, health and safety, and intelligent interconnection. Furthermore, the Company enhances its global R&D framework by leveraging international patent reserves and making breakthroughs in key areas to foster the integration of innovation resources and industrial chain synergy. Regarding quality control, Hisense HA implements comprehensive quality management from raw material procurement to production processes, achieving a dual empowerment between technological value and product safety, thereby providing high-standard assurance for creating smart living environments.

Technological Innovation and Incentives

Hisense HA strategically establishes R&D resources both domestically and internationally and sets up R&D institutions and production bases around the globe. The Company continuously increases investment in scientific and technological R&D and accelerates the localization of R&D, manufacturing, and marketing efforts. Hisense HA is dedicated to creating an industry-leading innovative technology ecosystem while achieving the synergistic development of technological innovation and quality services.

Diversified Innovation and R&D

Hisense HA establishes R&D organizations that focus on advanced technology, public technology, fundamental applied technology, platform research and reserve, and product development, implementing a three-tiered four-level R&D system comprising "research on the current generation of technology, reserve for next generation, and development on the future generation."

Product Development	Develop marketable products for the future (n+1) year	Conduct secondary development based on platform products, and timely deliver products to meet market and customer needs
Platform Development	Develop product platforms and CBB modules for the future (n+2) years	Design and develop product platform architecture to ensure advanced and easily scalable platform technology
Technical Preparatory Research	Preparatory research on key technologies for the future (n+3) years	Conduct preparatory research on key technologies for the next generation product platform to ensure technological leadership
Forward-looking R&D	Innovation and preparatory research on core technologies for the future (n+3) years or more	Conduct preparatory research on cross-generational product platforms, and cutting-edge technology, and develop innovative product platforms to ensure core technological competitiveness

The Company has established R&D centers in the Middle East, Europe, the United States, and Japan, and opened new centers in the Middle East, Africa, and the ASEAN regions during the reporting year, which further enhance its global R&D framework and gain deeper access to the global end-user market. The Company fosters a continuous atmosphere of innovation through initiatives such as patent competitions, Technology Innovation Month, Engineer Culture Festival, and R&D Achievement Exhibition. The Company collaborates with supply chain partners to strengthen technical exchanges and cooperation and enhance collaborative innovation among industry, university, and research institutions with a focus on developing cutting-edge technologies and addressing significant challenges. Furthermore, The Company promotes the efficient translation of scientific research achievements into practical applications, continuously enhancing the brand's core competitiveness.

Case | Hisense HA Collaborates with Business Partner to Establish an Application Center

In June 2024, Hisense HA and its business partner jointly established the "Home Appliance Application Center", aiming to accelerate the innovation and application of semiconductor technology in the home appliance sector through collaborative efforts. Through this application center platform, both parties will expedite innovation and cooperation in semiconductor technologies and products, such as chips and power modules, leading to a mutually beneficial situation for technology sharing and talent development, jointly promoting the technological advancement of home appliances in areas such as intelligence and energy efficiency.

R&D and Innovation Achievement Exhibition in 2024

R&D and Innovation Incentives

The Company follows the development strategy of "being a technology-based company" and establishes a talent training and incentive mechanism designed to promote technological innovation. By utilizing digital management systems and offering diverse incentive methods, the Company fully stimulates the enthusiasm and initiative of R&D personnel.

Cultivation of Innovation Talents

- Promotion mechanism: Establish a qualification system for positions, and set up a dual-channel promotion path for management and professional tracks
- Professional training: Offer specialized training program for innovation talents, and provide professional trainings specialized "Hisense Academy" and external resources
- Competition platform: Regularly host innovation competitions, submit innovative proposals, and select outstanding design outcomes to provide a platform for showcasing and promoting innovation achievements

Incentive for Innovative Talent

- Compensation system: We implement a compensation structure consisting of "base salary + performance bonus + special bonus/operating bonus," with bonuses distributed based on R&D innovation achievements and other factors
- Equity incentives: provide long-term incremental incentives and equity incentives for core R&D personnel
- R&D incentives: Link employee incentives with performance improvement and value creation, and set incentive mechanisms linked to incremental goals
- Project incentives: Set up special incentives for major cutting-edge and core R&D projects as well as preparatory research projects
- Intellectual property incentives: reward employees who contribute to standardized R&D and patent applications

Innovation Incentives for Hisense HA

Case | Hisense HA Awards Innovation Honors to R&D Personnel

To recognize project teams and individuals who have made significant contributions to scientific and technological innovation in R&D activities, Hisense HA has established the honorary award of the Annual Technology Innovation Award and the Science and Technology Star. These awards aim to exemplify the pursuit of innovation and continuous improvement and encourage all employees to actively participate in scientific and technological advancements. In 2024, the Company held a recognition conference to present innovation awards to several R&D project teams and distinguished talents.

Awarding the Annual Technology Innovation Award and Science and Technology Star Awards

Case | Hisense Hitachi Launches the Technology Innovation Month

In 2024, Hisense Hitachi hosted a series of activities for the Technology Innovation Month centered around four themes: "customer orientation, industry cooperation, technological excellence, and collaborative innovation. The event aims to foster cross-departmental collaboration and stimulate the innovative spirit of employees. For the first time, an innovation workshop segment has been introduced to guide technical personnel in proposing practical and innovative solutions rooted in the actual needs of users. Following a rigorous evaluation process, Hisense Hitachi selected 12 outstanding innovation proposals, rewarded and recognized the relevant technical personnel, and gradually integrated these proposals into its project planning.

Technology Innovation Month at Hisense Hitachi

Engineer Culture Festival at Hisense HA

Hisense HA Power Semiconductor Project Won the "Major Cutting-edge and Core R&D Project Award"

Hisense HA won the awards of Excellent Team for Key Technology Patent Arrangement and Patent Star from the Group

Key Performance

In 2024

R&D investment reached RMB 3.45 billion, accounting for 3.72% of the main business revenue

R&D investment has exceeded RMB 13 billion in the past 6 years, with a compound annual growth rate of over 20%

The investment in patent incentives amounted to RMB 4.8127 million, and 2,715 employees were rewarded

18 new technological achievements were identified as internationally leading achievements and 24 important technology awards were obtained at the government and industry level

Intellectual Property Protection

Hisense HA adheres to the principles of open collaboration and fair competition and places a strong emphasis on intellectual property rights. The Company fully respects the intellectual property rights of others and rigorously mitigates infringement risks. Continuous optimization of its internal intellectual property management processes, coupled with strengthened patent protection measures, enables the Company to effectively safeguard the technological innovations developed by both the Company and its employees. Furthermore, the Company is committed to fostering an innovation ecosystem that enhances employees' capabilities for independent innovation and provides robust support for technological innovation and product upgrades.

Hisense HA integrates intellectual property management awareness throughout all phases of application, review, maintenance, and transfer. By employing intellectual property due diligence and maintaining meticulous records, the Company dynamically tracks and effectively manages its intellectual property achievements. Additionally, the Company regularly conducts training for employees in key positions to enhance their awareness and professional competence in intellectual property protection.

Intellectual Property Creation

- Information Management: Establish a market intellectual property information tracking mechanism, focusing on industry development trends and patent application dynamics.
- Innovative R&D: Build an open R&D system, increase R&D investment, enhance technical and product innovation capabilities, and explore new points for patent protection during the research and development stages of technology platforms and product projects. Develop patent layouts for core technologies to lead innovation and protect against infringement.

Intellectual Property Protection

- Patent Search and Risk Assessment: Conduct patent searches and risk assessments for key R&D projects and products, and strengthen the monitoring of key market intellectual property risks.
- Innovation Protection: Establish an early warning system to prevent intellectual property risks, and apply for patents in multiple countries through PCT to secure global protection.

Intellectual Property Management

- System Protection: Build a comprehensive management system, establish a dedicated intellectual property management department, and clarify job responsibilities.
- Information Construction: Implement an intellectual property information management system to promote the standardization and normalization of patent management.
- Full Lifecycle Management of Patents: Manage patents from application, evaluation, maintenance to ensure the quantity and quality of patents.

Intellectual Property Utilization

- Deepening Patent Cooperation: Use patent sharing, technology alliances, and other collaborative innovation models to integrate multiple resources and achieve complementary advantages.
- Promoting Patent Commercialization: Explore patent licensing, transfer, and pledge financing to commercialize patent technology.

Intellectual Property Management Measures at Hisense HA

Key Performance

In 2024

The Company applied for 3,603 patents, including 1,474 invention patents; and obtained 2,396 patent grants, including 705 invention patent grants and 705 invention patents applied to the main business

The Company conducted 30 patent application promotion and training sessions in 2024, with a total attendance of 1,358 participants

By the end of 2024

The Company has a total of 622 trademarks and 95 copyrights

Product Innovation and R&D

Hisense HA actively capitalizes on the trend of green consumption while deeply exploring the innovation pathways of high-end, intelligent, and environmentally friendly development. The Company builds a green value transmission chain that includes technological R&D, product design, and service delivery to create a holistic system of home appliance products that encompasses a full range of categories, scenarios, and intelligent features, offering customized products and service experiences that effectively meet the diverse needs of consumers. The Company is dedicated to technological innovation, integrating the principles of green development into product R&D processes and continuously striving to reduce the carbon footprint of products throughout their entire lifecycle. This commitment allows users to access low-carbon, intelligent, and healthy product choices while facilitating a gradual green transition from individual homes to the broader context of industry and society.

High-end

- Technological innovation and upgrades
- Scenario-based high-end experience
- Artistic high-end design
- Integration of globalization and localization

Intelligent

- Development of personalized functional products
- Breakthrough in AI technology
- Smart living solution in multiple scenarios

Low-carbon

- Low-carbon technology
- Green products
- Green materials
- Structural optimization
- Energy efficiency upgrade
- Low-carbon solutions

Innovative Technology Upgrade

Fueled by local innovation and global presence, Hisense HA expands its competitive advantage within the high end of the industry chain. In addition to advancing technological innovation, the Company fosters an organic integration of Eastern aesthetics with leading global industrial design concepts.

Integrate Technology and Aesthetics to Create a High-End Quality of Life

The Tresor set, Hisense HA's product lineup, delivers exceptional living experiences for discerning consumers through application scenarios such as smart living rooms, built-in kitchens, ventilated bedrooms, and laundry on the balcony. The Tresor air conditioner products feature front-mixed ventilation technology alongside an all-area purification system and incorporate nano-catalyst antiviral technology to significantly enhance air quality. The Tresor refrigerators are designed around a vacuum and built-in concept, utilizing ion sterilization and odor purification technologies, as well as a vacuum preservation device, to balance health and aesthetic appeal. The Tresor washing machine employs Ultrasonic Running Water Washing 3.0 technology, effectively balancing cleaning efficiency with resource conservation to provide a more intelligent and environmentally friendly user experience.

Technological Innovation Leads the Trend of High-End Artistic Home Appliances

Gorenje, an artistic home appliance brand under Hisense HA, embraces a people-oriented design philosophy and transcends the boundaries between design and art through innovative technology to create high-quality appliances for customers. In 2024, the gorenje G800 series built-in oven was awarded the Red Dot Design Award, while the master art set gorenje by Ora ïto won the AWE 2024 Design Award in the same year. Those awards showcase significant achievements in the integration of sustainable development concepts with high-end design.

Intelligent Product Development

Hisense HA prioritizes four core needs: health, comfort, energy conservation, and intelligence. By accurately identifying users' diverse product requirements across multiple scenarios, the Company continuously invests in AI technology, accelerates its digital transformation, and consistently launches market-leading intelligent products. These innovations aim to create comprehensive smart living solutions that encompass areas such as smart kitchens, smart energy management, smart services, smart air purification, and smart cleaning.

Core Demand Drives Technological Breakthroughs and Establishes a New Benchmark for Intelligent Comfort

In the domain of household air conditioners, Hisense HA unveiled two significant technological projects in 2024: the Research and Application of Key Technologies for Multi-source Noise Control in Air Conditioners and the Research and Application of AI Recognition and Control Technology for Personalized Thermal Comfort in Air Conditioners. The systematic approach to noise control has effectively addressed technical challenges for air conditioner manufacturers. Additionally, breakthroughs in infrared human sensing technology—from mechanism to recognition and control—have disrupted the long-standing monopoly of infrared human sensing modules in air conditioner products. These advancements have enhanced sound quality and personalized user thermal comfort. The series of products has garnered multiple awards at the China Light Industry Elderly-Oriented Innovative Products and Smart Health Solutions Competition 2024.

AI-Driven Temperature Control and Energy-Saving Technology Achieve New Breakthroughs in Refrigeration

In January 2025, Hisense HA launched a 780W large-screen intelligent refrigerator that seamlessly integrates AI technology into various usage scenarios, enabling AI to connect different functionalities, including recipe recommendations, ingredient buying, ingredient management, refrigerator linkage, intelligent cooking, personalized wine recommendations, and automatic tableware washing, which has earned international market recognition. The Company's vacuum series refrigerator products further utilize AI control systems to accurately regulate preservation parameters, significantly improving preservation efficiency and reducing energy consumption. This series achieved the first AI energy-saving certification in the home appliance industry.

Low-carbon Product Transformation

While accelerating scenario-based upgrades, Hisense HA places significant emphasis on the research and development of fundamental, original, and disruptive green innovation technologies. The Company explores the application of renewable and biodegradable materials alongside energy-saving and emission-reduction technology transformation projects, consistently integrating green concepts into all facets of research and development, production, and sales, striving to create a green and sustainable development model that spans the entire value chain.

Smart Cleaning and Care Technologies Promote Green Development with High Energy Efficiency

Hisense HA develops high-efficiency laundry products with large-diameter platforms, which are equipped with smart sensors and control systems. These innovations enable iterative enhancements in precise control and energy savings during washing and maintenance processes, including intelligent regulation of detergent inputs and optimized water utilization. Meanwhile, the Company applies innovation research in high-efficiency motors, variable frequency technology, and efficient drying practices to lower energy consumption throughout the washing process, thus elevating the overall energy efficiency of its machines to meet the European standard of A-50%. Furthermore, the Company utilizes post-consumer recycled (PCR) materials and green design principles in laundry, effectively reducing carbon content in raw materials and enhancing energy efficiency. Collaborating with TÜV Rheinland, Hisense HA also conducts full lifecycle product carbon footprint calculations and actively seeks pathways for product carbon reduction.

AI-Powered Energy-Saving Mode: Fulfilling the Mission of Low-Carbon Environmental Protection

In September 2024, Kelon Air Conditioner, a subsidiary of Hisense HA, launched the Small Ear LT series floor standing and wall-mounted air conditioners, which innovatively feature 6-point temperature sensing detection and big data algorithms. This technology allows for precise control of indoor temperature and humidity with a single click. The series incorporates an intelligent AI-powered energy saving mode that meets the standards for Level I energy efficiency. The energy-saving rates for wall-mounted air conditioners can reach between 24% and 36%, while cabinet units achieve savings of approximately 15% to 28%. Utilizing the AI-powered energy saving mode, the floor standing and wall-mounted air conditioners can save up to 270 kWh of electricity annually, reducing carbon dioxide emissions by 210 kg—equivalent to the environmental benefit of planting 11 trees—thus generating dual benefits of enhanced efficiency and low-carbon environmental protection.

Green Material Innovation: Addressing Environmental Protection and Energy Conservation Trends

Hisense HA is actively promoting the use of cleaner refrigerants in air conditioners and has innovatively introduced low-carbon materials to replace components in household air conditioning systems. In 2024, the Company's central air conditioner business replaced the R410A refrigerant in most of its overseas air source heat pump (ATW) products with R32 refrigerant, resulting in an annual reduction of 16,900 tons of carbon emissions. Furthermore, over 60% of its unit products have transitioned to R32 from R410A, resulting in an additional annual reduction of 301,600 tons of carbon emissions per year. In the household air conditioning sector, the Company's primary models of commercial air conditioners sold domestically and most exported units utilize the cleaner R32 refrigerant. Several product categories, such as sterilizers and mobile air conditioners, have gradually switched to R290 refrigerant, which has a global warming potential (GWP) close to zero.

In the realm of material innovation, Hisense HA adopts newly developed polypropylene (PP) modified materials to replace traditional PC/ABS materials used in the production of air conditioner's volute casing. This transition has achieved a 30% reduction in the carbon footprint of the substrate, a 6% reduction in density and weight, and has significantly decreased carbon emissions during transportation, as well as reduced electric heating energy consumption during processing. Moreover, the Company has replaced conventional flame-retardant ABS materials with newly developed halogen-free flame-retardant PP materials for the manufacture of air conditioner's electrical boxes, resulting in a 30% reduction in the carbon footprint of the substrate and effectively curtailing the consumption of electrical and thermal energy in the production process.

Product Structure Optimization to Improve Space Efficiency and Environmental Performance

Hisense HA WILL SPACE Super Space refrigerator and Dual Clean Super Space refrigerator utilize advanced foaming technology to reduce the inner wall thickness to 33 millimeters, thereby expanding internal space by 20% and significantly enhancing space utilization efficiency. Additionally, the foam content in the Rongsheng WILL SPACE Super Space refrigerator is 6,900g, which is 3,100g less than that of traditional models, equivalent to reducing carbon dioxide emissions by 11,074g.

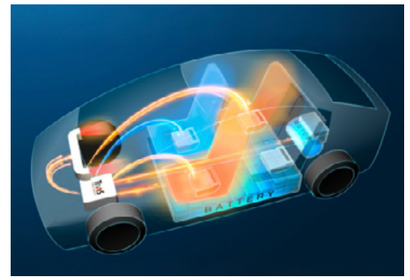
The Company also adopts modular product design for the structure, packaging, refrigeration, electrical control, and other components of refrigerators and freezers. Based on the functional characteristics of each module, the Company performs parametric decomposition, enabling,independent operation of each module and facilitating the use, disassembly, and recycling of products. This approach effectively reduces processing emissions at the end of the components' life cycle while meeting the diverse product needs for various applications.

Smart Building Management Promoting Urban Green Transformation

Hisense HA launches the customized ECO-B smart building solution to address the energy-saving demands of governments and enterprises. Hisense HA integrates IoT, big data, AI, and 5G technologies to create three management subsystems: the ECO-B Air air management system, the ECO-B Energy energy management system, and the ECO-B O&M operation and maintenance management system. This achieves efficient linkage throughout the entire lifecycle of building equipment. By uniformly regulating multi-split and heat pump systems, energy consumption is reduced by up to 30%. Currently, the solution is widely applied across five major scenarios: commercial buildings, industrial and mining enterprises, public government buildings, education and training, and healthcare. The Company empowers cities with technology to promote green and low-carbon transformation, creating a new paradigm of smart energy conservation for government and enterprise clients.

Breakthrough in Full Chain Technology to Promote Energy Conservation and Emission Reduction of New Energy Vehicles

Sanden Company, a subsidiary of Hisense HA, focuses on thermal management for new energy vehicles, innovatively developing a new generation of integrated thermal management systems combining direct refrigeration systems using natural refrigerant CO_2 and indirect refrigeration systems using natural refrigerant R290. These systems incorporate heat pumps, secondary circulation waterways, and waste heat recovery technology to provide efficient and balanced temperature control solutions for electric vehicle cockpits, batteries, motors, and electrical control systems. The concurrently launched new generation electric compressor platform advances high-pressure and miniaturization design to achieve low noise and efficient operation. Coupled with lightweight structures and refrigerant reduction technology, it effectively minimizes energy consumption and leakage risks. Furthermore, Sanden Company has pioneered a membrane heating split-type HVAC system that addresses working conditions for batteries under ultra-low temperatures, synchronously optimizing production processes to reduce carbon emissions. This full-chain technological innovation promotes energy conservation and emission reduction in new energy vehicles and creates an industry-leading green thermal management solution.



Sanden Company's Indirect Integrated Thermal Management System for New Energy Vehicles

Excellent Product Quality

Hisense HA always prioritizes product quality and safety and continuously improves quality and safety risk control mechanisms. The Company implements a quality-first policy throughout the entire life cycle of product R&D, production, transportation, and sales, thereby enhancing quality control capabilities across all stages of the product life cycle. To meet the compliance requirements of the global market, Hisense HA has established a state-of-the-art laboratory cluster accredited by the China National Accreditation Service for Conformity Assessment (CNAS). Furthermore, the Company has obtained quality and safety certifications for overseas products from respected international organizations such as TÜV Rheinland and TÜV SÜD, creating safe and reliable high-quality products and services for consumers worldwide. Additionally, the Company implements the "Four Deliveries" management system and fundamental quality management tools to rigorously monitor production process quality, promote process capability development, reduce process fluctuations, and maintain process stability. This comprehensive approach ensures continuous improvement in the quality of product delivery.

"Four Deliveries" Full Lifecycle Quality Management

R&D Delivery
- Support the delivery of marketable products through public research and common building blocks (CBB)
- Manage the qualified delivery of new products and spare R&D resources as early as possible
- Use different shipping methods for delivery targeting different markets

Materials Delivery
- Establish batch procurement permit mechanism for materials
- Strengthen the management of the ramp-up period to ensure the stability of material supply
- Spare material and technical resources as early as possible

Delivery of Manufacturing Products
- Strengthen 5M1E stability and change management
- Enhance basic management capabilities based on product requirements for different bases and shipping methods
- Focus on ensuring the stability of customized product supply

Delivery to the Market and User
- Incorporate warehousing and transportation into the control process
- Implement product protection for different markets and sales channels
- Identify the gap between product specifications, quality, and user needs

Basic Management

Comprehensive Quality Evaluation
- Key quality personnel training
- Quality improvement projects, QC topics
- Basic capacity building for each process
- Each process evaluation
- Quality information accuracy

Quality Management System
- Process tailoring
- Matching processes with business operations
- Process redesign
- Quality assurance project
- Process management
- Multi-form review

Hisense HA Product Full Lifecycle Quality Management

Hisense HA and its subsidiaries consistently refine their product recall mechanisms to align with their business requirements. They promptly recall products identified with quality issues and conduct full-process problem tracing and analysis to prevent the recurrence of similar issues, thereby safeguarding the legitimate rights and interests of customers and users.

Key Performance

In 2024

All production factories in the central air conditioner, household air conditioner, refrigerator, laundry, and kitchen appliance businesses passed ISO 9001 quality management system certification, achieving 100% coverage

0 product recall due to safety and health issues

Closed-loop Quality Management

Hisense HA prioritizes user needs as the foundation for its operations. The Company develops annual quality improvement plans and dynamically optimizes the full-chain quality control process. This approach continuously enhances the precision of matching product quality and market demand and ensures comprehensive product delivery quality and optimal end-user experience through standardized process management and abnormality tracing mechanism. Each business unit is dedicated to advancing quality improvement initiatives, promoting the upgrade of digital management systems, and strengthening the application of intelligent detection platforms alongside energy efficiency certification and standardized operations, significantly enhancing product quality and safety management efficiency.

Quality Improvement Measure	
Hisense Hitachi	In accordance with laws, regulations, and customer requirements, Hisense Hitachi rigorously implements an annual hazardous substance reduction plan. This involves testing and eliminating hazardous substances in materials sourced from suppliers, successfully reducing cadmium levels in raw materials to undetectable levels, ensuring that products are free from high-concern chemicals, and safeguarding user health and safety.
Air-Conditioner Company	Hisense Air Conditioner released the Global User Environment List standard for overseas markets and completed 17 ground survey projects in 2024 to ensure products meet the diverse needs of regions worldwide. The annual maintenance rate improved by 12% year-on-year. In terms of R&D delivery, Hisense Air Conditioner enhanced Product Quality Assurance (PQA) management responsibilities, concentrated on R&D process management, identified and mitigated 132 R&D-related problems, and decreased the 90-day repair rate of new products by 13% annually. Furthermore, Hisense Air Conditioner established a Production Part Approval Procedure (PPAP) for batch procurement permits in material delivery, collaborated with suppliers to execute quality improvement initiatives and reduced the 90-day repair rate of materials by 10% year-on-year.
Refrigerator Company	In 2024, Hisense Refrigerator promoted 15 quality improvement projects. These projects encompass reduced return rates in Japan, enhancements to ice-making machines, quality improvements for ice cooling compressors, reductions in internal losses, and cost reductions in quality prevention/identification. Each project team has optimized standards and enhanced reliability through design, materials, processes, after-sales support, and other aspects. A total of 702 quality improvement measures have been submitted, achieving a completion rate of 95%. Additionally, each project team has formulated 70 fixed standards and processes, resulting in a year-on-year reduction in economic losses of approximately RMB12.39 million.
Washing Machine Company	In 2024, Hisense Washing Machine promoted 18 quality improvement projects. These projects encompass reductions in external loss and internal loss, Net Promoter Score (NPS) improvement, and refinement processes. A total of 244 quality improvement measures were submitted, with the annual yield improvement rate expected to exceed 10%, and economic losses decreased by approximately RMB1.45 million year-over-year. Concurrently, the Six Sigma Black Belt Quality Improvement Project were undertaken to address the Improvement of MCU Failure in the Control Board of Front Load Laundry and the Improvement of Bearing Noise.

Key Quality Improvement Tasks and Achievements of Subsidiaries of Hisense HA in 2024

Quality Culture Development

Hisense HA places significant emphasis on fostering a robust quality culture. Grounded in the Company's quality management standards, business development needs, and employee competency requirements, the Company has established a quality culture system that engages all employees, from the decision-making level to the execution level, culminating in a quality management ecosystem that encompasses every employee and the entire operational process.

In 2024, the Company initiated 29 Six Sigma deep improvement projects, organized 1,283 quality control (QC) activities, and undertaken 70 specialized improvement projects. Notably, QC innovation achievements have received recognition from industry associations at or above the provincial level multiple times, effectively showcasing the success of the Company's quality culture initiatives.

Case | **Subsidiaries of Hisense HA Organizes Activities for Month of Quality**

In 2024, Hisense Hitachi launched a company-wide Month of Quality initiative themed "Compliance with Processes, Focus on Experience, Delivery Assurance, and Business Assistance." By building the positive atmosphere and publishing the quality culture, this initiative boosted quality awareness among all staff. There were 17 special improvement projects that identified and addressed various dimensions including internal and external loss support, user experience enhancement, increase in annual defect rates, and management vulnerability improvements to promote overall quality management enhancement. During the event, a total of 721 participants engaged in quality culture and knowledge-based quiz activities, fostering a positive atmosphere of collective participation in quality initiatives.

Hisense Hitachi Quality Knowledge Competition

Refrigerator Company 5M1E Change Management Enhancement Meeting

Refrigerator Company conducted the Supplier 5M1E Change Management Enhancement Meeting, attended by 510 executives and quality managers from suppliers. This meeting provided an in-depth analysis of four representative quality cases and illustrated the core value of the 5M1E (Man, Machine, Material, Method, Environment) management tool. Hisense Refrigerator delineated that suppliers must establish a change prequalification mechanism, enhance the information-sharing platform, and develop quality control firewalls at the source. Failed warning management would trigger the quality circuit breaker mechanism. This measure aims to encourage suppliers to collaboratively establish quality protection networks throughout throughout the supply chain and achieve the goal of reducing the component quality loss rate by 30% year-on-year.

Air-Conditioner Company also hosted activities in Month of Quality, with a focus on atmosphere creation, themed events, quality training, QC issues, product spot checks, and system audits, covering factories and various functional departments. A total of 92 quality activities were conducted during this event, including over 30 quality training sessions with more than 600 participants. Each factory actively identified and rectified 135 quality issues through internal inspection, effectively promoting improvements in process quality. Additionally, Air-Conditioner Company organized the inaugural OQC Inspection Skills Competition themed "Improve Skills, Show Skills" to elevate the skill levels of factory inspection personnel.

Month of Quality at Air-Conditioner Company

OQC Inspection Skills Competition

Refrigerator Company Manufacturability Improvement Week

Refrigerator Company Special Training Camp During the Week of Quality

In 2024, Refrigerator Company hosted its inaugural Week of Manufacturability Improvement under the theme "Smart Light, Creating Brilliance". During this event, Hisense Refrigerator identified 94 feasible improvement plans, resulting in a 30.81% reduction in working hours and an increase in the automation rate of key production lines from 19.1% to 54.76%. These changes have effectively enhanced manufacturing efficiency and quality control. Hisense Refrigerator also launched the special empowerment project on "Quality Foundation Building", and conducted 15 quality training camps, which cultivated over 500 quality professionals. By integrating case analysis with practical simulations, this innovative training method increased the tool application rate of the quality team by 65%, thereby providing robust theoretical support and practical guidance for quality analysis improvement and effectively promoting enhancements in refrigerator product quality.

Case | Hisense Mold Conducts Quality Training Activities

In 2024, Hisense Mold Company organized a six-month Six Sigma training course for key personnel in R&D, process, manufacturing, quality, procurement, and related positions. The objective of this training was to enhance the standardization and normalization of product production processes, reduce the incidence of product abnormalities, and continuously improve production efficiency and product quality. A total of 99 employees participated in this training, with an average training duration of nearly 35 hours per person.

Case | Hisense Washing Machine Launches Month of Smart Quality

In 2024, Hisense Washing Machine leveraged AI to empower the Month of Smart Quality and completed 23 innovative projects, including the Smart Production Review Project, Smart Customer Complaint Management System, and Laboratory Inspection Robot. Additionally, 31 quality reports were generated online, effectively enhancing the level of intelligent quality management.

Large Screen of OQC Digital Operation Center at Hisense Washing Machine

Quality Honors and Awards

Hisense Air Conditioner

Received the Excellence Award of the 8th Mayor's Quality Award from the Qingdao Municipal Government as the only smart home appliance company among the selected enterprises

The projects "Reducing the Failure Rate of Automatic Welding of Aluminum Evaporator and Condenser" and "Reducing the Failure Rate of Air Conditioning External Control Online" have respectively won the National Excellent Quality Management Group of Light Industry and the Guangdong Light Industry Quality Achievement Gold Award

The projects "Development and Application of Key Technologies for Improving Air Flow Quality of Ventilated Conditioner" and "Research on Reliability Technology for Improving Air Conditioner Energy Efficiency Based on Collaborative Heat Transfer by Asymmetric Fin and Dense Tube" won the Second Prize for Quality Technology from China Association for Quality

Hisense Refrigerator

The project "Reducing the Defect Rate of Box Leakage In Refrigerator Workshop" won the QC Achievement Publication Gold Award from the Quality Professional Committee of Guangdong Light Industrial Council

Hisense Hitachi

The project "Solving the Noise Problem of R Series Unit Outdoor Air Conditioning Unit under Commercial Power Conditions" was awarded as an excellent project by China Quality Management Association For Electronics Industry

Sanden Company

Received the Certificate of Appreciation for Excellent Quality from Nissan Motor Company, JLRQ certification from Jaguar Land Rover Automotive Co., Ltd.,and the Supplier Excellence Recognition from Caterpillar Inc.

Smart Manufacturing for Good Sustainable Development

Hisense HA further specifies green and low-carbon strategy. By implementing measures such as enhancing environmental management, optimizing production processes, improving pollution and waste management, and strengthening resilience to climate change, the Company promotes harmonious coexistence between companies and the environment, achieving long-term sustainable development.

Environmental Management System

Hisense HA has established environmental management system and green manufacturing framework that covers the entire value chain. The Company has implemented energy index management mechanism and product lifecycle environmental impact assessment process while actively exploring and applying the concept of zero-carbon factories. Grounded in the ISO 14001 environmental management system, the Company has achieved standardization through third-party certification. In addition, the Company has developed and revised numerous internal environmental management systems that address areas such as water resource recycling, air pollution prevention and control, waste management, clean production audits, green supply chain development, carbon emission accounting and management, and environmental emergency management and response. These measures ensure the Company's compliance with the environmental sector.

Key Performance

In 2024

the total investment in environmental governance and protection reached RMB 10.826 million, with 0 major environmental pollution incident and 0 administrative penalty for environmental violations.

Environmental Management Structure

The Company employs a hierarchical management model based on the concept of "coordinating by the headquarters and executing by the bases." The Company practices the principles of hierarchical management and business line-specific responsibility, and establishes strict environmental protection system that encompasses environmental goal setting, operational control, performance evaluation, and internal audits. An annual HSE performance responsibility document has been developed to measure, monitor, track, assess, and review overall environmental performance. Compliance with regulations regarding air emissions, wastewater, waste management, and noise is recognized as a critical risk area and is thus integrated into the assessment framework. Additionally, the Company promotes continuous communication with employees and external stakeholders, ensures prompt responses to HSE inquiries and complaints from partners, utilizes various communication methods to engage relevant parties, and enhances environmental responsibility capabilities.

Identification of Environmental Risk Sources and Emergency Management

The Company uses digital monitoring platforms to enhance environmental management efforts. The Company performs regular inspections of existing risk sources and conducts emergency drills to prepare for sudden environmental incidents. Additionally, the Company organizes more than 12 specialized safety and environmental inspections each year to identify potential environmental hazards. By implementing regular internal audits, conducting third-party management reviews, and providing employee training for empowerment, the Company establishes a continuous improvement loop for environmental management practices.

Development of Culture of Environmental Protection

In 2024, the Company conducted training on environmental protection topics, including the identification of environmental factors, hazardous chemicals, hazardous waste, wastewater treatment processes, waste gas disposal procedures, environmental emergency safety, the safety of "three wastes," zero waste factory plans, and the promotion of clean production. Concurrently, the Company actively engaged in HSE exchange activities with leading external companies to strengthen collaborative efforts in environmental protection.

Indicator[2]	Unit	2024
Training sessions on environmental protection and pollution prevention	Session	42
Employees trained in environmental protection and pollution prevention	Training counts	8,597
Total duration of environmental protection and pollution prevention training	Hour	20,968

[2]The statistical caliber is based on Hisense HA's affiliated operating factories, excluding Sanden Company.

Case | Build Carbon Energy Management System

Hisense HA promotes standardized management of energy carbon across dimensions such as strategy, organization, execution, and assessment. Within Hisense HA's energy carbon management framework, responsibilities are clearly delineated, and the internal energy carbon management system is subject to continuous improvement. Systematic regulation covers all aspects of energy carbon management, with established clear standards and processes. Additionally, Hisense HA mandates the formulation of annual targets in the fourth quarter each year. Furthermore, Hisense HA has established a carbon energy performance evaluation system, complemented by an accountability mechanism for units that significantly exceed set standards. The outcomes of energy-saving and carbon reduction efforts are closely tied to employee performance, with rewards allocated proportionally based on the level of energy savings and carbon reductions achieved by each project. This approach encourages departments and individuals to actively engage in energy-saving initiatives.

Energy and Carbon Management System

Energy management	Organizational Carbon Management			Product carbon management
Energy data management	Organizational carbon management	Carbon reduction management	Carbon asset	Product carbon footprint
Energy consumption indicator	Target setting for emission control	Target setting for carbon reduction	Carbon quota management	Overview of product carbon footprint
Energy consumption and efficiency analysis	Annual inventory check	Carbon reduction pathway	Asset analysis	Product carbon footprint accounting
Energy consumption prediction	Carbon emission testing	Carbon reduction project	Carbon Trading Ledger	Analysis and Reporting of Product Carbon Footprint

Governance Structure, Systems, Process Mechanisms, and Intelligent Information System Support

Case | The World's First Multi split Central Air Conditioner Selected into the List of Global Lighthouse Network was Located in Hisense HA

The Hisense Hitachi Huangdao factory, recognized as a National Intelligent Manufacturing Demonstration Factory, was selected into the list of Global Lighthouse Network as the world's first multi-split central air conditioner by the World Economic Forum (WEF) in October 2024, owing to its exceptional production capacity and technological innovation. In pursuit of low-carbon transformation and sustainable development, the factory has established digital transformation committee, adopted advanced technologies, integrated green innovation concepts throughout the multi-split manufacturing process, created numerous leading energy-saving and efficient application scenarios, and facilitated the green and low-carbon transformation of its production methods.

Digitalization and Intelligent Production Workshop at Huangdao Factory

Key Performance

34
factories[3] obtained ISO 14001:2015 environmental management system certification

97 %
accounting to up to

12
factories obtained GB/T23331-2020 or ISO 50001:2018 energy management system certification

34 %
accounting to

9
national-level green factories

5
national-level demonstration business for green design in industrial product

4
national-level companies with green supply chain management

2
zero carbon factories

9
provincial-level green factories

5
national-level companies with green supply chain management

Hisense Hitachi's Huangdao factory was listed in the list of Global Lighthouse Network

Hisense Hitachi Zero waste landfill management system ("zero waste factory") certification

Hisense Refrigerators and Hisense Air Conditioning won the title of "Waste Free Factory" in Qingdao

[3]The Company sold one factory with ISO 14001:2015 environmental management system certification in 2024.

Emissions Management

Hisense HA prioritizes full lifecycle management of pollutants and emissions, guided by principles of source control, low emissions, reduced pollution, and zero landfill. The Company advocates for the use of clean energy to cut exhaust emissions, implements stringent measures to regulate wastewater discharge, enhances waste classification and recycling efforts, and strives to reduce its environmental impact, thereby achieving harmonious balance between economic growth and environmental sustainability.

Key Performance

In 2024

0
emission exceeding the prescribed limit or illegal emission

Water Management

Hisense HA integrates intensive water utilization into the core sustainability strategy, and establishes comprehensive management system that encompasses the entire cycle of water withdrawal, use, and discharge. The Company relies exclusively on the municipal pipeline network for water supply in production and operation. Key water use scenarios include production and manufacturing processes, cooling circulation systems, boiler operations, environmental protection treatments, and domestic fire protection. To enhance water efficiency and reuse rates, the Company optimizes water-saving processes and equipment, renovates high water-consuming processes and factory circulating cooling systems, implements intelligent monitoring of pipeline networks, conducts specialized inspections for water leakage, utilizes circulating water systems with storage tanks, collects and uses rainwater, recycles and reuses process wastewater, among other initiatives. Additionally, the Company constructs tap water booster stations to address low water pressure issues in the workshop to ensure a stable water supply.

Case | **Sophisticated Water Management**

The Company creates an efficient water-saving system through systematic technological upgrades and intelligent management. The specific measures implemented are as follows:

- The circulating water station incorporates an automatic dosing system that dynamically adjusts water quality, suppresses microbial growth, and reduces the frequency of drainage within the circulating water system
- Cooling water from air conditioners is directed to the refrigeration station and cooling tower for recycling
- The Company conducts inspections and repairs on the water purifier unit, and replaces the RO membrane, activated carbon, and precision filter to optimize water production efficiency and minimizing wastewater discharge
- Ordinary water meters are upgraded to remote water meters, enabling real-time tracking of water usage data and analysis of abnormal fluctuations. This is complemented by daily manual inspections at booster stations to create a human-machine collaborative supervision network
- Corroded and aged pipelines are revamped to mitigate water leakage

Key Performance

In 2024

Used 406,574.51 tons of recycled water, accounting for 10.3% of the total

Hisense HA adheres to the principle of prioritizing prevention and implementing comprehensive management. The Company employs digital and intelligent technologies to rigorously control water pollutant discharge and ensure regulatory compliance. To achieve this, the Company constructs a centralized sewage treatment station to effectively manage industrial wastewater. Dedicated personnel or qualified third-party managers oversee the sewage station, ensuring the collection and discharge of industrial wastewater and domestic sewage in accordance with established standards. The Company utilizes an automatic monitoring system for 24-hour real-time surveillance and early warning capabilities, conducts regular monitoring of environmental factors, and develops emergency plans for water pollution incidents, including conducting drills and evaluations. Moreover, the Company actively promotes process improvements, eliminates high-water-consuming equipment, encourages wastewater recycling, reduces wastewater generation, and enhances reuse rates. In 2024, 100% of wastewater discharge were compliant in the Company.

Water Pollutant Emissions of Two Factories in 2024[4]

Indicators	Hisense (Guangdong) Kitchen and Bath	Hisense (Zhejiang) Air Conditioning
BOD emission (kg)	1,014.6	/
COD emission (kg)	3,822.3	3,756.0
PH emission (kg)	889.1	/
Ammonium emission (kg)	128.9	320.0
Fluoride emission (kg)	152.4	/
Chemical oxygen demand emission (kg)	976.0	/
Petroleum emission (kg)	58.3	/
Suspended solids emission (kg)	1,748.2	/
Total phosphorus emission (kg)	3.9	/

[4] In 2024, Qingdao Hisense Hitachi Air Conditioning System Co., Ltd. and Hisense (Guangdong) Kitchen and Bathroom System Co., Ltd. (main factory area) are under local major environmental risk control. Hisense (Zhejiang) Air Conditioning Co., Ltd. Is under local major soil pollution control. Its water pollutant emission data comes from the Hisense HA Group Annual Report 2024, as shown in the table. "/" indicates that it is not applicable or the relevant indicators have not been included in the supervision of the environmental protection department.

Waste Gas Management

Hisense HA emphasizes waste gas emission management and adopts the principles of green development. The Company introduces advanced equipment for real-time online monitoring of volatile organic compounds (VOCs), nitrogen oxides, and other waste gas emissions. By optimizing waste gas detection ports, installing waste gas collection hoods and dust removal systems, and upgrading treatment equipment such as water spray systems, providing efficient purifiers, employing activated carbon adsorption and thermal storage incineration technologies, the Company ensure that emissions comply with regulatory standards. Furthermore, the Company integrates real-time waste gas data into its workplace safety management platform, allowing for over-limit alarms and 24-hour dedicated monitoring. The Company develops and executes emergency response plans, ensuring prompt action in the event of unexpected emissions and minimizing community impact. Additionally, the Company is committed to continuous process upgrades, the use of environmentally friendly raw materials and low-volatility coatings, the elimination of dust and waste gas pollution processes, and an increased reliance on green energy to reduce emission levels at the source. In 2024, the Company conducted environmental monitoring and impact assessments of waste gas emissions in accordance with applicable laws and regulations, ensuring that all emission outlets adhere to standards. Notably, the Jiangmen factory achieved China Manufacturing Maturity Model Level 3 in the sub-domain of environmental protection.

Air Pollutant Emissions of Three Factories in 2024

Indicators	Hisense (Guangdong) Kitchen and Bath	Hisense (Zhejiang) Air Conditioning	Hisense Hitachi
VOCs emission (kg)	113.0	51.8	100.0
VOCs (calculated as non methane total hydrocarbons)[5] emission (kg)	3,200.6	/	/
Nitrogen oxide emission (kg)	1,150.3	685.0	/
Sulfur dioxide emission (kg)	365.8	158.0	/
Particulate matter emission (kg)	98.8	1,322.0	120.0
Canteen Grease Fume Emissions (kg)	/	9.0	/

[5] VOCs are quantified in terms of total non-methane hydrocarbons when measured and expressed.

Solid Waste Management

Hisense HA systematically classifies, collects, stores, and disposes of general solid waste—including metals, plastics, packaging materials, production waste, and office waste—as well as hazardous waste, which comprises electronic components containing heavy metals, waste oil, refrigerants, and other harmful chemicals requiring compliant treatment. Hazardous waste storage areas are clearly marked with warning signs, and the mixing or processing of incompatible hazardous waste is strictly prohibited. Both hazardous and general solid waste are transferred to qualified units for disposal. The Company establishes chemical safety management regulations and conducts regular drills to standardize the management of hazardous chemicals from procurement to disposal. Adhering to the principles of waste disposal—namely reduction, recycling, and harmless treatment—the Company engages a third party to recover useful components and energy from solid waste, thereby reducing waste generation and enhancing resource recycling.

Case | Hisense Hitachi Obtained Three-Star Certification for Zero Waste Landfill Management System, Leading Green Transformation Across the Industry

Qingdao Hisense Hitachi Air Conditioning System Co., Ltd. has achieved the highest three-star certification from T Ü V Rheinland's Zero Waste to Landfill Management System Certification for Greater China. The Company's waste recycling rate reached 83.58%, with 618.5 tons of wooden pallets recycled throughout the year, establishing it as a benchmark for the green transformation of manufacturers in China. Hisense Hitachi has formed a dedicated team to develop a full lifecycle management system, and collaborated with the supply chain to implement the Internal Thread Copper Tube/Aluminum Foil Tray Recycling Project. This initiative addresses the issue of wooden tray incineration and reduces environmental impact.

Hisense Hitachi Obtained Three-Star Certification for Zero Waste Landfill Management System

	Tons	%
Disposed or Recycled by Third Parties	41,457.48	86.90%
Company Recycling	5,811.97	12.18%
Waste Landfill	434.95	0.91%

	Tons	%
Landfilled	25.32	2.17%
Incinerated (with Energy Recovery)	263.58	22.64%
Incinerated (without Energy Recovery)	341.81	29.35%
Disposed by Third Parties	533.73	45.84%

2024 Waste Disposal Situation[6]

Key Performance

In 2024

Injection molding scrap recycled and reused 5,811.97 tons, recycling rate 100%

Noise Pollution Control

Hisense HA implements thorough planning, source prevention, and extensive control measures for noise pollution management. The Company prefers low-noise equipment and production processes to minimize noise generation at its source. Additionally, noise levels during production are further mitigated through technological innovation, equipment replacement, and other strategies. The Company has installed soundproof walls and sound-absorbing ceilings in its production facilities and utilizes electronic valve silencers for noise reduction. The production facilities are also equipped with professional monitoring equipment to regularly assess factory noise levels. Furthermore, the Company provides employees with protective gear, such as earplugs and earmuffs, and conducts training programs to promote a quiet working environment and safeguard surrounding communities. In 2024, the Company's maximum noise emissions were below national standards.

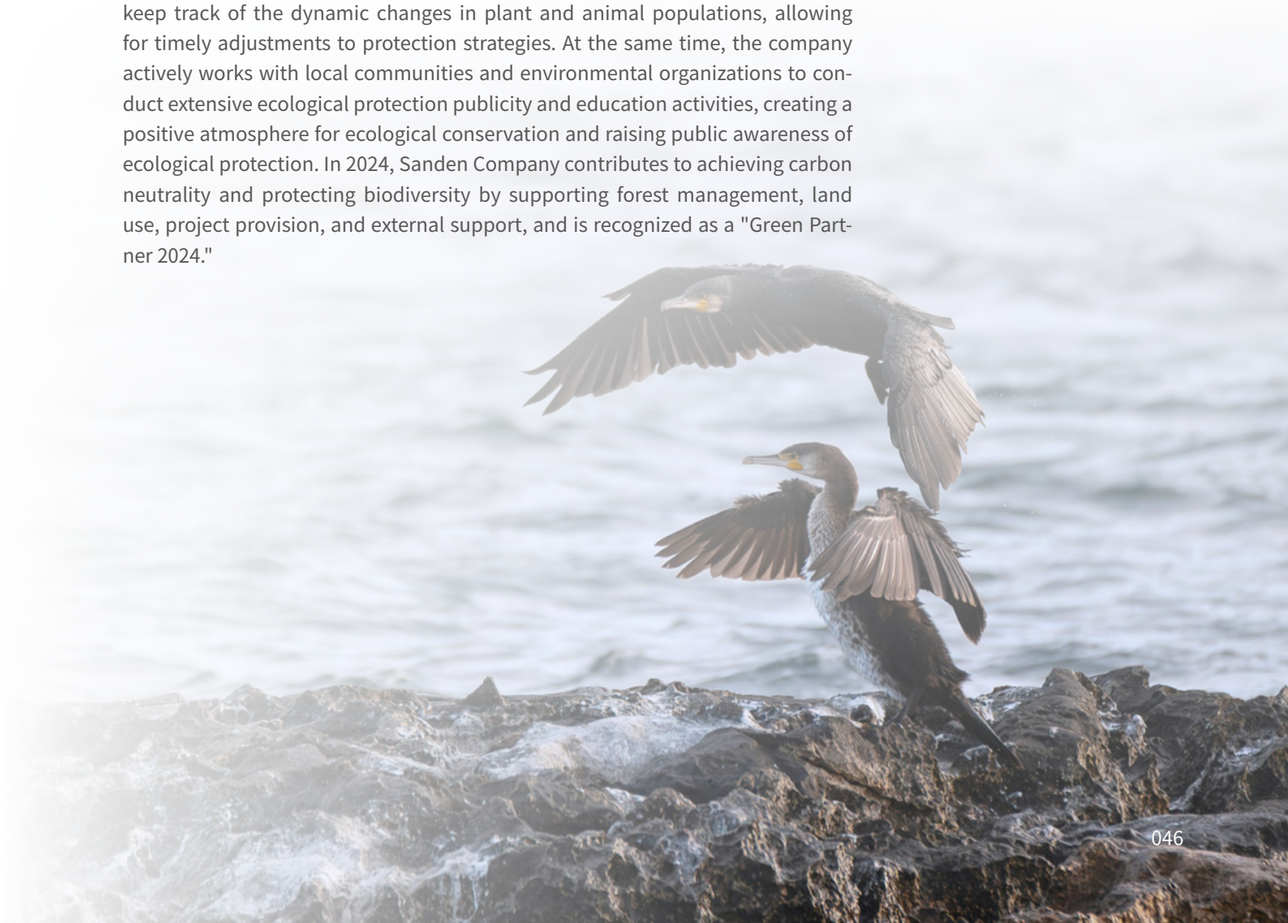
[6] The statistical scope includes operational factories affiliated with Hisense HA.

Biodiversity Conservation

Hisense Home Appliances integrates biodiversity conservation into its corporate sustainability strategy and actively fulfills its ecological responsibilities through eco-friendly operations, green technology innovation, and social collaboration. The company creates a favorable habitat for wildlife and contributes to biodiversity protection by conducting self-monitoring of soil and groundwater, planting native vegetation around production sites, promoting bio-based and degradable materials, implementing water recycling, controlling waste and pollutant emissions through various measures, developing low-carbon and low-noise products, and cooperating with conservation organizations to support the protection of endangered species and habitat restoration. In 2024, the company has no biodiversity-related risks.

Sanden Company, a subsidiary, strictly adheres to the 30 by 30 natural coexistence site certification standards set by the Japanese Ministry of the Environment and has passed this natural coexistence site certification. The company reduces the burden on the ecological environment by purchasing green certificates, eliminating outdated equipment, and decreasing energy consumption and pollution during the production process. Regular ecological monitoring is carried out to keep track of the dynamic changes in plant and animal populations, allowing for timely adjustments to protection strategies. At the same time, the company actively works with local communities and environmental organizations to conduct extensive ecological protection publicity and education activities, creating a positive atmosphere for ecological conservation and raising public awareness of ecological protection. In 2024, Sanden Company contributes to achieving carbon neutrality and protecting biodiversity by supporting forest management, land use, project provision, and external support, and is recognized as a "Green Partner 2024."

Sanden Company Recognized as a Green Partner 2024

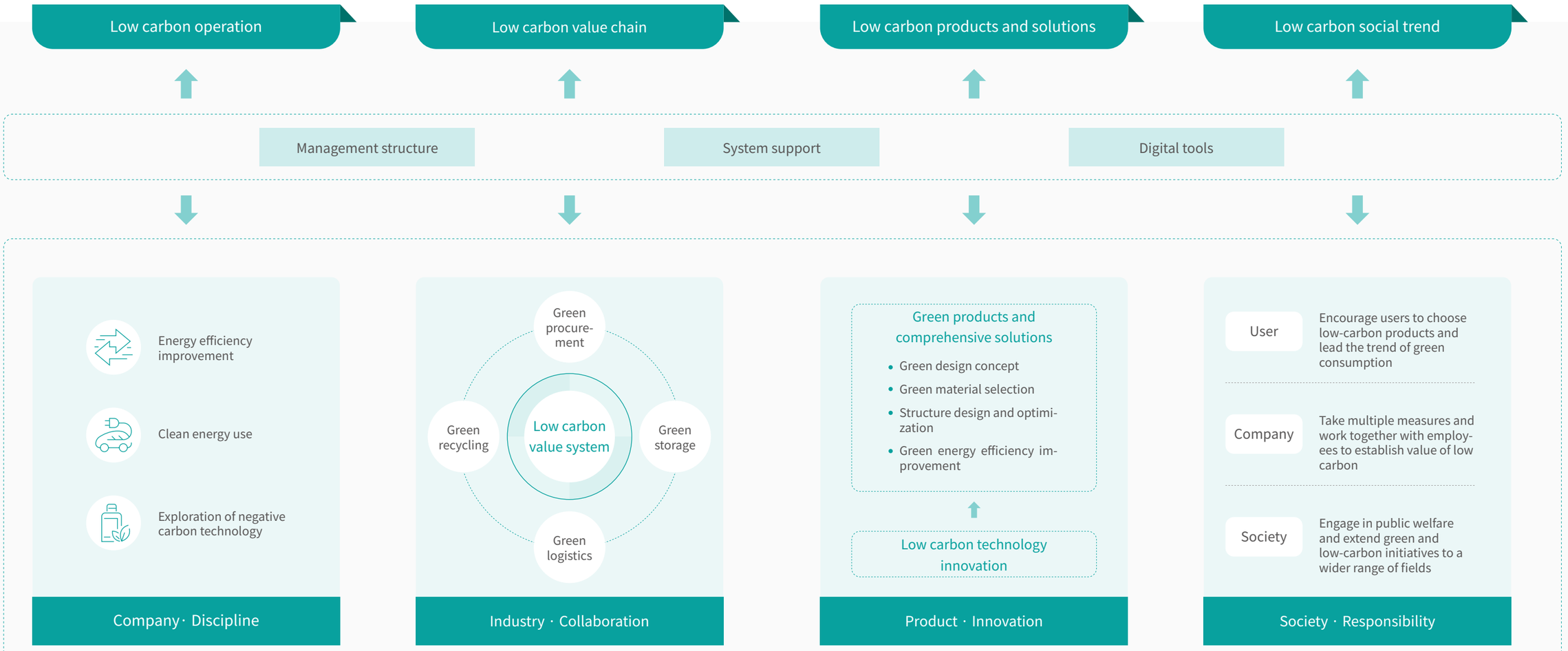


Response to Climate Change

To proactively respond to climate change and achieve operational carbon neutrality goal by 2050, Hisense HA is developing a dual carbon management and accounting system. By optimizing green design across the full product lifecycle, innovating production processes, implementing intelligent and refined operations, promoting eco-friendly disposal, fostering extensive collaboration, and enhancing awareness, Hisense HA effectively practices green principles, establishes a new pattern of sustainable and low-carbon living, strengthens climate resilience, and supports sustainable development.

Hisense HA Carbon Neutrality Action Roadmap

In 2024, Hisense HA published its inaugural carbon neutrality white paper, deeply committing to the concept of green development across four dimensions: low-carbon operation, low-carbon value chain, low-carbon products and solutions, and low-carbon social trends. The Company is dedicated to realizing its low-carbon transformation blueprint and actively contributing to the achievement of the global goals outlined in the *Paris Agreement.*



Hisense HA' Carbon Neutrality Action Roadmap

Create Green and Low-carbon Lifestyle

Hisense HA is driven by technology and focused on user-centric design. By offering green, low-carbon, and intelligent products and solutions, the Company creates sustainable living environments, fosters strong connections with users and society, and promotes the widespread adoption of green living concepts.

01 Smart building

Lungs for Breath
ECO-B Air Management System

Energy Steward
ECO-B Energy Management System

Smart Brain
ECO-B O&M Operation and Maintenance Management System

02

Automotive air conditioner
Integrated thermal management system
Compatible with multiple cleaning refrigerants

Central air-conditioner
Photovoltaic direct drive heat pump technology, photovoltaic, energy storage, direct current, flexibility (PEDF) technology
Positive pressure liquid floating centrifugal chiller unit

Household air conditioner
Smart A1 power-saving mode
Accurate temperature and humidity control

03 Fridge

AI temperature control

AI energy-saving technology

Smart refrigerator report

Smart food management

04 Laundry

Photo recognition of detergent on APP

Intelligent detergent dispensing

Energy consumption intelligent statistics

05

Dishwasher
Smart washing system
DC frequency conversion technology
Water splitting technology

Cooker
Automatic temperature control
Smart recipe mode

Steam oven
Cooking recipe in one click
Multi-layer insulation design

Range hood
Smart air volume regulation

06 Mold

Hot pressing technology

Recycled materials

Progress in GHG Emissions

In 2024, Hisense HA continued developing online carbon management digital platform, launched and operate a Carbon Management System (CMS), established carbon inventory management framework, and enabled online management and simulation analysis of various business modules, including organizational carbon, carbon reduction, product carbon, and carbon assets. The Company organized greenhouse gas inventories in factories and produced the *Factory-Level Greenhouse Gas Inventory Template*. Additionally, the Company implemented full lifecycle carbon footprint certification and green low-carbon product certification for primary business segments. Furthermore, the Company compiled and released its inaugural carbon neutrality white paper. Sanden Company and Hisense Hitachi have taken the lead in joining the "Science Based Targets initiative" (SBTi).

To accurately assess greenhouse gas emissions, identify emission reduction opportunities, and facilitate green transformation, the Company engaged a third-party professional organization to conduct a comprehensive verification of greenhouse gas emissions within its operations and value chain in 2023. This assessment was based on the *Greenhouse Gas Accounting System: Business Accounting and Reporting Standards, Greenhouse Gas Accounting System: Business Value Chain (Scope 3) Accounting and Reporting Standards*, and *ISO 14064-1:2018 Norms and Guidelines for Quantification and Reporting of Greenhouse Gas Emissions and Removals at the Organizational Level*, and received third-party verification certification (see Appendix for details). Concurrently, we conducted an inventory and statistical analysis of the carbon emissions data in 2024 utilizing our internal carbon inventory tool.

Case | Anchoring Carbon Neutrality Goals and Promoting Carbon Emission Management

In 2024, Hisense Hitachi joined the Science Based Targets initiative (SBTi) and published a carbon neutrality white paper, which designates 2023 as the baseline year for carbon emissions and completes climate risk identification and assessment. The Company has established the goal of achieving carbon neutrality within operations by 2038 and carbon neutrality within full value chain by 2050. Based on these objectives, annual climate strategy indicators for Scope 1, Scope 2, and Scope 3 emissions are broken down, and key projects are integrated into daily management and oversight. Implementation is facilitated through monthly energy and carbon meetings.

Hisense Hitachi Carbon Neutrality White Paper and Action Pathway

Key Performance

12
products received the Full Life Cycle Carbon Footprint Assessment Certificate

16
products received the Green and Low Carbon Electrical Machinery Parts Product Certification

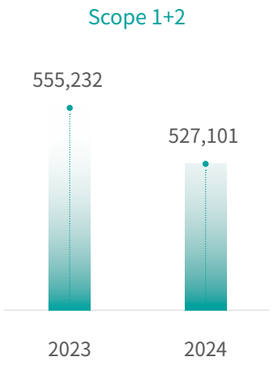
24
products received the China Refrigeration and Air Conditioning Industry Product Carbon Footprint Certificate

Low Carbon Design

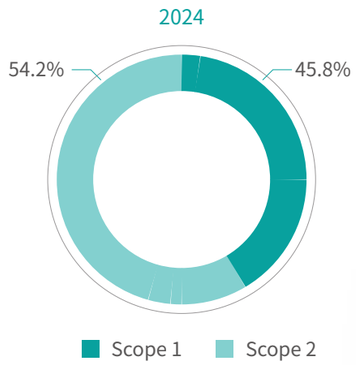
Hisense HA is committed to the Life Cycle Assessment (LCA) concept of full life cycle green design and employs an Integrated Product Development (IPD) process in product design. Centered on technological innovation, the Company utilizes digital simulation platforms to continuously optimize product performance and structural design. The Company prioritizes the use of non-toxic, harmless, low-toxicity, and low-harm, high-strength environmentally friendly materials. Additionally, the Company favors refrigerants (R600a, R134a) that comply with environmental standards and actively promote reduction design strategies to minimize resource consumption and carbon emissions from the outset, comprehensively mitigating the environmental impact throughout the entire product life cycle. In 2024, the company's proportion of products with first-class energy efficiency was 79%, marking a year-on-year increase of 12.9%.

Choose green and low-carbon materials	Reduced design	Recycled Design	Optimize product structure	Optimize performance and energy consumption
Prioritize the use of renewable materials such as biobased and bamboo fiber, biodegradable packaging materials such as paper or biodegradable plastics, and recyclable materials with high recycling rates or single materials to minimize the burden on the environment	Optimize product structure, reduce use of materials, and lower packaging volume to achieve reduced design	Adopt standardized interfaces and easily detachable structures to improve the recyclability and disassembly of products, and enhance the rate of components used and recycled	Use modular design and lightweight material to optimize product structure, reduce material use and processing energy consumption, and facilitate end-of-pipe disposal and recycling	Adopt advanced simulation technology and experimental verification, develop and apply new environmentally friendly materials, reduce resource consumption, optimize product energy efficiency, and reduce greenhouse gas emissions

Practice Green Design Throughout the Product Lifecycle from Multiple Perspectives



Annual Change in Total Emissions of Scope 1+ Scope 2 for Hisense Home Appliances[7] (tons of CO_2 equivalent)



Percentage of Scope 1 and Scope 2 Emissions for Hisense Home Appliances in 2024 (%)

[7] The greenhouse gas data for 2023 has been verified and confirmed by a third party, and the 2024 data was calculate in the same manner.

Case | Exploring New Low-Carbon Design for Air Conditioner Products

In 2024, Hisense Hitachi continued the principles of green development and achieved notable advancements in front-end product design. The Company explored a new reinforced coupling center plate structure, resulting in a 10% reduction in carbon emissions from the raw materials used in single-fan units. The isentropic efficiency of the positive pressure liquid floating oil-free variable frequency centrifuge has been significantly enhanced, and the products earned the Gold Award Product honor at the China Refrigeration Exhibition 2024. Compared to traditional fixed-frequency centrifuge products, this innovative model saves approximately 222.93 million kWh of electricity and reduces carbon dioxide emissions by about 127,100 tons per 1,000 units per year, thereby assisting users in achieving a low-carbon lifestyle.

Case | Lightweight and Reduced Design of Refrigerator Products

Hisense Refrigerator has established a new production line utilizing advanced foam technology and low-carbon material innovations, achieving a 44% reduction in refrigerator thickness while expanding internal space by 20%. Each WILL SPACE ultra space refrigerator can decrease carbon dioxide emissions by 11.07 kg, addressing carbon emissions at the source of raw materials and contributing to the green transformation of the home appliance industry.

- The refrigerator liner and evaporating dish consist of over 30% recycled plastic, which saves 60,000 tons of plastic annually.
- Refrigerator drawers are made from modified polypropylene filled with biomass, and the structural components are made of biobased PA56, which reduces component carbon emissions by over 70%.
- The refrigerator door employs ultra-high strength door foam technology, which reduces the amount of door material injected by 3%.

WILL SPACE Ultra Space Refrigerator

Low Carbon Production

Hisense HA identifies critical areas for emission control in the production process by analyzing greenhouse gas inventories and product carbon footprints. By implementing energy-saving and consumption-reduction measures—including phasing out outdated equipment and processes, optimizing energy use, promoting clean energy utilization, monitoring refrigerant leaks, advocating for the use of R454B refrigerant, and purchasing carbon credits—Hisense HA reduces energy consumption per unit product while comprehensively advancing its low-carbon transformation in the production process to support the achievement of carbon neutrality during operations.

Build information-based energy management system

Hisense HA fully deploys the digital Carbon Management System (CMS) carbon management platform, the ECO-B energy management platform, the EMS energy management center, and the energy management information operation dashboard to achieve real-time, accurate monitoring of energy data and intelligent control of refrigerant data collection at all stages. This system analyzes pipeline leakage situations and recovers refrigerant from malfunctioning equipment to minimize leakage.

Establish digital control platform for refrigerant leakage

Hisense HA collects refrigerant data at each stage, analyzes pipeline leaks, and recycles refrigerant from abnormal equipment to reduce refrigerant leakage

Lean production management

Hisense HA employs high-efficiency energy-saving equipment integrated with AI intelligent control for real-time monitoring and optimization of energy efficiency. This approach facilitates lean production management and the intelligent transformation of technology, continuously optimizing production processes and reducing energy waste.

Optimize production process

Energy-saving technological upgrades are implemented for energy-intensive processes, such as regenerative thermal oxidizers (RTO), drying furnaces, injection molding, and spraying. Additionally, waste heat recovery technologies are adopted to convert waste heat into usable energy, thereby reducing reliance on steam and electricity.

Improve energy structure

Hisense HA constructs distributed photovoltaic power generation systems in factories and carports, pilots wind power generation projects, purchases green certificates, and explores the large-scale popularization of green energy in the production process.

Main Measures for Low-Carbon Production Practice

Case | Air Conditioner Refrigerant Leakage Management

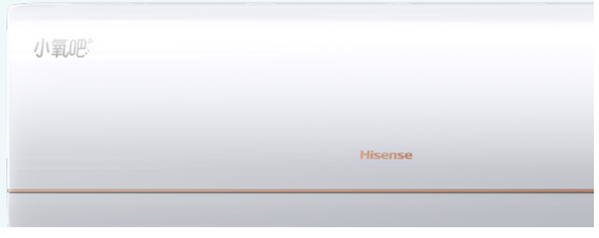
Hisense HA upgrades air conditioner refrigerant and takes measures to minimize leakage. During production, the Company strictly monitors the accuracy of refrigerant charging, optimizes processes to reduce leakage, enhances research and development of energy-saving air conditioning technologies, raises the threshold for refrigerant leakage alarms, and effectively reduces greenhouse gas emissions and ozone layer depletion.

On Production Side

- By incorporating mass flow meters, the Company achieves real-time energy consumption statistics, along with real-time alerts and repairs for abnormal issues to reduce and eliminate pipeline leakage, with an anticipated improvement of 50%.
- By conducting real-time comparison system CPK analysis and continuously monitoring the stability of refrigerant charging, the Company eliminates inspection-related refrigerant waste, which is expected to improve leakage by 90%.
- The recycling system recovers and filters refrigerant from faulty machinery, residual refrigerant in joints, and experimental machines, which is expected to improve leakage by 90%.
- Process changes have resolved the issue of residual leakage from tooling boards, which is expected to improve leakage by 62.09% at the process stage.

On User Side

- An AI diagnostic model based on the Local Space Method (LBC) has been deployed to generate a fault pre-diagnosis system with over 90% accuracy. By predicting the status of the unit in advance and implementing maintenance measures, the system can increase the refrigerant leakage alarm by 15%, leading to a 33.86% improvement in leakage on the user side.



Subsidiary Companies	Energy Saving Measures in 2024	Comprehensive Energy Saving (ton of standard coal)
Refrigerator Company	Recovered waste heat of air compressor, conducted centralized vacuum for door stopper, and replaced outdated chiller	890
Hisense Hitachi	Switched to low-temperature volatile oils, merged drying furnaces and applied unmanned commercial inspection	733
Air Conditioner Company	Replaced powder under normal temperature with liquid alternatives under moderate temperature in the spraying line, upgraded to smart cloud-based control systems for air compression stations, replaced air compressors with high-efficiency models and retrofit high-efficiency energy-saving lamps	683
Mold Company	Applied electric infrared technology in spray lines, transformed air compression stations, integrated AI-based control for chilled water, conducted vacuum system gas supply and replaced outdated transformers	643
Sanden Company	Recovered energy from air compressors, replaced outdated air compressors, and reduced natural gas consumption in melting furnaces	397
Laundry Company	Implemented waste heat recovery for air compressors, replaced energy-saving lamps, substituted spray-painted plates with colored steel plates, and canceled the natural gas heating process	254
Kitchen and Bathroom Appliance Company	Renovated internal baking processes, and replaced traditional fan-type heating equipment with infrared radiation heating systems.	32
In Total		3,632

Hisense Refrigerator's Chengdu factory 2.5 MW photovoltaic power station has officially been connected to the grid and is operational

Key performance

The total installed capacity of photovoltaic systems has reached
76.53 MW

Renewable energy consumption accounts for
21.5 % of total electricity consumption

Approximately
65,377 green electricity consumption certificates have been purchased

Low Carbon Operation

Focusing on packaging, transportation, warehousing, and office operations, Hisense HA systematically implements multidimensional carbon reduction measures by promoting the use of green packaging materials, optimizing logistics systems, and adopting energy-saving management practices and digital office solutions to power the low-carbon and circular economy.

Key Performance

Hisense Hitachi utilizes an AGV logistics vehicle scheduling system, reducing distribution distances by **20** %

Achieved a **20** % reduction in energy consumption

Used **14,280.92** tons of recycled packaging materials

Recycled packaging materials account for **7** % of all packaging materials

Green Packaging

The Company upholds the principles of standardized product packaging with recycled, reduced and harmlessly treated materials. The Company prefers low-carbon, green, recyclable, renewable, and biodegradable packaging materials, such as corrugated paper, honeycomb paper, and calcium plastic boxes, while minimizing the use of non-recyclable materials, such as plastic and foam. This approach reduces resource consumption at the source and enhances the recyclability of packaging materials. Furthermore, the Company integrates product development processes guided by internal green packaging design standards and employs simulation technology to assess packaging reliability, minimizing excessive packaging. Additionally, the Company established packaging recycling network and actively engages in initiatives for packaging recycling and reuse to mitigate the negative environmental impact associated with packaging.

Green Storage

The Company develops the Warehouse Management System (WMS) to facilitate paperless tracking and intelligent scheduling of orders. Additionally, the Company introduces online warehouse area control and warning dashboard to reduce inefficient use of space. Upgrades to warehouse loading and unloading equipment are also made to decrease reliance on fuel-powered equipment. Furthermore, the Company takes comprehensive measures to promote energy conservation, emission reduction, and sustainable development in the warehousing sector by installing charging stations, implementing rooftop photovoltaic systems, and increasing the use of clean energy sources.

Green Logistics

The Company employs digital systems to optimize transportation routes, invests in clean energy vehicles, and implements various strategies to reduce energy consumption and emissions associated with transportation. Simultaneously, the Company actively shares its green logistics expertise and practical measures with suppliers, and collaborates to establish a low-carbon logistics network and contribute to sustainable development.

Promote the popularization of new energy vehicles	Increase the proportion of electric trucks and hydrogen-powered transport vehicles, and reduce carbon emissions during the transportation
Optimize transportation route planning	Plan transportation planning through bill consolidation and optimized packing, reduce mileage, conduct centralized distribution, improve transportation efficiency with the help of intelligent logistics platforms, and reduce unloaded ratio and fuel consumption
Build smart logistics platform	Launch TMS transportation management system, logistics vehicle AGV scheduling system, transportation trajectory platform, warehouse network optimization model display and real estate sales warning and control display, to integrate supply chain data and realize the visualization and efficient collaboration of the entire logistics process
Reduce the use of fossil fuels in various scenarios	Each factory continues to cancel diesel forklifts and use electric forklifts; Add large refrigerant tanks to reduce loads of freight vehicles, and lower oil consumption and greenhouse gas emissions

Green Logistics Measures

Green Office

The Company has issued internal documents outlining energy-saving requirements for lighting, air conditioning, paper use, and water consumption. The Company has installed metering systems to monitor electricity and water use, allowing for controlled energy consumption linked to specific equipment and processes. This approach facilitates a closed-loop system for identifying and addressing daily energy waste. Additionally, the Company adopts green office practices, including temperature control for air conditioning, centralized management, energy-efficient lighting upgrades, a paperless environment through digital transformation, and online meetings.

Encourage digital office practice

The Company implements paperless processes by replacing traditional paper-based operations with electronic approvals, cloud document, and online meeting systems to reduce resource consumption.

Upgrade energy saving equipment

Intelligent lighting systems, including motion-sensor LED lights and high-efficiency LED fixtures, are utilized in office areas, factory streetlights, and main workshop corridors; Utilize high-efficiency air conditioners and implement temperature control for different zones and during different times, establish alerts for abnormal electricity use in computers, and subsequently reduce overall energy consumption.

Green procurement and consumables management

The Company prefers to procure from environmentally certified office supplies, such as recycled paper and biodegradable stationery, and promotes shared rental models for office equipment to minimize waste generation.

Employee's low carbon commuting

The Company encourage environmentally friendly practices, such as walking or cycling for commuting and waste segregation, while also improving staff awareness of carbon reduction through training.

Green building renovation

Launch ECO-B Smart Building System app for intelligent control of air management, energy management, and operational maintenance within office buildings; undertake energy-saving renovations in office spaces, including the installation of insulation layers, photovoltaic power generation equipment, and natural dome skylight on factory roofs.

Main Measures for Low-carbon Office Practice

Development of Green and Low-carbon Culture

The Company ensures the implementation of environmental protection systems and low-carbon energy-saving measures through various strategies, including enhanced management practices and employee training. The Company fosters green and low-carbon awareness in which all employees are encouraged to engage actively in environmental protection and innovation. The Company regularly conducts internal training sessions focused on low-carbon capacity and awareness, encompassing professional skills development in areas such as carbon management, carbon verification, and clean production knowledge assessments. Additionally, employees are organized to join external low-carbon training programs on topics such as carbon emission management, energy management, and internal auditing for carbon verification, thereby enhancing their understanding of low-carbon practices.

Case | Active Implementation of Low-Carbon Theme Promotion Activities

In December 2024, Hisense Hitachi launched the Month of Dual Carbon Activity, focusing on various dimensions, including product green design, green supply chain management, low-carbon office practices, sustainable transportation, and environmentally-friendly operations to thoroughly investigate energy-saving and carbon reduction measures. Hisense Hitachi also held training sessions centered on energy conservation, environmental protection, and low-carbon education. Over 20 events were organized, along with more than 10 training sessions that attracted over 300 participants. The activities significantly enhanced low-carbon awareness among all employees and effectively promoted the progress towards dual carbon objectives.

Low Carbon Treatment of Wastes

To mitigate environmental pollution and encourage resource reuse, Hisense HA continuously implements electronic waste recycling program, fully establishes electronic product recycling system, and creates a broad-reaching and efficient network for green and low-carbon recycling. Strictly adhering to relevant environmental regulations domestically and internationally, Hisense HA categorically prohibits the direct or indirect export of electronic waste to non-OECD or non-EU countries through intermediaries, unless prior approval is obtained. This policy ensures that all electronic waste is processed in facilities that meet international standards, thereby preventing added environmental burdens in developing countries.

Hisense HA Traceable Waste Electronic Product Recycling System

Category	• The recycling initiative addresses a wide range of household appliances, including refrigerators, air conditioners, laundries, and small appliances like microwaves and rice cookers, irrespective of their age, brand, or appearance.
Region	• This program covers major cities and select rural areas[8] nationwide, leveraging a reverse logistics network comprised of over 1,200 authorized service outlets and e-commerce platforms.
Recycling platform	• The Internet Plus Recycling Platform has been established, integrating national franchised stores, various chain channels, key customers, and major online platforms such as JD, Tmall, and Douyin. Supported by a service engineer team of over 10,000 members and the Hisense Smart Home Mini Program information management system, the platform enables users to receive online assessments of their old appliances, process payments for trade-in subsidies, and facilitates a one-stop service that includes purchasing of new appliances, dismantling of old ones, installation of new units, and collection of discarded items. This approach creates a complete closed-loop system connecting users, merchants, and recycling operations, ensuring that outdated appliances are directed to certified dismantling facilities in accordance with audit requirements, thereby mitigating environmental pollution caused by informal recycling channels.
Reverse logistics system	• Relying on Hisense's franchised stores and newly established community service centers, the initiative further develops a reverse logistics recycling system. Through the mobile caravan exhibition, which covers 402 cities and counties, a multi-tiered recycling network is created, shortening the recycling chain and reducing resource waste associated with the transportation of old appliances. • With 1,267 community activities tailored to directly engage consumers, the program offers one-stop services to enhance trade-in efficiency and accelerate the recycling of old appliances.
Reuse and repurposing	• The program collaborates with over 30 compliant recyclers facilitates the resource reuse of metals, plastics, and other materials through compliant dismantling, achieving full lifecycle management of used appliance recycling.
Consumer education	• Artificial intelligence technology is utilized on social media platforms to highlight the high energy consumption and potential safety hazards associated with old household appliances. This strategy guides consumers in timely disposing of energy-inefficient and less safe products while encouraging the purchase of environmentally friendly and intelligent household appliances.
Consumer incentives	• Zero cost recovery: offering free home delivery or offline delivery • Trade-in policy: trade-in subsidy provides a maximum discount coupon of 10% on the product price, and members can redeem points for smart home accessories.

[8]Xinjiang, Qinghai, Xizang and other remote areas are not covered.

Case | Hisense HA Continues to Implement the "Earth Partner Program"

As the countdown for the national subsidy for trade-ins begins, Hisense HA closely follows the policy and implements the "Earth Partner Program." The company has once again upgraded its corporate subsidies, combining national benefits with preferential services, substantial discounts, and a wide range of renewal options from individual products to whole-house scenarios, helping consumers enjoy a quality life amidst the wave of home appliance renewals. By 2025, the company will continue to respond to relevant policies, focusing on product technology innovation, subsidy policies, and quality services to deliver practical benefits, promote consumption quality and expansion, drive the popularization of green and smart living, and promote the development of a green circular economy.

Key Performance

Recycled 1.2 million old household appliances throughout the year

0 electronic waste disposal and recycling incidents involving significant negative impacts on resource utilization, environmental protection, labor safety, and human health protection

Low Carbon Cooperation

Guided by the principle of being green and win-win, Hisense HA deepens its low-carbon and green collaborations with both upstream and downstream partners. This includes participating in ecosystem carbon sink projects, promoting the adoption of clean foaming agents and refrigerants, empowering suppliers in their low-carbon transformation efforts, and contributing to the development of industry green standards. Collectively, these initiatives establish sustainable value chain ecosystem that drives the green transformation of the entire industry. Additionally, the Company actively expands its green and low-carbon cooperation within the social sector through initiatives such as undertaking green manufacturing demonstration projects, launching green points programs, and conducting activities of green life in communities. The Company also collaborates with universities to establish green technology research institutes and partners with environmental protection organizations to promote green and low-carbon themes. Alongside stakeholders including government entities, communities, and academic institutions, Hisense HA works to disseminate and implement green and low-carbon concepts, thereby contributing to the sustainable development of society as a whole.

Case | The Qingdao Mold Factory, a subsidiary of the mold business, established the first Compressed Air Station with Level 1 Energy Efficiency in the mold industry

The Qingdao Mold Factory collaborates with Atlas Copco to establish the first Compressed Air Station with Level 1 Energy Efficiency in the mold industry, marking a significant milestone for both the factory and the city of Qingdao. This facility employs high-performance GA series air compressors as its foundational hardware. These compressors have undergone rigorous testing by the Hefei General Machinery and Electrical Products Inspection Institute in accordance with the national standard GB/T 16665-2017 and relevant group standards. The station has achieved first-level energy efficiency certification, authorized by the China General Machinery Industry Association, thereby serving as a practical model for the industrial low-carbon transformation.

Key Performance

Received the title of Green Public Welfare Pioneer

Awarded the title of National and Provincial Green Supply Chain Demonstration Enterprise certified by the Ministry of Industry and Information Technology of China in 2024

Hisense Hitachi won the award of Contribution to Dual Carbon Action 2023 at the 13th Public Philanthropy Festival

Feature

Climate Risks and Opportunities

In response to the considerable uncertainty induced by climate change, Hisense HA consistently identifies and evaluates the pathways and potential financial impacts of climate-related risks and opportunities across various business segments in the short, medium, and long term, taking into account its business model and value chain. The Company formulates and implements response plans and measures to enhance its climate resilience across different timeframes.

Drawing on the Hong Kong Stock Exchange's proposed framework for addressing climate change, as well as the Fifth and Sixth Assessment Reports published by the Intergovernmental Panel on Climate Change (IPCC), Hisense HA primarily selects scenario data from representative concentration pathways (RCPs) that simulate the impacts of climate-related risks. The Company also conducts scenario analyses using the corresponding shared socioeconomic pathways (SSPs) to assess both physical risks and transition risks from the baseline climate state to the 2050 climate scenario.

Physical Risk

Scenarios Selection and Assumptions of Physical Risk

Name[9]	RCP4.5[10] (Low Emission Scenario)	RCP8.5[11] (High Emission Scenario)
Description	In this scenario, robust global mitigation actions will be taken to reduce greenhouse gas emissions to half of current levels by 2080, while the Earth's radiative forcing will be stabilized at 4.5 W/m^2 by 2100.	In this scenario, greenhouse gas emissions continue at the current rate, and usual operational practices persist. The Earth's radiative forcing in 2100 will exceed 8.5 W/m^2, resulting in a rise in global temperatures of more than 4 ° C.
Estimated temperature rise by the end of the century	2.5-3°C	＞4°C
Timeframe	Base year: 2023[12] Short term (baseline): 2025 Mid term: 2030 Long term: 2050	
Boundary of analysis	Hisense HA's three major production bases/industrial parks[13] in Huangdao, Foshan, and Mexico	
Internal scenario assumption	Assuming that internal factors such as the core business, the location of major production bases or industrial parks, asset size, and risk response measures remain constant, this analysis focuses exclusively on the specific physical risks associated with the Company's held assets under the disaster level defined for each scenario.	
Assumptions for data estimation	Use the asset value[14] of the production bases or industrial parks as of December 31, 2023, for the analysis.	

[9]In high-emission scenarios, the likelihood of increased frequency and intensity of extreme weather events rises. Based on data availability and consistency, selecting the high-emission scenarios RCP4.5 and RCP8.5 provides a more accurate assessment of the Company's climate resilience.

[10]RCP4.5 scenarios are a set of scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) for the Fifth Assessment Report (AR5), which assume that subjects take certain emission reduction measures to achieve a relatively stable level of GHG concentrations so as to avoid a rise in global temperature above a certain limit.

[11]The RCP8.5 scenario, one of the scenarios used in the IPCC's Fifth Assessment Report, is a "no mitigation" or "high emissions" scenario. It assumes continued growth in future global energy demand and a high reliance on traditional fossil fuels (e.g., coal, oil, and natural gas), as well as a lack of effective GHG mitigation measures.

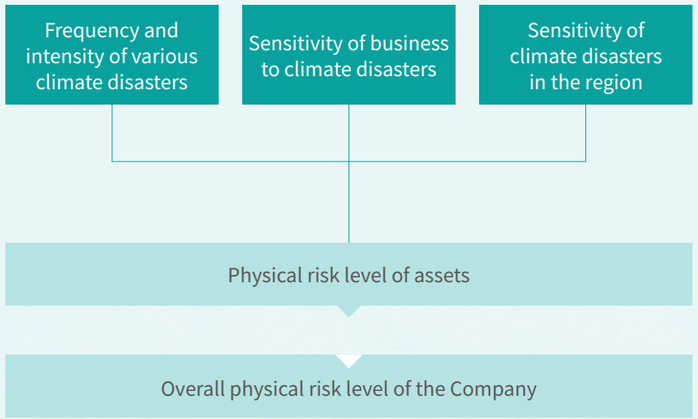
[12]In 2023, the Company conducted comprehensive accounting of carbon emissions across its operations and value chain, which includes 21 factories. This assessment was carried out in accordance with authoritative greenhouse gas verification standards, both domestically and internationally, and was subsequently validated through third-party verification certification. To ensure data availability and consistency, all financial data used in the physical risk and transition risk analysis were sourced from the year 2023.

[13]The total physical assets of the three major production bases and industrial parks constitute approximately 80% of the Company's total physical assets, demonstrating their significant representativeness.

[14]The assets analyzed include fixed assets, construction in progress and engineering materials, real estate for investment, intangible assets, and inventory.

Physical Risk Scenarios Analysis Method

The Company employs specialized climate models and datasets[15] to assess the asset value risk exposure under various conditions, using this information as specific indicators to evaluate the financial impact of climate risks.



Physical Risk Scenarios Analysis Method

[15]The assessment model is sourced from the physical risk assessment model of Miotech（https://www.miotech.com/zh-CN）and enables benchmarking analysis of climate risk levels among industry businesses.

Findings of Physical Risk Scenarios Analysis

This physical risk scenario analysis examines the top three production bases and industrial parks, ranked by asset value, located in Qingdao (Shandong Province), Foshan (Guangdong Province), and Mexico. We assess asset risk exposure under the baseline, RCP4.5, and RCP8.5 scenarios for 2030 and 2050, categorizing them according to risk levels. Our internal research and scenario analysis indicate that the majority of the Company's assets are not exposed to extremely high or high risks in the short, medium, and long term under the RCP4.5 and RCP8.5 scenarios, suggesting that the overall physical risk faced by the Company is manageable.

Asset Risk Exposure of Physical Risk under RCP4.5 scenario

Risk Category[16]		Scenario Type	Qingdao			Foshan			Mexico		
			Baseline	2030	2050	Baseline	2030	2050	Baseline	2030	2050
Chronic risk	Water shortage	RCP 4.5									
		RCP 8.5									
	Sea level rise	RCP 4.5	-			-			-		
		RCP 8.5	-			-			-		
	Warming trend	RCP 4.5									
		RCP 8.5									
	Wetting trend	RCP 4.5									
		RCP 8.5									
	Trend in wind speed	RCP 4.5									
		RCP 8.5									
	Drying trend	RCP 4.5									
		RCP 8.5									
Acute risk	Extreme heat	RCP 4.5									
		RCP 8.5									
	Extreme precipitation	RCP 4.5									
		RCP 8.5									
	Flash drought	RCP 4.5		-	-		-	-		-	-
		RCP 8.5		-	-		-	-		-	-
	Tropical cyclone	RCP 4.5		-	-		-	-		-	-
		RCP 8.5		-			-			-	
	River floods	RCP 4.5									
		RCP 8.5									
	Coastal floods	RCP 4.5									
		RCP 8.5									

[16]The chronic and acute risk analysis results of each base: extremely high risk | high risk | medium risk | low risk | no risk | - not analyzed due to data unavailability

Physical Risk Impact Assessment and Response Measures

Based on the assessment and analysis above, the Company further explores response measures to monitor and prevent the actual and potential impacts of climate-related risks on its business in real time to mitigate significant risks. For specific response measures, please refer to the chapter Smart Manufacturing for Good and Sustainable Development in ESG Action Strategies.

Physical Climate Risk Impact Assessment and Response Measures at Hisense HA

Risk Type	Description of Potential Risk	Period of Impact	Impact on Value Chain[17]	Potential Financial Impact	Response Measures
Extreme precipitation Tropical cyclone Rivers and coastal floods Sea level rise Wetting trend Trend in wind speed	• Equipment, infrastructure, office buildings, and personnel may incur damage, leading to production interruptions, reduced efficiency, and increased costs for repair and replacement of equipment. • Damage to transportation channels or infrastructure may result in disruptions to the supply chain and delays in logistics. • Prolonged supersaturation of air humidity can lead to corrosion and mold growth in production equipment, inventory, and products, as well as failures in electrical systems.	Short, medium, and long-term	Production and operation	• Asset impairment loss • Increased production and management costs • Increased property and employee insurance expenses • Increased capital expenditure • Increased operating income	• Hisense HA develops and continuously enhances emergency plans to respond to natural disasters, sudden environmental incidents, and workplace safety accidents. Hisense HA establishes part-time emergency teams, conducts drills regularly, maintains 24-hour duty guard teams, and optimizes emergency response mechanisms on an ongoing basis. • Hisense HA makes preparations and ensures the availability of adequate materials for flood and typhoon prevention. • Hisense HA optimizes the water supply, drainage, and sewage treatment facilities, and installs shut-off valves at external discharge outlets. • Hisense HA introduces an intelligent weather warning function on the online platform, integrates it with third-party weather services, and issues weather forecasts and critical weather alerts for the next 24 hours twice daily.
Extreme heat Flash drought Warming trend Water shortage Drying trend	• Increased refrigeration equipment may be required, leading to higher operating costs. • Occupational health and safety threats to employees may necessitate greater investment in safety measures, or potentially impact operation and production efficiency. • Power restrictions during high temperatures could limit factory production capacity and necessitate adjustments to the schedules of ongoing construction projects. • Water shortages and drought may lead to additional maintenance costs for water pipes and infrastructure, and could also affect the stability of production and operation processes.	Short, medium, and long-term			• Hisense HA develops emergency plans and response mechanisms for potential and urgent events. Hisense HA sets up part-time emergency teams and conducts high-temperature drills regularly. • Hisense HA makes preparations, and installs water storage facilities to mitigate the impact of flash droughts on production and operation efficiency. • Hisense HA equips employees with heatstroke prevention measures and cooling equipment. • Hisense HA strengthens fire prevention measures, regularly inspects and maintains firefighting facilities and conducts fire drills. • Hisense HA enhances energy management efficiency, reduces refrigerant carbon emissions within the factory, and continues to adopt clean energy sources such as photovoltaics. • Hisense HA exercises caution when establishing factories in areas prone to water shortages and persists in promoting water-saving initiatives.

[17]The value chain process impacted primarily consist of three main areas: the production and operation process, encompassing all stages from product design to delivery; the upstream supply chain, which ranges process from raw material procurement to product manufacturing, including supplier and pre-storage management of raw materials; and the downstream process, which cover the sales and service activities following product manufacturing, including distribution, sales, and after-sales service.

Transition Risks and Opportunities

Scenarios Selection and Assumptions of Transition Risks and Opportunities

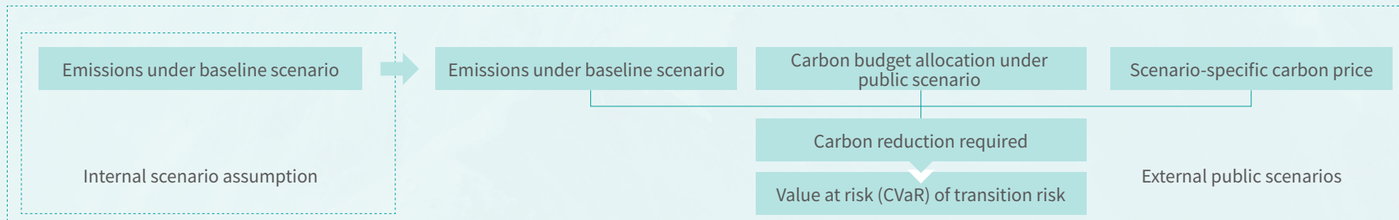
Name[18]	SSP1-2.6 (Low Emission Scenario)	SSP2-4.5 (Medium and High Emission Scenario)
Description	This scenario assumes that the world is implements profound emission reduction strategy and accelerates the transition to renewable energy. Under this scenario, carbon dioxide emissions will begin to decline from 2020 and reach zero by 2100.	This scenario assumes that, despite collaborative efforts among countries to achieve sustainable development goals, progress remains slow. In this context, carbon dioxide emissions are projected to decrease around 2045, reaching half of their 2050 levels by 2100.
Estimated temperature rise by the end of the century	< 2°C	2-3°C
Timeframe	Base year: 2023[19] Short term: 2024 - 2030 / Mid term: 2031 - 2040 / Long term: 2041 - 2050	
Boundary of analysis	Primary business of Hisense HA	
Internal scenario assumption	Assuming that the Company's operational market and primary business remain temporarily unchanged, the carbon neutrality pathway at the operation level will be treated as an internal scenario.	
Assumptions for data estimation	The total greenhouse gas emissions for 2023 used in the analysis encompass the Scope 1 and Scope 2 emissions of Hisense HA.	

[18] In high-emission scenarios, the likelihood of increased frequency and intensity of extreme weather events rises. Based on data availability and consistency, selecting the high-emission scenarios RCP4.5 and RCP8.5 provides a more accurate assessment of the Company's climate resilience.

[19] In 2023, the Company conducted comprehensive accounting of carbon emissions across its operations and value chain, which includes 21 factories. This assessment was carried out in accordance with authoritative greenhouse gas verification standards, both domestically and internationally, and was subsequently validated through third-party verification certification. To ensure data availability and consistency, all financial data used in the physical risk and transition risk analysis were sourced from the year 2023.

Transition Risk and Opportunity Scenarios Analysis Method

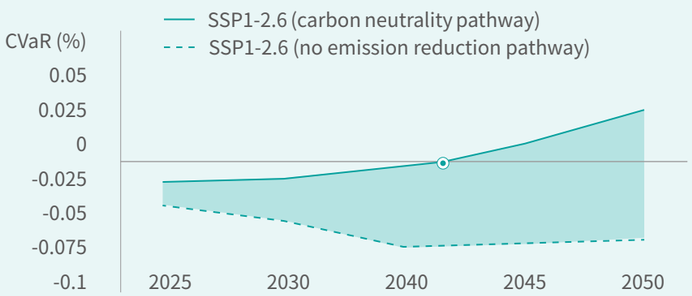
The external scenario is derived from simulations of internal emission reduction scenarios. Utilizing professional climate models and datasets, we calculate the Company's additional carbon emission reductions and climate value at risk (CvaR), which serve as key indicators for assessing the financial impact of climate-related risks and opportunities. Simultaneously, we analyze the assumption that the Company's business will continue as usual, emitting greenhouse gases at the current rate, and compare these results with the carbon neutrality pathway at the operational level.



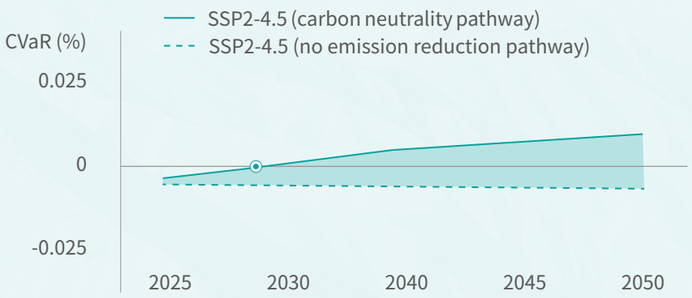
Transition Risk Analysis Process

Findings of Transition Risk and Opportunity Scenarios Analysis

Based on the analysis of the overall carbon reduction requirements for Hisense HA and the critical transition risk points, we conclude that if the Company strategically plans its carbon reduction pathway and effectively implements actions toward achieving operational carbon neutrality by 2050, an extended timeline will enable climate change to translate the Company's production and operations from risks and pressures to opportunities. The Company can effectively mitigate climate risks, enhance energy efficiency, reduce operation costs, improve brand image, and capitalize on the momentum of green development, thereby creating sustainable, long-term value. Conversely, if the Company fails to adopt any carbon reduction measures, climate change will present more risks and pressures than opportunities.



Changes in Climate Value at Risk (CVaR)[20]of Hisense HA under Low Emission Scenarios from 2025 to 2050



Changes in Climate Value at Risk (CVaR) of Hisense HA under medium and high Emission Scenarios from 2025 to 2050

[20] Climate value at risk (CVaR) quantifies the percentage of costs incurred by Hisense HA due to carbon pricing relative to its current business value over a specified time frame. The assessment results are sourced from Miotech (https://www.miotech.com/zh-CN). This assessment is based on the assumption that carbon emissions will increase at a rate of 1% per year.

Transition Risk and Opportunity Impact Assessment and Response Measures

Based on the assessment and analysis presented above, the Company will undertake a comprehensive exploration of response strategies. On one hand, the Company will maintain real-time monitoring of the risks and opportunities associated with climate transition, proactively prevent any actual or potential impacts on the business and establish a robust risk defense mechanism. On the other hand, the Company will accurately identify key development opportunities to facilitate steady business expansion and upgrading. For specific response measures, please refer to the chapter Smart Manufacturing for Good and Sustainable Development in ESG Action Strategies.

Transition Risk Impact Assessment and Response Measures at Hisense HA

Risk Type	Description of Potential Risk	Period of Impact	Impact on Value Chain	Potential Financial Impact	Response Measures
Policies and laws and regulations	• The Company's related product exports may encounter increased cost risks due to the EU's *Net-Zero Industry Act* and the Carbon Border Adjustment Mechanism (CBAM). • Tightening national climate policies has elevated compliance costs for companies to operate. • In China, the implementation of carbon pricing mechanism within the carbon emissions trading framework has also contributed to rising business operating costs.	Short, medium, and long-term	• Upstream supply chain, • production and operation, • downstream value chain	• Increased compliance costs for production and management • Increased non operating costs	• Hisense HA establishes ambitious carbon reduction targets, formulates net-zero emissions pathways, and actively decreases greenhouse gas emissions in operation processes. • Hisense HA monitors domestic and international climate policy requirements and legal regulations to ensure that production and business activities comply with local regulatory standards. • Hisense HA augments investments in energy-saving technology upgrades and promotes the implementation of green and clean production practices. • Hisense HA engages in pilot initiatives such as regional carbon trading and carbon pricing mechanisms.
Technology	• Investments in low-carbon technology R&D carry the risk of failure. • Inability to timely identify and adopt low-carbon technologies may cause products to lag behind peers in terms of low-carbon transformation, potentially resulting in a reduction or loss of market share.	Short, medium, and long-term	• Production and operation	• Increased R&D costs • Asset impairment loss • Inventory impairment loss • Decreased operating income	• Hisense HA conducts risk assessments and management strategies for translating scientific and technological achievements to reduce losses in R&D costs as well as production costs. • By increasing R&D investments, and strengthening talent cultivation and retention, Hisense HA bolsters R&D capabilities. • Hisense HA continuously explores and applies low-carbon technologies, actively engages in industry collaboration, and make early preparations to industrial energy-saving and negative emission technologies.
Energy structure adjustment	• To achieve carbon neutrality in its operations by 2050, the Company must continuously adjust its energy structure and enhance energy efficiency, which will likely increase both operation and capital expenditures. • To raise the proportion of green electricity usage to 30%, 60%, and 100% by 2030, 2040, and 2050 respectively, significant capital investment in green electricity projects and purchases will be necessary.	Short, and medium-term	• Production and operation	• Asset impairment loss • Increased capital expenditure • Increased production and management costs	• Hisense HA encourages the adoption of low-energy or renewable energy equipment while promptly optimizing or phasing out outdated equipment and processes. • Hisense HA enhances energy management system, promotes factory energy audits, attains energy management system certification, and pursues green factory certification. • Hisense HA builds smart energy cloud platform to enable price forecasting, energy consumption monitoring and analysis, improving energy management and control capabilities. • Hisense HA increases investments in green initiatives, such as rooftop photovoltaic systems, and increase the use of green electricity.
Market	• The Company may fail to effectively meet customer demand for green and low-carbon products.	Short, and medium-term	• Downstream value chain	• Decreased operating income • Increased R&D costs	• Hisense HA intensifies R&D efforts directed towards green and low-carbon products. • Hisense HA opts for environmentally friendly refrigerants and strengthens their management. • Hisense HA actively implements energy conservation, emission reduction strategies, carbon inventories, and product carbon footprint management activities.

Transition Opportunity Impact Assessment and Response Measures at Hisense HA

Opportunity Type	Description of Potential Opportunity	Period of Impact	Impact on Value Chain	Potential Financial Impact	Response Measures
Circular economy	• Regulations such as the *Circular Economy Promotion Law of the People's Republic of China* and the *Regulations on the Administration of the Recycling and Processing of Waste Electrical and Electronic Equipment* guide the green development of the home appliance industry. These regulations provide new development opportunities and expand business boundaries while establishing an environmentally friendly and responsible brand image.	Short, and medium-term	• Upstream supply chain, • production and operation, • downstream value chain	• Increased operating income	• Hisense HA encourages users to actively participate in the recycling of household appliances through several measures, including establishing recycling system, creating online recycling platform, facilitating trade-in activities, expanding trade-in models, and improving service channels.
Low carbon processes and technologies	• Growing consumer demand for green and low-carbon products will incentivize the Company to increase investments in energy-saving technologies and upgrades, enabling it to seize new business opportunities.	medium, and long-term	• Production and operation, • downstream value chain	• Increased R&D costs • Increased operating income	• Hisense HA continuously researches and implements low-carbon technologies, actively engages in industry collaboration, and promotes energy-saving and negative emission technologies. • Hisense HA encourages the application of environmentally friendly refrigerants. • Hisense HA actively practices low-carbon and clean production methods.

Eco-Friendly Environment for Good Co-creating the Future

Hisense HA, driven by the vision and mission of "revitalizing Chinese industry and bringing happiness to hundreds of millions of families," collaborates with ecosystem partners including customers, upstream and downstream supply chains, and communities. By building a professional customer service system, establishing a responsible supply chain, and empowering community development, the Company not only enhances its business operations but also actively contributes to the development of a healthy industry ecosystem.

Outstanding Customer Service

Hisense HA centers its efforts on safeguarding customer rights by building an intelligent online service platform and a standardized offline service system, continuously improving its omni-channel service response capabilities. The Company strictly adheres to responsible marketing principles, and has established a comprehensive marketing and promotional content review mechanism to ensure the authenticity and transparency of product information. Additionally, the Company has simultaneously enhanced its digital customer feedback management platform, enabling closed-loop control of the entire complaint-handling process and delivering high-quality service to fulfill its commitment as an industry benchmark.

Customer Satisfaction Management

Hisense HA has established and continuously optimized its customer service system, striving to promote the standardization and normalization of service management. The Company consistently strengthens the professional capabilities of its service teams, aiming to provide customers with a consistent and high-quality service experience. A rigorous and scientific sampling and evaluation mechanism has been established to assess the professionalism and service quality of service personnel, enabling timely identification of potential issues and ensuring corrective action. In addition, the Company regularly conducts systematic professional training programs to enhance the technical skills and business capabilities of its service staff, thereby ensuring that customers receive efficient, professional, and thoughtful service support.

Service professionalism

Hisense HA conducts regular spot checks and interviews to address multiple maintenance-related complaints and assesses the competencies of newly hired engineers. Hisense HA maintains stringent controls over the professional abilities of service engineers, eliminating personnel who fail to meet the standards.

Hisense HA adjusts the service personnel assessment mechanism, and implements management framework consisting of "reminder, warning, and dismissal" for those with recurring skills-related issues, thereby reinforcing accountability. Hisense HA conducts regular training, specialized training and on-site training through site visits, and comprehensively improves the professional knowledge and skills of service engineers, effectively reducing the frequency of repeat repairs.

Service timeliness

Hisense HA establishes service management institutions and spare parts reserve centers across various regions. Hisense HA utilizes abundant spare parts resources and robust technical expertise to provide professional service support to customers at any time. Hisense HA operates numerous authorized service centers nationwide and expands widely distributed service network to ensure the timeliness and efficiency of services.

Service accessibility

Hisense HA collects user feedback through multiple channels and consolidates them into the "True Voice" customer service system for centralized information management. This system intelligently assigns user feedback to the appropriate service centers and professionals based on the nature, classification, and geographical region of the problem. Upon receiving feedback, service personnel proactively contact the user to delve into the details of the problem and quickly resolve it, ensuring timely and effective solutions.

Hisense HA Customer Service System

The Company adopts a customer value–oriented approach and employs diversified methods to measure satisfaction. It regularly gathers customer feedback and suggestions through various channels such as customer questionnaires, Net Promoter Score (NPS) surveys, and complaint platforms. This allows the Company to accurately grasp core customer needs and effectively implement ongoing service improvement plans, continuously enhancing customer satisfaction and loyalty.

Key Performance

In 2024

RMB11.619 billion
Revenues generated from the Company's online services solutions/sales platform

48.1%[21]
Proportion of total revenue

100%
Customer satisfaction survey participation rate

98.3%
customer satisfaction score

0.5%
Customer complaint rate below

100%
Complaint resolution rate

Case | Hisense Hitachi Conducts Multi-Channel Customer Communication

In 2024, Hisense Hitachi hosted major customer events such as the Annual Distributor Conference and the Home Installation Partner Conference, providing a platform for in-depth communication with partners and clients. During these events, the Company shared the latest product technologies and market trends, and through face-to-face interactions, gained deep insights into customers' genuine needs, clarified its service goals, and identified areas for improvement—thereby offering valuable market insights for future strategic planning.

At the same time, Hisense Hitachi carried out a wide range of offline activities for long-term users across the country. Through close interaction and communication, the Company actively listened to genuine feedback and suggestions, providing important references for the ongoing optimization of products and services.

Hisense Hitachi Home Installation Partner Conference and Long-term User On-Site Events

[21]Domestic sales figures for refrigerators, freezers, washing machines, kitchen appliances, and residential air conditioners.

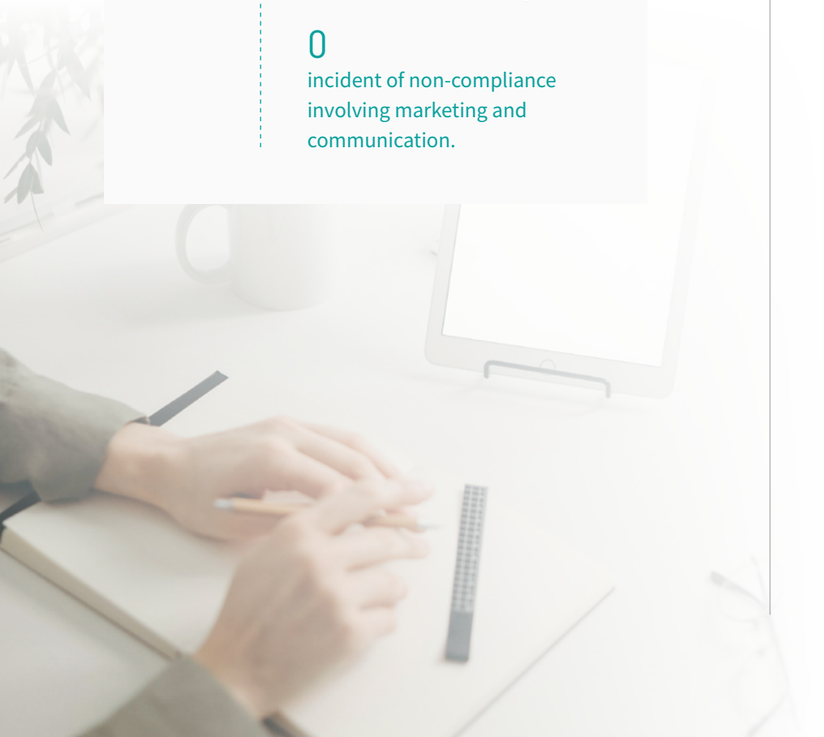
Hisense HA adheres to principles of integrity and transparency in responsible marketing, ensuring that customers receive accurate and truthful information about its products and services. The Company provides responsible marketing training for key personnel and enforces regulations through initiatives such as distributing "One-Page Marketing Guidelines" to eliminate false or misleading promotional language and standardize marketing behavior. Additionally, Hisense HA commissions third-party professional agencies to rigorously review all external promotional materials, ensuring the authenticity and reliability of information from the source. The Company also conducts regular special audits of its business departments to promptly identify and resolve potential risks, thereby forming an effective internal rectification mechanism that safeguards both customer rights and the Company's reputation on all fronts.

Key Performance

In 2024

0
incident of non-compliance involving product and service information and labeling.

0
incident of non-compliance involving marketing and communication.



Customer Privacy Protection

Hisense HA places great importance on data security and consumer privacy protection, integrating personal information protection into its daily operations. The employee handbook clearly states that through internal governance optimization, supply chain management upgrades, employee training empowerment, and community involvement expansion, management measures are in place to prohibit the disclosure of partners' privacy and business information. In the collection, storage, and use of personal information, the Company ensures confidentiality, security, and integrity—providing customers with a secure and reliable experience.

Hisense HA Customer Privacy Management Measures

Customer privacy protection measures

Information Collection

During the collection of personal information, customers must be clearly informed about the type, purpose, method, and scope of information collection, and their explicit consent must be obtained. The frequency and quantity of information collection should be strictly limited to ensure necessity and to minimize the amount of information collected.

Information Storage

The storage duration of customer information must be strictly controlled and limited to the minimum time required for the achievement of business functions. Sensitive information should be encrypted to avoid direct storage of customers' original biometric data.

Information Usage

Before providing personal information to external parties, Hisense HA informs customers in advance and obtains their explicit consent. If the purpose of use changes, Hisense HA will re-obtain customers' consent.. Access to and operations involving personal information must be strictly controlled to ensure compliance with information usage policies.

Information Delegation

Security audits are conducted on partners to ensure they maintain adequate levels of security protection. The personal information subject must be notified about the purpose of cooperation, the type of data recipient, and potential consequences, and authorization and consent must be obtained. De-identification processes should be performed on personal information.

Rights Protection

Customers are provided with the ability to access, correct, and delete their personal information, as well as avenues for revoking authorization and consent, canceling accounts, and submitting complaints to ensure customers retain control over their personal information.

Measures for handling customer privacy breaches

Event Record

In the event of a privacy breach, Hisense HA maintains detailed records of critical information, including the time, location, involved data, and the scope of impact. A prompt assessment of the potential consequences of the incident should be conducted, and necessary measures must be implemented to manage the situation effectively.

Timely Notification

When privacy breaches pose a significant threat to the legitimate rights and interests of customers, Hisense HA promptly informs them of the incident's details, its potential impact, the control measures that have been enacted, suggested prevention strategies, and available remedial actions.

Remedial Measures

To mitigate the risk of information misuse, Hisense HA encrypts, deletes, or anonymizes any leaked personal information. Cooperating partners are required to cease any relevant activities and implement effective remedial actions for any breach of the agreement. If necessary, cooperation should be terminated.

Internal Investigation and Rectification

Investigations into the cause of the incident should be conducted, vulnerabilities and risk factors must be analyzed, and privacy protection measures should be strengthened. Management processes should be optimized to prevent the recurrence of similar incidents.

Key Performance

In 2024

0
lawsuits resulting from customer privacy breach

Responsible Supply Chain

Hisense HA is committed to building a sustainable supply chain that promotes green, transparent, and responsible development across the entire industry chain. Upholding a win-win cooperation philosophy, the Company has established a comprehensive supply chain lifecycle management process, prioritizing the development of a responsible supply chain, mitigating ESG risks in the supply chain, and advancing the environmental and social responsibility management and empowerment of suppliers.

Supply Chain Management

The Company's Supply Chain Management Department oversees system electronics, bulk materials, procurement operations, and planning operations across the group and its subsidiaries. Through the establishment of an ESG management system, supplier code of conduct signing, and supplier empowerment training, the Company actively integrates ESG factors into the full lifecycle management of suppliers, including entry, evaluation, and exit processes.

Hisense HA actively promotes the digitalization of processes such as supplier onboarding, bidding, price comparison, and performance evaluation. The system also communicates procurement forecasts and demand information to suppliers to foster coordination and optimize the entire supply chain. In 2024, the Company completed the automation of supplier evaluation standards, realizing a standardized, systematic, and digital management model for suppliers.

Supplier Admission

Hisense HA, following internal supplier evaluation standards and guidelines, organizes key personnel—such as sourcing engineers, development engineers, and supplier quality engineers—to conduct comprehensive evaluations of suppliers during the admission phase. The assessment incorporates both qualification level and sustainability performance to ensure that suppliers meet required standards in areas such as industry experience, enterprise risk, quality management, and environmental protection before being approved for onboarding.

Key Performance

In 2024

150
potential suppliers were rejected for failing to meet admission standards

440 newly onboarded suppliers—accounting for 99% of all new suppliers introduced this year—were selected based on environmental and social evaluation criteria and signed the *Safety and Environmental Protection Agreement* and *Social Responsibility Agreement*.

Supplier Classification Management

Hisense HA adheres to refined and localized principles in supplier management and procurement strategy, striving to build an efficient and sustainable supply chain system. The Company implements a standardized supplier management mechanism to comprehensively evaluate suppliers across multiple dimensions, including quality, cost, delivery, service, technology, and environmental protection. This ensures a strong alignment between supplier capabilities and the Company's operational needs. In terms of procurement strategy, Hisense HA actively promotes localized sourcing. By fostering close partnerships with local suppliers, the Company effectively reduces transportation costs, shortens delivery cycles, and enhances the resilience and risk resistance of the supply chain, all while contributing to the development of the local economy.

Classification		2022	2023	2024
Total Suppliers (units)		2,600	2,455	3,386
By Region	Mainland China	2,113	2,151	2,748
	Overseas	487	304	638
By Tier	Tier-1 Suppliers[22]	/	/	3,280
	Non-Tier-1 Key Suppliers[23]	/	/	106

Hisense HA Supplier Distribution Overview

[22] Tier-1 suppliers refer to those who directly provide goods, materials, or services (including intellectual property and patents) to the Company.
[23] Non-Tier-1 key suppliers refer to those who provide products and services to the Company through Tier-1 suppliers.

Supplier Evaluation and Disposition

For both existing and newly introduced suppliers, Hisense HA regularly conducts assessments and risk evaluation of their financial status, business risks, and ESG performance in accordance with the supplier review management guidelines. Based on performance evaluations and on-site audits, suppliers are categorized into levels such as "Preferred, Selectable, Limited, Eliminated, and Banned." Suppliers with strong performance are incentivized with additional points during the bidding process. For suppliers with weaker performance, the Company collaborates with them to develop corrective plans and measures. Depending on the situation, appropriate penalties are applied, such as deducting points in performance evaluations, conducting follow-up audits until issues are resolved, reducing business share, or halting new business cooperation. In cases of severe violations, the Company will immediately terminate the partnership with the supplier.

In 2024, the Company updated the supplier performance management process. In addition to the ESG audit performance evaluation dimensions, new assessment criteria were added, including the supplier's organizational carbon footprint analysis and obtaining national/international green supply chain certifications. These additions further strengthen the evaluation of suppliers' environmental management practices.

Key Performance

During the reporting period

100%
Supplier ESG performance quarterly evaluation coverage rate

99.5% and above
Refrigerator supplier performance pass rate

99% and above
supplier performance pass rate at Hisense Hitachi

99.88%
Laundry supplier performance pass rate

32
suppliers eliminated or banned due to non-compliance

522 suppliers underwent on-site audits with 15 suppliers failed the audits

Responsible Procurement

Hisense HA views responsible procurement as a core aspect of supply chain management and operations. While meeting procurement demands with the best cost and highest efficiency, the Company regards the ESG performance of suppliers as a crucial consideration for collaboration. The Company standardizes suppliers from multiple perspectives, including environmental protection and safety, labor, health and safety, and business ethics. ESG considerations are integrated into annual procurement contracts, requiring suppliers to sign them. The Company adheres to the principle of "transparent procurement," publicly displaying procurement processes, supplier information, and procurement decisions. Regular or ad-hoc reviews are conducted to assess whether first-tier suppliers have signed and are executing anti-corruption commitments, and on-site audits are carried out when necessary. The Company also requires first-tier suppliers to gradually communicate Hisense HA's ESG management requirements to second-tier and even third-tier suppliers, improving ESG performance across the entire value chain.

Key Performance

In 2024

100%
supplier signed the Supply Chain Code of Conduct and Anti-Bribery Agreement

Labor and Human Rights
- Child labor and forced labor
- Anti-discrimination
- Anti-harassment
- Working hours
- Pay and benefits
- Freedom of association
- Responsible mineral procurement
- Employee feedback and complaints

Environmental Protection
- ISO 14001 environmental systems development
- Annual finished product RoHS/ REACH outsourced testing
- Environmental impact assessment permits and reports
- Pollution prevention
- Hazardous substances
- Solid waste
- Gas emissions
- Water use management
- Energy consumption and greenhouse gas emissions

Health and Safety
- OHSAS 18001 occupational safety management systems
- Emergency plans
- Work-related injuries and occupational diseases
- Labor hygiene
- Equipment safety
- Food and accommodation safety
- Health and safety communication

Business Ethics
- Business integrity
- No improper benefits
- Information disclosure
- Intellectual property
- Fair business, advertising, and competition
- Identity and privacy protection

Product Quality and Safety
- ISO9001 or TS16949 quality systems development
- IQC/IPQC/OQC settings and essential inspection equipment
- Components used in the production of refrigerators and materials in contact with food must meet food contact material regulations

Key Areas of Focus for Hisense HA Sustainable Procurement (Partial)

Conflict Mineral Management

Hisense HA strictly prohibits the procurement and use of conflict minerals. The Company is committed to the goal of "zero conflict mineral procurement and use" and actively identifies procurement links associated with conflict minerals. The Company continuously expands the scope of due diligence and audit of responsible mineral supply chains to ensure the proactive management and effective control of supply chain risks. Through training and corrective actions, the Company enhances suppliers' awareness and ability in managing conflict minerals, avoiding supply chain disruptions and compliance risks. The Company conducts training on conflict mineral identification methods for key departments such as internal procurement on an ad-hoc basis, aiming to enhance procurement staff's ability to identify, manage, and address conflict mineral risks, thereby improving the Company's risk management capabilities regarding conflict minerals.

Access and Information Management

- Collect supplier information and assess whether the tantalum, tin, tungsten, and gold minerals in the materials provided by suppliers involve child labor, forced labor, unreasonable wages, discrimination, or other labor human rights issues, and ensure that they do not provide benefits, directly or indirectly, to armed groups that violate human rights.
- Require suppliers to sign the *Corporate Social Responsibility Agreement* to ensure effective communication and compliance with the Company's conflict mineral management requirements.
- Strengthen supplier awareness through conflict mineral policy promotion and responsibility agreement signing, and encourage suppliers to pass on the conflict-free mineral principles to their upstream and downstream partners.

Risk Identification and Assessment

- Develop procedures for identifying conflict-affected and high-risk areas, along with supplier evaluation processes. Collect supply chain maps from first-tier suppliers at least once a year to identify potential risks in upstream areas of the supply chain.
- Promote the improvement of the supply chain compliance module in the supplier evaluation standard automation system, gradually achieving full-process digital traceability and automated identification of raw materials to ensure effective identification and management of conflict mineral risks.
- For suppliers identified as involving key materials such as 3TG (tantalum, tin, tungsten, and gold), require them to provide evidence each year that there are no violations of labor rights during the raw material extraction process.

Supervision, Audit, and Corrective Actions

- Use social responsibility audit tools such as SMETA (Sedex Members Ethical Trade Audit) to regularly monitor the compliance of supply chain links. Conduct on-site audits, third-party audits, and other due diligence work in a timely manner on the sources and supply chain management of controversial minerals.
- Assist suppliers in rectifying and tracking corrective actions for risks identified during the audit process. If necessary, help suppliers conduct investigations and audits on their upstream supply chain.
- If conflict mineral use is discovered, take actions such as returning goods, terminating procurement, or switching to compliant mineral sources, depending on the specific situation.

Hisense HA Conflict Mineral Full-Process Management

Key Performance

2024

100%
coverage of supplier conflict mineral audits

0
instance of controversial procurement events

100%
signing rate of suppliers' *Corporate Social Responsibility Agreements*

No suppliers involved in the supply of 3TG (tantalum, tin, tungsten, and gold) materials

100%
coverage of training on conflict mineral identification methods for procurement staff

113
conflict mineral (CMRT) reports completed by Sanden Company

110
expanded mineral (EMRT) reports

0
violations found

100%
traceability of raw material sources

Supplier Empowerment

Hisense HA actively builds a supplier capability development system by holding annual supplier conferences, strategic communication meetings, quality review meetings, specialized training, benchmark case studies, on-site visits, and indirect influence through procurement staff. These efforts enhance suppliers' awareness of issues such as business ethics, labor human rights, waste management, conflict minerals, and carbon emissions. Training content is customized based on the business characteristics of different suppliers and ESG risk identification results, continuously empowering suppliers to improve their ESG awareness and management capabilities. In addition, the Company actively collaborates with strategic suppliers to set emission reduction targets, supporting Hisense Group's value chain carbon neutrality goals and promoting the green transformation of the value chain.

Key Performance

During the reporting period

Hisense HA organized

20 supplier empowerment training sessions

with a total of

807 participants

Case | Sanden Company Shares ESG Strategic Goals with Global Core Suppliers

In October 2024, Sanden Company held a global core supplier conference, attracting active participation from 82 top suppliers worldwide. During the conference, Sanden Company provided detailed information on its sustainability plans and goals, clearly conveying its ambitious carbon reduction vision: to reduce carbon emissions by 80% by 2030 and achieve net-zero carbon emissions by 2039. Additionally, Sanden Company shared specific carbon reduction actions with suppliers, including optimizing energy management, promoting renewable energy, and improving production process efficiency. Suppliers were encouraged to adopt similar measures in their operations to collectively reduce greenhouse gas emissions throughout the value chain.

Case | Hisense Hitachi Holds Partner Conference to Convey ESG Concept

In February 2024, Hisense Hitachi held a partner conference themed "Commitment · Intelligent Transformation · Embracing the New" to explore industry development trends and collaboration opportunities with partners. During the conference, Hisense Hitachi shared in-depth how the Company integrates ESG concepts into its business planning and has built an ESG organizational management system. The Company is committed to promoting sustainable practices through internal governance optimization, supply chain management upgrades, employee training empowerment, and community involvement, working together with partners to implement sustainability concepts.

Hisense Hitachi 2024 Partner Conference

Case | The First Hisense Academy · Lean Academy "Supplier Lean Management Empowerment Conference" Launches a New Model for Supply Chain Empowerment

In 2024, the Company held its first "Supplier Lean Management Empowerment Conference," inviting over 100 outstanding suppliers to participate. Through lean production model sharing, practical case exchanges, and other activities, the conference launched a new model for empowering the ecosystem. The goal was to achieve symbiotic and win-win collaboration across the value chain through cooperative efforts.

The First "Supplier Lean Management Empowerment Conference" Held in Shunde

Social Responsibility

Hisense HA actively participates in industry standard setting and technological innovation through precise market insights and efficient resource integration. The Company makes adjustments to its regional layout and achieves global resource integration, injecting new productive forces into local economic transformation and regional development. It also engages in diverse activities to support education, environmental protection, and rural revitalization, contributing to narrowing regional development gaps.

Participation in Social Welfare

Hisense HA has long been concerned with various livelihood issues, such as regional development imbalances, unfair regional education, and differences in ecological conditions. The Company conducts a variety of activities in areas such as education, environmental protection, and rural revitalization, actively giving back to society and improving people's well-being.

Sports Charity

Case | Charity Football Activity

In remote mountain areas, educational resources are relatively scarce, especially the lack of sports education resources, which limits the overall development of children. Hisense HA recognized this issue and, through its sports charity project, provided more sports resources and opportunities for children in these areas. In March 2024, Hisense Refrigerators held the "Football Goes to School" event at Hisense Chenjiaba Primary School in Beichuan Qiang Autonomous County, Mianyang, Sichuan. The Company donated football training equipment to the school and invited professional football coaches to provide training guidance for the students. Additionally, Hisense Refrigerators organized a football match, allowing the children to experience teamwork and sportsmanship through the competition.

Hisense Refrigerators "Football Goes to School" Event – Ecological Charity

Case | Donating Saxauls Trees to Alxa in Partnership with SEE Foundation

In May 2024, to address the land desertification issue in the Alxa region, the Company partnered with the SEE Foundation to donate a large number of Saxauls trees. A volunteer team was organized to participate in the tree planting activities. The drought-resistant, salt-tolerant, and barren-soil-resistant characteristics of the Saxauls trees help combat wind and sand while providing a habitat for local wildlife, promoting the development of biodiversity.

Rongsheng Donates Saxauls Forest to Alxa Region

Charity Education

Case | "Public Welfare Education Support Practice Base" Established at the Mausoleum of the Yellow Emperor

To address educational inequality in remote areas, the Company established a "Public Welfare Education Support Practice Base" in Huangling, Shaanxi. The base provides local students with diversified educational support, including cultural study tours, football training, calligraphy and painting competitions, and laundry room donations. The cultural study tours help students gain a deeper understanding of the historical and cultural significance of the Mausoleum of the Yellow Emperor, fostering cultural confidence. The football training sessions, led by professional coaches, cultivate students' interest in sports and teamwork. The calligraphy and painting competitions inspire artistic creativity and enrich campus life, while the donated laundry room improves students' living conditions and provides a more comfortable learning environment. Through these diverse activities, students have experienced well-rounded development in culture, sports, and the arts, broadening their horizons and enhancing their overall qualities.

Hisense Refrigerators "Public Welfare Education Support Practice Base"

Case | "Reading, Seeing the Sea and the World"

To provide children in remote areas with more opportunities to learn about the outside world and broaden their horizons, Hisense HA organized the 9th "Reading, Seeing the Sea and the World" public welfare summer camp, inviting students and teachers from across the country to participate. During the event, participants visited attractions such as the Qingdao Underwater World, Hisense Exploration Center, and Qingdao Science and Technology Museum. These visits enriched their knowledge and expanded their perspectives. Additional activities included reading clubs, mock trials, fun chemistry experiments, and a camping evening party, aimed at cultivating children's interest in reading, legal awareness, scientific literacy, and teamwork skills. Meanwhile, the Company collaborated with the School of Law at Qingdao University of Science and Technology to launch the "Qinghe Project," which leverages summer practice programs to enhance the quality of education in remote mountainous schools.

"Reading, Seeing the Sea and the World" Public Welfare Summer Camp

Rural Revitalization

Case | Launching a Public Welfare Campaign to Support Farmers in Guizhou

In some rural areas of Guizhou, due to inconvenient transportation and limited access to information, local farmers face significant challenges in selling their agricultural products, which severely impacts their income. In November 2024, to help address these difficulties and promote rural revitalization, the Company took part in the Guizhou "Benefit-Farming Bus Line" initiative to support farmers. As part of the campaign, the Company donated care packages to vegetable farmers, including items such as produce carts and warm gloves, making it easier for them to transport and sell their products. Additionally, Rongshen Refrigerators supported farmers by expanding both online and offline sales channels, helping increase market awareness and competitiveness of local agricultural products. The Company also organized agricultural technology training sessions, offering guidance in areas such as crop cultivation and animal husbandry to enhance farmers' production skills and boost their economic performance.

Benefit-Farming Bus Line Farmer Support Initiative

Case | Village-Enterprise Pairing to Promote Rural Revitalization

In April 2024, Hisense Home Appliances Group Co., Ltd. partnered with Xijiao Community to carry out a village-enterprise pairing initiative, actively responding to Guangdong Province's "Hundreds, Thousands, Tens of Thousands Project" strategy to support rural revitalization. Guided by Party-building efforts and leveraging its industrial advantages, Hisense HA supported the community in optimizing its industrial structure and strengthening the collective economy. The Company also participated in the "Craftsmanship Enhancement Project" to improve the living environment and promote urban-rural quality development. Adhering to the principles of integrity, innovation, and pragmatism, both sides enhanced communication and cooperation to jointly tackle development challenges, achieving integrated development and mutual benefits between the village and enterprise. This partnership not only boosted the economic vitality and well-being of Xijiao Community residents but also served as a demonstration for village-enterprise collaboration in other regions—showcasing the Company's commitment and vision in advancing rural revitalization alongside the community.

Representatives from Ronggui Subdistrict's Xijiao Community and Hisense Home Appliances Group Co., Ltd. Signed the Village-Enterprise Pairing Agreement

Building an Industry Ecosystem

As a leading enterprise in the industry and an active member of over 110 industry associations, Hisense HA actively promotes the construction of an industry ecosystem. Through participation in standard setting, technological innovation, and industrial chain collaboration, the Company contributes to the standardized and high-quality development of sectors such as air conditioning and kitchen and bathroom appliance.

Key Performance

In 2024

The Company led the formulation of **6** national standards and **3** industry standards

Participated in the development of **52** national standards and **9** industry standards

Case | Contributing to the Development of the *White Paper on the Development of China's Refrigeration and Air Conditioning Industry (2023)* to Empower Industry Growth

In March 2024, the *White Paper on the Development of China's Refrigeration and Air Conditioning Industry (2023)*, co-authored by the Company, was officially released. Leveraging its strong technical foundation and deep industry insights, the Company provided a wealth of detailed data and professional analysis for the white paper. The document thoroughly reviews the current status, trends, and challenges facing China's refrigeration and air conditioning industry, and offers targeted countermeasures and recommendations. It serves as a critical reference for guiding the industry's transformation and upgrading.

Official Release of the White Paper on the Development of China's Refrigeration and Air Conditioning Industry (2023)

Case | Leading the Formulation of the *Specification for Evaluating Fresh Air Function of Room Air Conditioners*

As consumer awareness of indoor air quality continues to rise, the fresh air air conditioner market has grown rapidly. However, the lack of a unified evaluation standard has led to inconsistent product quality, making it difficult for consumers to make informed choices. To address this issue, the Company took the lead—based on extensive market research and technical validation—in formulating the *Specification for Evaluating Fresh Air Function of Room Air Conditioners (QB/T 8001-2024)*. This standard provides detailed regulations on performance indicators, testing methods, and grading criteria for fresh air functions. It offers clear guidance for the production and sales of fresh air air conditioners, fills a critical gap in domestic standards, and promotes technological advancement and standardization across the industry.

Specification for Evaluating Fresh Air Function of Room Air Conditioners

Official Release of the *Vacuum Fresh-keeping Compartment for Refrigerators Standard*, Led by Hisense Refrigerator Company and Jointly Developed with Leading Industry Enterprises and Professional Institutions

Case | Hisense Central Air Conditioning Supports Carbon Neutrality Technology Research

Hisense Central Air Conditioning contributed to the compilation of the Heat Pump Industry's Contribution to Carbon Neutrality: Technical Approaches and Cases (2024) research report, where the Company shared its practical experience in carbon neutrality technology development. This included innovations in high-efficiency compressor technology, intelligent control systems, and the use of renewable energy, providing valuable technical guidance and case references for the low-carbon development of the heating and cooling pump industry. The report has received widespread attention and high praise both within and outside the industry.

Release of the *Heat Pump Industry's Contribution to Carbon Neutrality: Technical Approaches and Cases (2024) Report*

The First Drafting Meeting of GB/T 18837 *Multi-Split Air Conditioning (Heat Pump) Units and JB/T Heat Recovery Multi-Split Air Conditioning (Heat Pump) Units* Held in Qingdao, Organized by Hisense Hitachi

Case | Contribution to the Revision of the *Performance Testing Method for Household Electric Dishwashers Standard*

In November 2024, the revision of the national standard GB/T 20290-2024 *Performance Testing Method for Household Electric Dishwashers* was completed and released. Hisense Kitchen Appliances, as a leading drafting unit and member of the committee, actively participated in the revision process. Leveraging its technical expertise and extensive experience in the dishwasher field, the Company provided crucial technical support and recommendations for the standard revision.

Hisense Kitchen Appliances Receives Certificate as a National Standard Drafting Unit

Hisense Home Appliances Group, as the Chairman Unit of the Guangdong Household Appliance Association, Participates in the Guangdong Household Appliance Association's 20th Anniversary Forum on Empowering High-Quality Development in the Home Appliance Industry

Partnership for Good Win-Win Cooperation

Hisense HA adheres to the core corporate spirit of "respecting people", respects and safeguards the human rights and labor rights of every employee, and is committed to creating a diverse and inclusive workplace environment. Through a multi-level talent development system, it enhances employees' career development capabilities and guides them to grow together with the Company.

Diverse and Compliant Employment

Hisense HA is committed to establishing a fair and just employment mechanism. The Company strictly prohibits all forms of forced or compulsory labor, child labor, and other violations of labor rights. We also pledges that during employee recruitment and employment, no individual will be discriminated against based on race, color, age, gender, ethnicity or nationality, disability, pregnancy, breastfeeding, religion, or marital status. This includes ensuring fairness in aspects such as salary, promotions, rewards, and training opportunities.

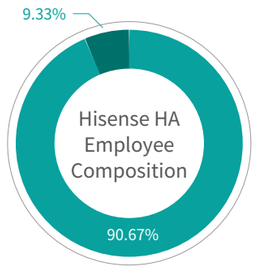
Key Performance

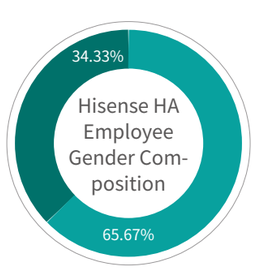
In 2024, Hisense HA

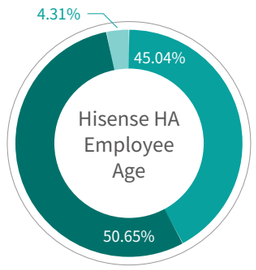
employed a total of 55,670 employees, with a 100% social insurance coverage rate.

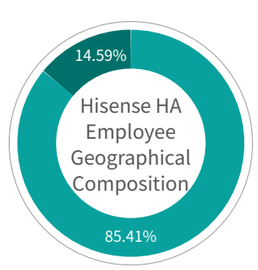
0
incident of forced labor, child labor, discrimination, or harassment were reported.

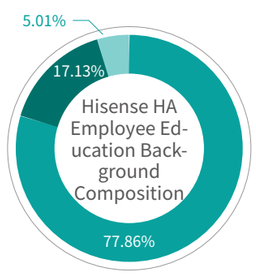
Hisense Home Appliances Employee Structure in 2024

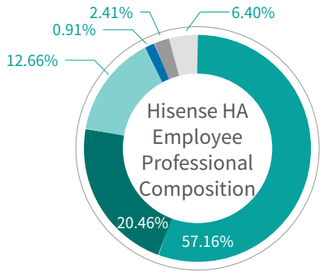


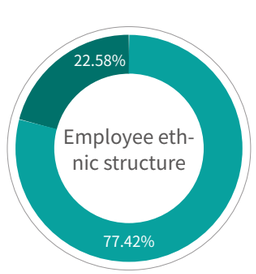


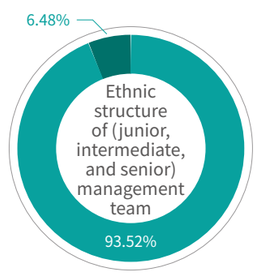












As the business market continues to expand, Hisense HA places increasing importance on fostering an inclusive and diverse workplace. In its operations, the Company actively embraces employee differences, allowing all employees to leverage their strengths and work together toward common goals. In overseas operations, the Company adopts a localization strategy, actively recruiting local talent to build a professional team with an international perspective and cross-border collaboration mindset. By organizing exchange programs between headquarters and overseas employees, the Company enhances information sharing, teamwork, and cultural integration, fostering greater cohesion and unity across diverse regions.

New employees of the Japanese Home Appliance R&D Department visit Hisense Home Appliances headquarters for training, tours, and exchanges

Women's Rights Protection

Hisense HA consistently prioritizes gender equality and women's empowerment, striving to create an open, diverse, and equal workplace environment that comprehensively protects women's rights and enhances female leadership. The Company ensures that female employees enjoy equal career opportunities and full development prospects, strictly implements statutory benefits such as marriage leave, maternity leave, nursing leave, and childcare leave, and will never reduce salaries, dismiss, or terminate labor contracts due to pregnancy, childbirth, or nursing. During the reporting period, the Company conducted an analysis of gender pay gaps, and the results showed no significant pay differences between male and female employees. Additionally, the Company provides annual health check-ups for female employees and regularly holds various welfare activities to care for their physical and mental health. Furthermore, the Company actively encourages employees to participate in women's leadership empowerment courses, laying a strong foundation for building an inclusive workplace.

Case | **Hisense HA Organizes Women's Day and Mother's Day Activities to Enhance Female Employee Cohesion**

Hisense HA places great importance on the care and well-being of its female employees, organizing various events during holidays such as Women's Day and Mother's Day to strengthen female employees' sense of belonging and happiness. In March and May 2024, departments at the Pingdu Industrial Park organized a series of activities under the themes "Happy and Charming Goddess, Warm and Deep Care" and "Grateful Mother's Love in May." These activities included a flower arrangement workshop and handmade flower steamed buns, which enhanced the female employees' practical skills and creativity, allowing them to fully unleash their imagination and innovation while enriching their cultural lives.

Female Employees of Hisense HA's Pingdu Industrial Park Participate in a Flower Arrangement Workshop and Handmade Flower Steamed Buns Activity

Case | **Hisense HA Provides Vaccination and Health Consultation Services for Employees, Receiving High Praise**

In September 2024, a professional medical team from Shunde Women's and Children's Hospital of Guangdong Medical University visited the Hisense HA clinic, providing HPV and Hepatitis B vaccinations for nearly 70 employees and breast and gynecological check-ups and health consultations for about 40 employees. The initiative was highly praised by employees. The event not only facilitated convenient and efficient "one-stop" vaccination services but also allowed employees to receive screening and consultation services from top-tier hospital specialists without leaving the factory. Moving forward, Hisense HA's clinic will continue to integrate services across prevention, screening, diagnosis, treatment, referral, and rehabilitation, creating a unique employee health management model to ensure the overall health and well-being of its employees.

Diversified Talent Attraction

Hisense HA understands that the steady growth of the Company relies on diverse talent. The Company has developed a diversified incentive system, offering competitive and fair pay and benefits to attract a wide range of talents, driving mutual creation and win-win outcomes between the Company and its employees.

Talent Attraction and Retention

Hisense HA monitors talent demand dynamically in alignment with strategic and operational development goals, assessing the key talent gaps created by new market expansion, technological upgrades, or product line extensions. This ensures efficient coordination between strategy and talent. In recruitment, the Company adopts appropriate recruitment strategies based on the current human resource market conditions, utilizing a variety of channels such as campus recruitment, internal referrals, the "Freshwater Plan" and industry-academic integration to recruit professional talents. Additionally, the Company conducts an annual talent review to assess the distribution and capabilities of talent within the organization, identify high-potential individuals, and effectively allocate talent to support business success and operational goals.

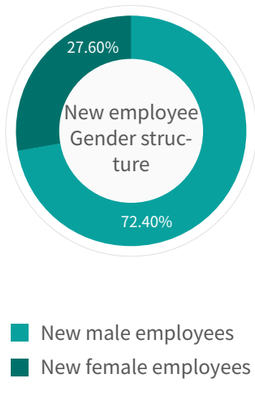
Additionally, the Company uses turnover rate as a key indicator to measure the effectiveness of leadership and human resource management. By categorizing employees and managing them according to different levels, Hisense HA controls the overall turnover rate. For key groups such as senior employees, the Company sets turnover rate targets, analyzes past employee departure reasons, and takes targeted measures to enhance their sense of belonging. For frontline employees, who are at a higher risk of turnover, the Company not only strengthens employee care but also encourages participation in skills training or job rotation to improve employee stability. Furthermore, Hisense HA conducts engagement surveys annually to promptly understand employee experiences and feedback.

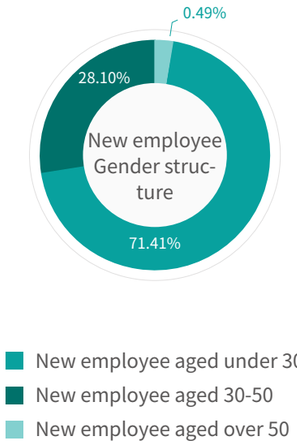
Key Performance

In 2024

the employee engagement score at Hisense Home Appliances was 4.44 and the participation rate in the employee engagement survey was 85.67%

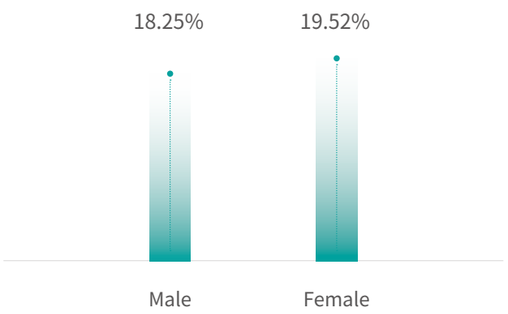
New Employee Structure of Hisense HA



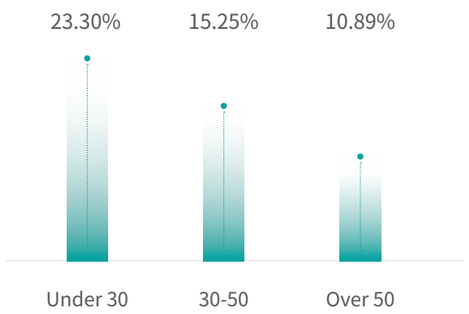


Employee Turnover of Hisense HA in 2024

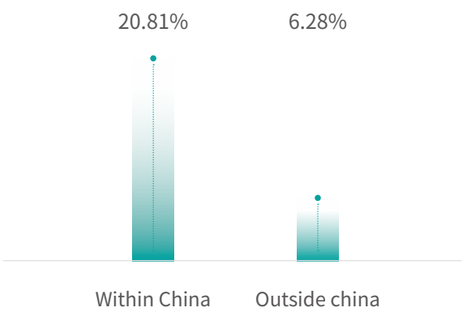
Employee turnover by gender



Employee turnover by age



Employee turnover by region



Employee Pay and Benefits

Hisense HA has built a comprehensive pay system, covering base salary, performance bonuses, special rewards, long-term incentives, and equity incentives. The Company conducts internal and external salary benchmarking analysis, setting compensation levels, structures, and compositions at different levels based on performance, with the aim of stimulating organizational vitality.

Performance Evaluation Mechanism

To ensure a performance-oriented compensation system, the Company conducts regular performance evaluations for all employees and ensures they are promptly informed of their performance results. The Company implements the PBC (Personal Business Commitment) performance management tool, using organizational performance and other assessment indicators to align with and execute Company strategies, providing all employees with performance-based variable pay.

Evaluation Frequency

- Management Level: Annual evaluation
- Management and Professional Positions: Quarterly and annual evaluation
- Operational Positions: Monthly and annual evaluation

Evaluation Indicators

- Derived from strategic indicators, strategic decoding, cross-organizational collaboration needs, job responsibilities, team goals, etc.

Appeal Mechanism

- Employees can appeal directly to their department heads. If they still dissatisfied with the result, they can request a review from the HR department

Hisense HA Performance Evaluation Mechanism

Key Performance

In 2024

100%

of employees regularly undergo performance and career development evaluations, and receive performance-based variable pay

Employee Share Ownership Plan

In January 2024, Hisense HA announced the *Hisense HA Group Co., Ltd. 2024 A-Share Employee Stock Ownership Plan (Draft) Summary*. The plan specifically provides long-term incentives and equity-based incentives for the Company's key executives, senior management, and core team members who play an important role in the Company's overall performance and mid- and long-term development. The goal is to fully stimulate their enthusiasm and creativity to drive the Company's continued growth.

In 2024, the company implemented an incentive program specifically designed for directors, supervisors, senior management, middle managers, and core backbone personnel, with a total of 279 individuals being granted incentives. The employee share ownership plan serves to deeply integrate the interests of employees with the company's long-term development trajectory. This strategic initiative is instrumental in effectively catalyzing innovation and attracting high-caliber talent. Furthermore, it communicates to the capital market the company's confidence in achieving sustained and robust performance growth, thereby providing a dynamic impetus for the governance and realization of the company's medium- and long-term strategic objectives.

Employee Care and Welfare

Hisense HA has established a comprehensive care management system that covers all employees, offering a wide range of welfare and care measures in areas such as pension, welfare items, holidays, logistics support, and health management. The Company also actively organizes a variety of employee cultural and sports activities to help employees alleviate work stress, improve their sense of happiness, and boost their enthusiasm for work. Currently, the Company has built a comprehensive Employee Service Center that integrates learning, leisure, dining, and daily goods. It regularly offers legal assistance, mutual aid funds, one-yuan haircuts, six major cultural and sports activities, employee birthday parties, and other services, sincerely caring for employees' lives and providing tangible support for their development.

In terms of universal welfare, the Company provides employees with major holiday benefits, first-home loan support, discounted housing rental benefits, and employee discounts on home appliances. Additionally, personalized care plans have been developed for various groups, including single executives and core talents assigned to different locations, families of long-term expatriate employees, foreign experts, new graduates hired less than three years through campus recruitment, employees who have been hired for one year, and new frontline employees. These plans carefully consider the needs of each group to ensure that every employee feels cared for and supported by the Company.

Welfare Items

- Provide holiday greetings and gifts to employees during major holidays.
- Distribute high-temperature subsidies according to local standards during hot weather.
- Organize employee birthday parties to ensure employees truly feel integrated into the Hisense HA family.

Rest and Holidays

- Basic leave: paid annual leave, marriage leave, maternity leave, paternity leave, childcare leave, elderly care leave, etc.
- Special leave: child education leave and Spring Festival reunion leave.

Logistics Support

- Improve the working and living environment in the park to improve employees' comfort.
- During the summer vacation, provide loving childcare services for employees' children to address their childcare needs during the holiday period.
- During the Spring Festival travel rush, organize special Spring Festival transport vehicles and carry out care activities such as providing New Year's Eve dinners for employees who remain at the factory.

Health Management

- Provide all active employees with at least one free health check-up per year and follow up on any abnormalities identified during the check-ups.
- Provide effective guidance and assistance for employees' physical and mental health.

Hisense HA Employee Welfare System

Key Performance

In 2024

100% of employees

covered by Hisense HA's benefits (including statutory and non-statutory)

Case | Hisense HA Organize Culinary Training Class for Employees

In July 2024, the trade union of Hisense HA Group organized a culinary training class for employees, aiming to promote skill development, enhance team cohesion, and enrich the cultural life within the campus. The event quickly attracted enthusiastic participation from many employees. The training took place at the Cantonese Chef Master Studio in Foshan and featured special guest instructor Ye Zhiguang—Vice President of the Ronggui Catering Industry Association and a renowned chef. Under Chef Ye's guidance, participants were divided into groups to engage in hands-on practice, gradually mastering various cooking techniques. They actively took notes on key steps, demonstrating great enthusiasm for learning and strong team spirit. This training not only improved employees' culinary skills but also used food as a medium to promote cross-departmental interaction and collaboration, injecting new energy into the cultural development of the campus.

Case | Hisense HA Organizess Youth Networking Event to Enrich Employees' Cultural Life

In June 2024, the trade union and youth league committee of Hisense HA Group, in collaboration with Shunde Hospital Guangzhou University of Chinese Medicine and Shunde Women and Children's Hospital of Guangdong Medical University, successfully held a youth networking and friendship event themed "In the Prime of Youth · Summer FUN Connection." The event featured carefully designed games that created meaningful opportunities for interaction among young professionals from the medical and corporate sectors. It highlighted the role of the trade union and youth committee as vital organizational bridges, fostering social interaction and personal development for young talent. Looking ahead, Hisense HA Group will continue to host diverse, experience-driven activities tailored to employee needs, enhancing the sense of belonging, value, and happiness among young professionals.

Case | Hisense HA Upgrades In-house Medical Services to Safeguard Employee Health

In May 2024, the Hisense HA clinic successfully passed the designated medical insurance institution review and was officially approved as an accredited provider. It became the first enterprise clinic in Shunde to enhance its qualifications through a "medical-enterprise integration" model and obtain medical insurance designation. This allows employees to access top-tier hospital-level healthcare services without leaving the factory and benefit from medical insurance reimbursements. Going forward, the Company will continue to uphold its commitment to dedicated employee service and support the high-quality development of the enterprise by actively promoting employee health and wellness.

Hisense HA In-house Medical Services

Case Hisense HA Hosts "Highfun" Summer Camp to Ease Employees Childcare Burden During Summer Vacation

Since 2022, Hisense HA has organized the annual "Highfun" Summer Camp to help relieve employees' summer childcare and education pressure and reduce family burdens. In 2024, the camp was further upgraded with enriched courses and educational activities. In addition to regular classes such as art, music, and LEGO assembly, the program featured specialized courses taught by guest lecturers, including corporate culture, patriotic education, model worker stories, legal education, social etiquette, overseas exchange, and interdisciplinary science lessons. Today, the "Highfun" Summer Camp is recognized as one of the 50 exemplary caring childcare programs by the Guangdong Trade Union.

Case Hisense HA Pingdu Campus Implements "Wellbeing Project" Centered on Employees' Daily Lives

The Hisense HA Pingdu Campus actively upholds its "Respect for People" culture by enhancing employee satisfaction through a coordinated system of recreational services and activity facilities, achieving a 7% increase in employee satisfaction and reinforcing the positive cycle between quality of life and work efficiency. Key initiatives include:

Organized festive markets and themed leisure events around holidays such as the Spring Festival and Qixi Festival to help employees relax and unwind after work.

Constructed and renovated four dormitory buildings, upgraded 15 types of living spaces, and introduced innovative "1 Yuan Haircuts+" and "Health Center+" integrated service models to provide employees with high-quality living environments and infrastructure.

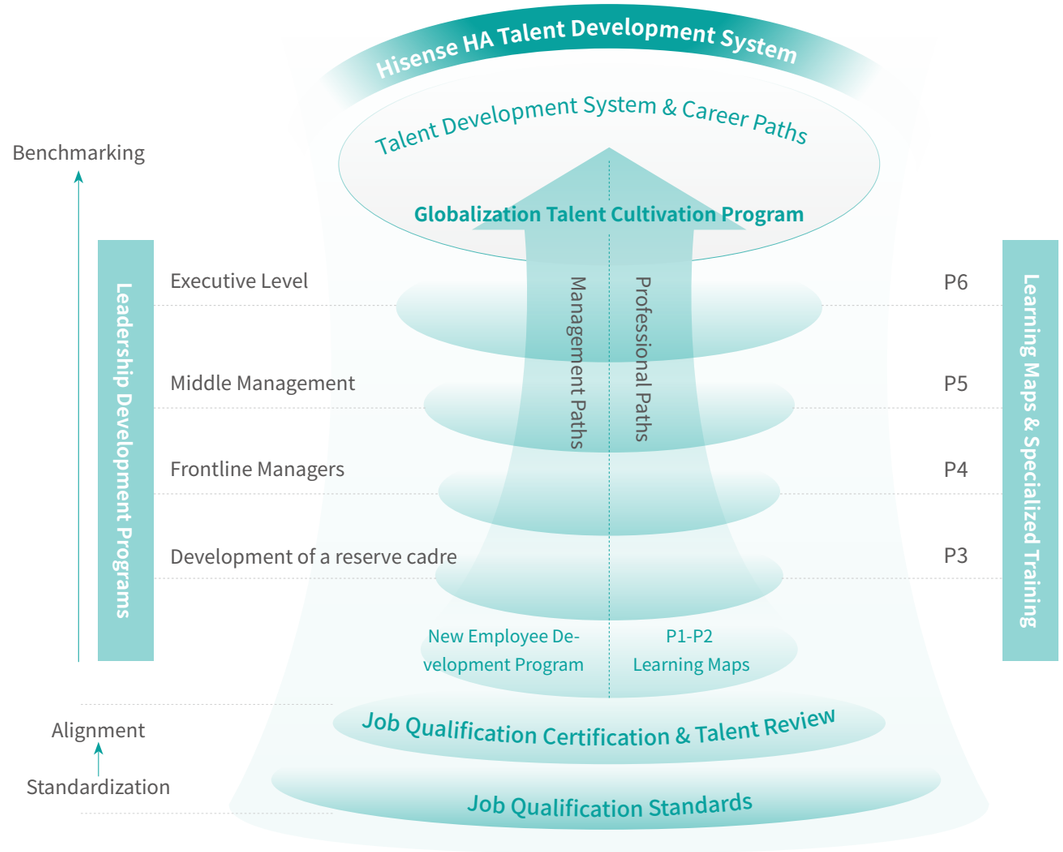
Collected 167 employee suggestions throughout the year via both online platforms and offline discussions, achieving a 100% response and resolution rate.

Employee Challenges and Growth

Hisense HA consistently has always regarded employee's career development as a key driver of sustainable growth. The Company has established a comprehensive talent development system, using job qualification standards as a reference to support and promote employees' growth.

Dual Career Development Pathways

Hisense HA has systematically optimized its job and position system, including standardizing job sequences, job titles, and building a standardized job database to provide employees with clear career development paths and a fair promotion environment. The Company supports development along both managerial and professional tracks. Additionally, promotion opportunities are closely tied to current business performance, granting higher-performing employees greater advancement potential and encouraging mutual growth between the individual and the Company.



Hisense HA Talent Development System

During the reporting period, the Company updated its job qualification standards, redefining the original "capability requirements" as "key business activities" to better guide employees in enhancing their competencies through real business practices. Moving forward, the Company plans to organize annual qualification certification programs to comprehensively assess employees' skill levels, helping them gain a clear understanding of their development status and areas for improvement. For employees who pass the certification, promotion opportunities will be provided, further boosting their motivation and engagement.

Key Performance

In 2024

17.78%

Hisense HA's internal recruitment rate for non-frontline staff[25]

[25] Internal recruitment rate = total number of vacant positions filled by existing employees / total number of vacant positions in the reporting year.

Talent Development

To support employees' training and development, the Company has established a three-level training system consisting of "Group-level, Company-level, and Department-level" training. At the group level, training focuses on developing high-potential managers, newly appointed managers, outstanding reserves, and capabilities required for major project breakthroughs. At the Company level, each business unit develops and implements annual training plans based on its specific business needs. At the department level, each department conducts supplementary training plans to address employees' skill gaps. Additionally, the Company has a well-structured program for selecting and nurturing global reserve talents, providing overseas development opportunities.

Training Program	Program Description	Program Content
New Employee Onboarding Training	Divided into campus recruitment onboarding and social recruitment onboarding, with campus recruitment training lasting long for 6 months. The program ensures that new employees understand the Company culture, master job skills, and quickly adapt to their roles. The Company also focuses on their adaptation and mindset changes during this period through various employee care activities and communication meetings to help new employees transition through their onboarding period.	• Campus recruitment training: Enterprise culture training, frontline and market internships, job knowledge and skills training, mentoring, proposal creation, etc. • Social recruitment training: Company culture training, mentoring, etc.
Professional Skill Training for Different Positions	Based on different professional sequences and job qualification levels, the Company develops learning maps that align with job qualification standards and matches appropriate courses. Employees can enhance their abilities through learning maps, professional training, and development programs.	• Employees can track their learning progress on the platform and learn based on their needs. • Each department creates and implements a professional skill enhancement training plan for internal employees. • For common, difficult, and emerging professional skill training needs, the Company conducts a unified training needs survey and then organizes training through internal experts, external professional instructors, or specialized consultations, helping employees achieve skill breakthroughs.
Leadership Training	Based on Ram Charan's "The Leadership Pipeline" concept, the Company has built a comprehensive leadership training system for "entry-level, mid-level, and senior-level" managers to help employees master essential management skills.	• All managers at every level of the company must undergo leadership development training focusing on three core elements: "work values," "time management," and "management skills." They must clearly define their roles and value positioning in their respective positions and undergo training in the four capabilities of managers to enhance their cognitive ability, execution ability, creativity, and leadership ability.

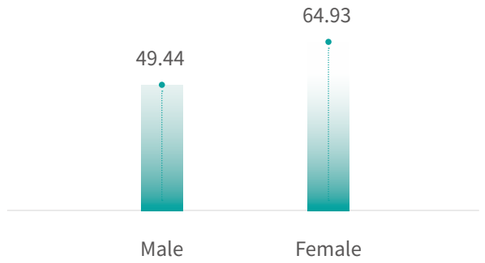
Hisense Home Appliances Employee Training Overview

Hisense Home Appliances Organizes Employee Training

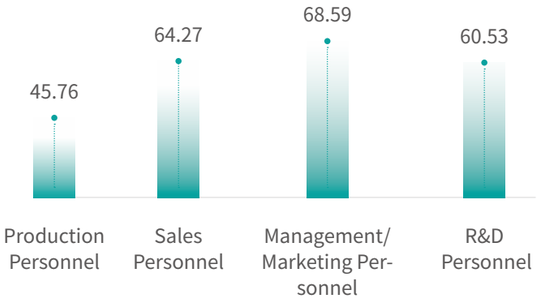
The company has launched the Hisense HVAC Institute in Turkey to train local professionals in the HVAC sector

Average Training by Gender and Employee Category[26]

Average Length of Employee Training by Gender (Unit: hour)



Average Hours of Training by Employee Category (Unit: hour)



Key Performance

In 2024

100%

The training participation rate for employees

with a total investment of RMB42.9683 million in vocational training

[26]The training primarily involves company-led initiatives like new employee orientation, vocational skills training, and leadership development programs.

Case | **Hisense HA Continuously Improves the Enterprise Skill Talent Development System**

Hisense HA places great importance on the cultivation of front-line skilled workers and has expanded the promotion channels for skilled talent to include the following career progression: "Apprentice — Technician (Junior, Intermediate, Senior) — Technician — Senior Technician — Master Technician — Chief Technician," aligning with the national "New Eight-Level Worker" system. To break the ceiling for the advancement of highly skilled talent and motivate them to continue climbing, the Company actively conducts enterprise-level gold and blue collar training, participates in internal and external skill competitions, provides specialized training for technicians, and encourages external learning and exchange. These efforts ensure that the work of technicians is grounded in practice, providing opportunities for development, salary security, and social recognition.

Employee Feedback and Communication

Hisense HA is committed to building positive and harmonious employee relations and creating diversified communication channels and platforms. The Company encourages employees to voice their opinions freely, actively listens to their voices, and enhances their sense of belonging.

Communication and Complaint Channels

The Company places great importance on employee feedback and demands, establishing a "online + offline" multi-channel communication platform and mechanism. We has set up corresponding feedback and complaint channels for different issues, ensuring employees are informed through regulations, posters, and bulletin boards. When a report of misconduct is received, the relevant responsible personnel will immediately conduct an investigation while ensuring the protection of the whistleblower.

In 2024, based on existing communication channels and methods, the Company introduced the HCI (Hisense Continuous Improvement) application, which serves as a channel for collecting employee innovation proposals, suggestions, and strategies. After submitting a suggestion through the application, the system automatically forwards it to the designated department's email. The liaison person then conducts the initial review, assigns it, and tracks the follow-up actions. This initiative has established a smooth upward feedback channel for employees, effectively pooling their wisdom, encouraging collective effort, driving change, boosting business operations, and igniting employees' innovative enthusiasm and vitality to enhance value creation and efficiency.

Trade Unions and Collective Bargaining

The Company respects employees' rights to freely assemble and form associations in accordance with the law, and through equal negotiations and the system of collective contracts, encourages employees to participate in democratic management and democratic supervision.As of the end of 2024, the Company's trade union covered 100% of employees. The trade union has an internal legal team that provides employees with legal consultations, legal assistance, and labor dispute mediation support, effectively safeguarding employees' rights and interests.

Key Performance

In 2024

100%

of employees have signed the collective agreement

Occupational Health and Safety

Hisense HA adheres to the principle of "safety first, prevention as the primary focus, and comprehensive governance," and follows the principle of risk prevention at the source. The Company integrates safety production into all aspects of its business operations, establishing and improving a dual prevention mechanism of risk-based control and hazard investigation and management. The Company ensures the implementation of safety responsibilities, management, investment, training, and emergency rescue.

Indicator	Unit	2022	2023	2024
Number of fatalities due to work	People	0	0	0
Workdays lost due to work-related incidents	Days	542	229	741
Lost Time Injury frequency rate (LTIFR)	/	1.15	0.76	0.17

Hisense HA's Safety Production Indicators for the Past Three Years[27]

Safety Risk Management

To effectively identify and assess safety hazards and risks to employees and other workers arising from work activities, work environments, hazardous materials, and harmful substances, Hisense HA conducts a comprehensive safety production hazard investigation throughout the year, classified by level, profession, and category. Timely corrective actions are implemented to ensure safety risks are controlled.

Key Performance

In 2024

63,792 safety hazard inspections by Hisense HA's various business lines

98.47% with an average safety hazard rectification closure rate

Molding Business

- Conducted a Company-wide "Responsibility for Safety" activity, implementing the group's layered risk inspection requirements. Each factory, department, and team evaluates the risks associated with equipment, facilities, and work activities.
- Continuously renovated aging equipment, phased out high risk single-stroke devices, added safety-protection footboards to injection molding machines, carried out safety-technology upgrades on elevators and hoists, and advanced the overhaul of aging electrical systems and improvements to ground-resistance electricity. These measures have reduced safety risks by over 10%.

Household Air Conditioner Business

- Enhanced intrinsic safety of equipment, including adding triple protection in robot areas, safety protection pedals in injection molding machine cavities, safety modifications for elevators/lifts, and promoting the upgrade of outdated electrical systems.

Central Air Conditioner Business

- In terms of electrical safety, the Company has improved its dual prevention system for electrical safety management. An external professional electrical technical team conducted safety diagnostics for the factory and regularly performs special electrical safety inspections. In addition, the Company actively promotes the installation of electrical fire monitoring systems, the upgrade of old electrical equipment, and the improvement of grounding systems.

Washing Machine Business

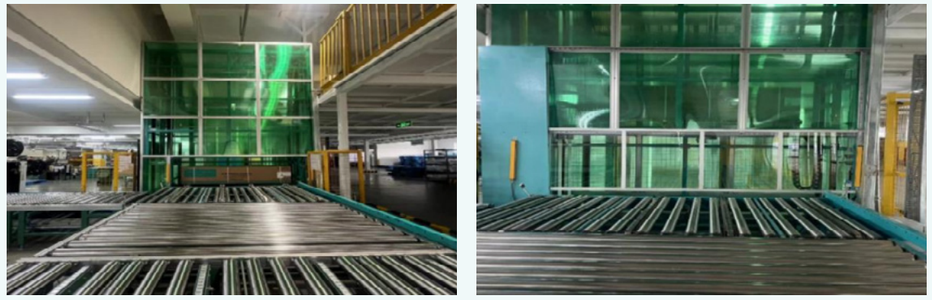
- Fully upgraded welding line equipment to fully automatic riveting lines, eliminating manual riveting, box lifting, material placement, and other roles, thus eliminating the risk of fires and occupational injuries caused by on-site welding.

Hisense HA's Safety Risk Management Measures

[27]This year, we adjusted the calculation methods and scope of Hisense HA's safety production indicators, and based on this, recalculated the relevant data for 2022 and 2023.

Case | **Air Conditioning Business Adds Interlock Safety Guard Doors to Elevator Entrances to Reduce Worker Risk**

In July 2024, the air conditioning business made safety modifications to the elevator entrance by installing interlock safety guard doors. The door frame is made of aluminum alloy and embedded with a 3mm thick transparent PC panel, which is interlocked with the elevator. When the air conditioning unit enters the elevator and starts to rise, the safety guard door automatically lowers within 2 seconds. If the equipment malfunctions, the power must be cut off before the safety door can be manually lifted, ensuring employee safety. This measure has been rolled out across the Company.



Before and After the Improvement of the Elevator Entrance in the Air Conditioning Business

Occupational Health Management

The Company places the highest priority on employee health and safety, comprehensively preventing, controlling, and eliminating occupational health hazards in the working environment, and improving occupational health management standards.

For employees engaged in hazardous work, the Company issues the *Notice of Positions of Occupational Disease Hazard* before they begin their roles and strictly implements the "Pre-job, In-job, and Post-job" full-process occupational health checkups. If the medical examination results show that an employee is unsuitable for continued work in the position, the Company will arrange a job reassignment to ensure the employee's health and safety. For employees exposed to noise, dust, and chemical solvents, the Company provides protective gear such as earplugs, masks, and gloves. Additionally, the Company conducts annual tests on workshop hazards such as dust and noise, and makes corresponding improvements based on the test reports.

Key Performance

In 2024, Hisense HA

100%

of employees working in hazardous positions underwent occupational health checks

with a

100%

pass rate

Safety Capability Building

The Company actively conducts various safety training activities, promoting learning through assessments and using exams as a substitute for training. This approach continually enhances the overall safety awareness of all employees and the professional capabilities of safety and technical personnel. At the beginning of each year, each business line formulates an annual safety training plan based on its operational characteristics and potential safety risks. The plan is gradually implemented on a quarterly basis, continuously strengthening the foundation of safety culture and fostering an atmosphere of safe production.

New Employee Three-Level Safety Education

New employees must undergo a three-level safety education program. Employees who fail the examination will not be allowed to commence work.

Specialized Work Personnel Training and Education

All personnel engaged in specialized work as defined by the state or in specific hazardous roles within the factory must attend job-specific training, retraining, and examinations organized by the relevant departments.

Return-to-Work Education

Employees returning to work after maternity leave, work injuries, or a leave of absence of more than six months must undergo return-to-work education.

Key Position Personnel and Safety Management Staff Education

Every year, the Safety and Environmental Department organizes necessary safety and environmental re-education training for the Company's key responsible persons and safety management personnel.

Basic/Mid-Level Management Safety Education

Newly appointed workshop directors, management office directors, and team leaders must receive safety environment education before assuming their roles.

Job Change Education and "Four New" Education

Employees who need to change their roles due to work requirements must undergo job change education. Employees involved in new processes, new technologies, new equipment, and new materials must receive specialized training.

General Employee Safety and Environmental Awareness Education

Safety and environmental awareness education for all employees is provided through electronic learning and is primarily integrated with the annual Safety Production Month, World Environment Day (June 5th), or the off-season for production each year.

Occupational Health Education

Occupational health education is mainly aimed at those working with toxic and harmful substances. The Safety and Environmental Department organizes training based on needs.

External Personnel Education

External personnel, such as those involved in construction, visits, or business negotiations, are provided with occupational health, safety, and environmental education by the reception or engineering department organizing the visit.

Hisense HA Safety Education System

In terms of emergency work, the Company adheres to the principles of "people-oriented, reducing hazards, staying vigilant in times of peace, prevention first, unified leadership, graded responsibility, clear duties, and quick response". When an emergency occurs or is discovered, the Company's emergency response procedures are immediately initiated to carry out emergency rescue work while reporting to relevant parties, ensuring the safety, health, and lives of employees. The Company aims to minimize property damage, environmental harm, and social impact.

Indicator	Unit	2022	2023	2024
Number of Fire Drills	Times	356	354	378
Number of Participants in Fire Drills	Person -times	47,079	46,998	57,011
Total Number of Employees Trained in Safety	Person	49,367	56,240	55,670
Average Safety Training Hours per Employee	Hours/ Person	22.34	28.10	29.66

Hisense HA Employee Occupational Health and Safety Training Situation[28]

Case | Air Conditioning Business Completes Upgrade of Safety Experience Center

To ensure employees' safety during activities and improve training effectiveness, the Company's air conditioning business' two outdoor unit workshops have upgraded the Safety Experience Center. After the upgrade, employees can learn about fire safety, experience safe operations, and learn how to use CPR AED devices, among other things. The coverage is extensive, effectively enhancing safety awareness.


Offline Safety Knowledge Training

Case | Hisense HA Hosts Fire Safety Sports Event

In November 2024, to align with the "National Fire Safety, Life First" theme for National Fire Safety Month, Hisense HA organized the third annual Fire Safety Sports Event in Guangdong. Held at the Shunde campus, this event aimed to enhance employee fire safety awareness and self-rescue abilities. The event featured 10 scenario-based competition projects, including 6 individual competitions like "Speedy Escape" and "Fully Equipped," as well as 4 team events such as "Emergency Rescue" and "Rescue Squad." By combining training and competition, the event significantly boosted employees' fire safety knowledge, heightened their awareness, and improved their emergency response capabilities.



Fire Safety Sports Event

[28]In this year, we adjusted the calculation method and scope of safety production indicators, and based on this, we recalculated the related data for 2022 and 2023.

06

Steady Progress ESG Indicators and Goals

In 2024, Hisense HA articulated key action routes and core indicators for each issue, refining and integrating ESG factors into its existing business development and employee performance evaluation system. The company seamlessly integrates ESG principles into existing job responsibilities of employees, promotes the inclusion of ESG metrics in the employee evaluation process, and better motivates staff to participate in the creation of the company's comprehensive value.

Water Management

Our 2030 goal

Committed to continuously reducing water consumption per RMB10,000 output value through technological innovation and management optimization, achieving efficient utilization of water resources and compliant discharge of wastewater, and realizing water conservation and sustainable development goals for water resource management, while maintaining 100% compliance with wastewater discharge management standards.

Ensure availability and sustainable management of water and sanitation for all

Conserve and sustainably use oceans, seas and marine resources for sustainable development

Goal in 2024

- 100% compliance in wastewater discharge management

Progress in Goal 2024

- 100% compliance in wastewater discharge

Indicator (unit)	2022	2023	2024
Total water withdrawal (10,000 tons)	/	/	394.4
Water withdrawal per unit of income (ton/RMB million)	/	/	42.5
Water consumption (10,000 tons)	356.6	338.7	353.7
Water consumption per unit of income (ton/RMB million)	48.1	39.5	38.2
Total wastewater discharge (10,000 cubic meters)	173.4	196.3	217.2
Wastewater discharge per unit of income (cubic meters/ RMB million)	23.4	22.9	23.4
Industrial wastewater discharge (10,000 cubic meters)	/	/	78.7
Domestic sewage discharge (10,000 cubic meters)	/	/	138.5

Waste Disposal

Our 2030 goal

Actively promote the proper disposal of waste and the comprehensive utilization of resources, striving to achieve a year-on-year reduction in the amount of hazardous waste generated per ten thousand yuan of output value while improving the resource utilization rate of waste. Maintain 100% control over environmental control points and ensure 100% compliance with emissions standards for wastewater, exhaust gas, and waste.

Ensure sustainable consumption and production patterns

Goal in 2024

- 100% compliance in the entire process management and disposal of waste.

Progress in Goal 2024

- 100% compliance in the disposal of waste.

Indicator (unit)	2022	2023	2024
Total amount of waste (ton)	14,299.5	44,642.4	48,868.8
Total amount of waste generated per unit of revenue (ton/RMB million)	0.2	0.5	0.5
Total amount of nonhazardous waste[28] (ton)	13,339.4	43,862.3	47,704.4
Total amount of nonhazardous waste per unit of revenue (kg/RMB million)	180.0	512.1	514.4
Total amount of hazardous waste[29] (ton)	960.1	780.2	1,164.4
Total amount of hazardous waste per unit of revenue (kg/RMB million)	13.0	9.1	12.6

[28]The total amount of nonhazardous waste includes production waste and household waste generated during production and operation process. In 2024, the Company optimized the classification and statistical evaluation methods of solid waste to ensure that the total amount of waste emissions from its subsidiaries were effectively recorded, resulting in an increase in data compared to the 2023 statistical results.

[29]The types of hazardous waste is defined in accordance with the *List of National Hazardous Waste 2021.*

Response to Climate Change

Our 2050 goal

We have set clear plans for the near, medium, and long term stages regarding our carbon reduction and renewable energy targets, aiming to achieve an orderly green transition in carbon reduction and energy structure.By upgrading existing production equipment, adopting energy-saving refrigeration and heating systems, reducing direct energy consumption in the production process, and expanding the proportion of green power procurement such as solar and wind energy, we aim to achieve our own carbon neutrality goal for operations by 2050.

13 CLIMATE ACTION — Take urgent action to combat climate change and its impacts

Goal in 2024

- By 2030, Scope 1 and Scope 2 emission intensity per unit will reduced by 35%, and the proportion of green electricity will increase to 30%
- By 2040, Scope 1 and Scope 2 absolute emission will reduce by 45%, and the proportion of green electricity will reach 60%
- By 2050, we will achieve carbon neutrality for Scope 1 and Scope 2, and the proportion of green electricity will reach 100%

Progress in Goal 2024

- Reached targets for intensity emission reduction per unit and proportion of green electricity use during operation

Indicator (unit)	2022	2023	2024
Total greenhouse gas emissions (Scope 1+Scope 2)[30] (tons of CO_2e)	381,146.2	555,232	527,101
Greenhouse gas emissions per unit of revenue (Scope 1+Scope 2) (tons of CO_2e / RMB million)	5.1	6.5	5.7
Direct emissions (Scope 1)[31] (tons of CO_2e)	40,205.4	276,621	241,480
Indirect emissions (Scope 2)[32] (tons of CO_2e)	340,940.7	278,611	285,620

[30]Scope 1 greenhouse gas emissions+Scope 2 greenhouse gas emissions=carbon dioxide emissions (tons) for global warming potential (GWP).

[31]Scope 1 greenhouse gas emissions means the greenhouse gas emissions generated by the consumption of diesel and gasoline, natural gas, and liquefied petroleum gas by the vehicles of Hisense HA and its subsidiaries. The emission calculation coefficient refers to the *Guidelines for Greenhouse Gas Emission Accounting Methods and Reporting* issued by the National Development and Reform Commission.

[32]Scope 2 greenhouse gas emissions mean the greenhouse gas emissions generated from the consumption of purchased electricity by Hisense HA and its subsidiaries. The emission calculation coefficients for 2024 and 2023 are based on the latest average power grid emission factors jointly released by the Ministry of Ecology and Environment and the National Bureau of Statistics, which are 0.5366 tCO_2/MWh and 0.5568 tCO_2/MWh, respectively.

Energy Management

Our 2050 goal

Multiple measures will be taken to reduce carbon emissions in the operation process, improve product energy efficiency, continuously expand the scope of green electricity use, build distributed photovoltaic power generation facilities, achieve a yearly increase in the annual combined energy efficiency rate, with clean energy utilization reaching 100% by 2050.

7 AFFORDABLE AND CLEAN ENERGY — Ensure access to affordable, reliable, sustainable and modern energy for all

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Ensure sustainable consumption and production patterns

Indicator (unit)	2022	2023	2024
Total energy consumption[33] (MWh)	795,262.1	833,397.5	861,753.4
Total energy consumption per unit of revenue[34] (MWh/ RMB million)	10.7	9.7	9.3
Total direct energy consumption(MWh)	197,435.1	204,637.5	197,402.5
Diesel consumption (ton)	755.1	1,140.0	790.6
Natural gas consumption (10,000 standard cubic meters)	1,635.6	1,730.7	1,646.1
Gasoline consumption (ton)	105.6	3.2	35.3
Liquefied petroleum gas consumption(ton)	725.8	264.0	671.0
Total indirect energy consumption(MWh)	597,827.0	628,760.0	664,351.0
Outsourced non clean energy electricity (MWh)	597,827.0	628,760.0	600,608.1
Outsourced clean energy electricity(MWh)	/	/	40,203.7
Self-generated green electricity consumption (MWh)	/	/	46,164.3
Outsourced stream consumption[35] (MWh)	/	/	63,742.9

[33]Include electricity, gasoline, diesel, natural gas, and other energy consumption, with conversion factors sourced from GB/T 2589-2020 *General Guidelines for Calculation of Comprehensive Energy Consumption*.

[34]Comprehensive energy consumption per unit of revenue (ton of standard coal/RMB million)= amount of comprehensive energy consumption converted (ton of standard coal)/unit of revenue (RMB million). The increase in per unit of energy consumption in 2024 compared to 2023 is mainly due to the continuous improvement of energy management and statistics, including the use of renewable energy in accounting.

[35]Outsourced steam is mainly used for heating in winter, with a small amount used for heating processes such as foaming, injection molding, and spraying lines.

Green Management Throughout the Product Lifecycle

Our 2030 goal

We aim to promote green product R&D through continuous innovation, so that more products meet higher environmental standards; At the same time, we vigorously promote recyclable packaging and continuously improve the recycling rate of packaging; actively participate in the Company's recycling program to reach a cumulative product recycling volume of 10 million units by the end of 2030.

Ensure sustainable consumption and production patterns

Indicator (unit)	2022	2023	2024[36]
Total amount of packaging materials used for products (10,000 tons)	12.8	17.1	19.5
Packaging material used per unit of revenue (ton/RMB million)	1.7	2.0	2.1
Consumption of non-renewable packaging materials(10,000 tons)	/	/	3.1
Non-renewable packaging material usage per unit of revenue(ton/RMB million)	/	/	0.3
Consumption of renewable packaging materials(10,000 tons)	/	/	16.4
Renewable packaging material usage per unit revenue(ton/RMB million)	/	/	1.8
Consumption of non-renewable raw materials (10,000 tons)	/	/	54.0
Consumption of renewable raw materials (10,000 tons)	/	/	127.3

[36] In 2024, the Company further refined its material consumption performance management and accounting, incorporating additional materials into the statistics and extending the scope of coverage to include all production units within the company.

Intellectual Property Protection

Our 2030 goal

We will establish a comprehensive intellectual property management system, promote the intellectual property rights of independent innovation achievements, ensure the protection of innovation achievements, reward innovation personnel, and maximize innovation benefits. By truly mastering a group of core independent intellectual property rights and integrating intellectual property management into various aspects of production and operation, we will promote the adjustment of the Company's industrial structure and strategic upgrading, and applying for a total of 30,000 new patents in ten years through technological innovation.

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Indicator (unit)	2022	2023	2024
Total number of patent applications during the reporting period (pieces)	3,560	3,543	3,603
Number of patent authorizations during the reporting period (pieces)	2,806	2,266	2,396
Number of valid patents during the reporting period (pieces)	2,805	2,266	2,395
Total number of invention patent applications during the reporting period (pieces)	1,570	1,450	1,474
Total number of authorized invention patents during the reporting period (pieces)	483	715	705
Number of valid invention patents during the reporting period (pieces)	483	715	705
Number of invention patents applied to the main business (pieces)	483	715	705

Product Development and Innovation

Our 2030 goal

Adhere to the Group's strategy of technology-driven development, continuously increase R&D investment, and actively explore ways and methods to organically integrate green and low-carbon strategies with the Company's new quality productive force. Take technological innovation as the core driving force, continuously optimize the R&D process, improve R&D efficiency, and ensure breakthrough progress in the research and application of green and low-carbon technologies. We are committed to achieving our goal of investing RMB30 billion in R&D from 2020 onwards.

Ensure access to affordable, reliable, sustainable and modern energy for all

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Take urgent action to combat climate change and its impacts

Goal in 2024

- Investment in R&D reaches RMB3 billion

Progress in Goal 2024

- Investment in R&D reached RMB3.45 billion

Indicator (unit)	2022	2023	2024
R&D investment (RMB billion)	2.42	2.78	3.45
R&D investment amount and its proportion to main business revenue (%)	3.26	3.25	3.72
Number of R&D personnel (person)	3,067	3,317	3,563
Proportion of R&D personnel to all employees (%)	6.21%	5.90%	6.40%

Product Quality and Safety

Our 2030 goal

To build business based quality planning and process operation capabilities, fully implement quality delivery mechanisms, build digital quality control platform, create culture of quality for all employees, control quality risks at the source, and ensure that every product meets the highest standards, and ensure that the defective rate of products continues to decline while striving to achieve "zero recall".

Ensure sustainable consumption and production patterns

Goal in 2024

- Internal loss ratio continues to reduce
- Maintain zero product recalls

Progress in Goal 2024

- Reduced internal loss rate by 19% year-on-year
- No incidents of product recall due to health or safety reasons

Indicator (unit)	2022	2023	2024
Number of violations involving health and safety impacts of products and services (cases)	0	0	0
Economic losses caused by legal proceedings related to product safety (RMB)	0	0	0

Customer Experience and Satisfaction

Our 2030 goal

To create a globally leading benchmark for customer experience and satisfaction, with excellent service as our core competitiveness, we continuously enhance customer value, adhere to customer-centric approach, integrate customer experience into every aspect of development, and create high-quality living experiences that exceed expectations for global users through intelligent and personalized services.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

Goal in 2024

- Customer satisfaction rate exceeds 98%
- Customer complaint rate is no higher than 0.5%

Progress in Goal 2024

- Customer satisfaction reached 98.3%
- Customer complaint rate was less than 0.5%

Indicator (unit)	2022	2023	2024
Customer satisfaction survey engagement rate (%)	/	100%	100%
Customer satisfaction score (%)	/	98%	98.3%
Customer complaint rate (%)	/	<0.5%	<0.5%
Customer complaint resolution rate (%)	/	100%	100%

Job Creation and Equal Employment

Our 2030 goal

To fulfill our duty to respect and protect human rights, uphold a zero tolerance attitude towards and resolutely eliminate all forms of forced and compulsory labor, actively implement measures to abolish child labor, treat every employee with the principles of equality and justice, and strive to provide more employment opportunities for society, promoting sustainable development and social progress through practical actions.

5 GENDER EQUALITY

Achieve gender equality and empower all women and girls

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Goal in 2024

- Zero incident of illegal employment

Progress in Goal 2024

- No incident of illegal employment

Indicator (unit)	2022	2023	2024
Incidents of illegal employment (cases)	0	0	0
Total employees (people)	49,367	56,240	55,670

Protection of Employees' Rights and Interests, and Compensation and Benefits

Our 2030 goal

To safeguard the legitimate rights and interests of employees in terms of labor compensation, working hours, rest and vacation, labor safety, etc., establish a fair and reasonable salary system covering direct compensation such as basic salary and performance bonuses, as well as welfare projects such as paid leave and regular check-ups, meet the needs of employees at different levels, respect and care for employees. We are committed to improve the employee engagement score to 4.5.

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Goal in 2024

- The employee engagement score higher than 4.4

Progress in Goal 2024

- The employee engagement score was 4.44

Indicator (unit)	2022	2023	2024
Coverage of employee benefits (including statutory and non statutory) (%)	/	/	100%
Coverage of performance based variable compensation (%)	100%	100%	100%
Employee engagement score (point)	/	4.39	4.44

Employees' Safety and Health

Our 2030 goal

To strictly implement occupational health, safety, and environmental (HSE) related regulations, continuously carry out hazard identification and risk prevention, ensure effective control of safety risks, promote a low level of work loss hours throughout the year, and effectively protect the health rights and interests of employees. We Aim to establish four factories with advanced safety and environmental management systems and one outstanding factory, and strive to achieve zero safety accidents.

Ensure healthy lives and promote well-being for all at all ages

Goal in 2024

- Zero work-related fatality
- Zero major and more severe accident
- Zero occupational diseases occurring

Progress in Goal 2024

- Zero work-related fatality
- Zero major and more severe accident
- Zero occupational diseases occurring

Indicator (unit)	2022	2023	2024
Work-related fatalities (people)	0	0	0
Working days lost due to work-related injuries (day)	542	229	741
Lost Time Injury Frequency Rate	1.15	0.76	0.17

Employees' Career Growth and Training

Our 2030 goal

To systematically plan and implement training programs, achieve 100% employee training coverage, build a high-quality and adaptable talent team to meet job demands and employee career development, adapt to market and technological changes, and achieve employee growth and business development.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal in 2024

- Employee training coverage reaches 100%

Progress in Goal 2024

- Employee training coverage reached 100%

Indicator (unit)	2022	2023	2024
Employee training rate (%)	100%	100%	100%
Proportion of employees who regularly receive performance and career development assessments (%)	100%	100%	100%

Risk Management and Control

Our 2030 goal

To systematically identify, assess, and respond to various potential risks, covering multiple aspects such as risk identification, risk assessment, risk response strategies, continuous improvement mechanisms, and risk culture construction, to ensure the stability and sustainability of operations.

Build effective, accountable and inclusive institutions at all levels

Goal in 2024

- Conduct more than 10 internal control training sessions

Progress in Goal 2024

- Conducted 15 internal control training sessions

Indicator (unit)	2022	2023	2024
Internal control training sessions (times)	/	/	15
Participation rate of employees in key and sensitive positions (%)	/	/	100%

Sustainable Procurement and Conflict Minerals

Our 2030 goal

Complete supply chain lifecycle management process, emphasizing the construction of a responsible supply chain, and committed to realizing the goal of "zero-conflict mineral procurement and use".

Promoting peaceful and inclusive societies, providing access to justice for all and building effective, accountable and inclusive institutions at all levels

Goal in 2024

- Build a path to better manage conflict minerals

Progress in Goal 2024

- Initially established conflict minerals management pathway

Indicator (unit)	2022	2023	2024
Domestic suppliers(count)	2,748	2,151	2,113
Abroad suppliers(count)	638	304	487
One-tier suppliers (count)	/	/	3,280
Number of vendors implementing vendor engagement practices(count)	/	2,455	3,386
New suppliers screened using environmental criteria (count)	/	206	440
New suppliers screened using social criteria (count)	/	193	440

Business Ethic

Our 2030 goal

Committed to realizing 100% coverage of business ethics training for employees, enhancing the level of business ethics management and ensuring effective control over negative incidents related to business ethics by actively conducting integrity checks and internal audits, conducting business ethics themed training, and establishing reporting channels.

Significantly reduce all forms of corruption and bribery

Goal in 2024

- Zero corruption, bribery, extortion, fraud, money laundering, insider trading, and other material negative business ethics incidents in any form

Progress in Goal 2024

- No material illegal or non-compliant incidents related to business ethics have occurred

Indicator (unit)	2022	2023	2024
Number of business ethics training sessions conducted (sessions)	4	4	19
Coverage of business ethics training (including directors, management, and employees) (%)	100%	100%	100%
Number of clean and honest work inspections (times)	12	12	12
Number of corruption lawsuits (cases)	0	0	0
Number of personnel held accountable (person)[37]	9	6	8

[37]None of the accountability incidents constituted material illegal or non-compliant incidents.

About this Report

Reporting Scope

This report presents an overview of Hisense Home Appliances Group Co., Ltd. and its subsidiaries, covering the period from January 1, 2024, to December 31, 2024. To enhance the report's comparability and forward-looking nature, certain content may be retrospectively traced to previous years or include forward-looking statements.

Preparatory Basis of Report

This report was prepared in compliance with the *Environmental, Social and Governance Reporting Guide* under Appendix C to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (HKEX)* and the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*. It also complies with the *Global Reporting Initiative (GRI) Standards*, the *Sustainability Accounting Standards Board (SASB) Standards*, the *GRI Standards* issued by the Global Sustainability Standards Board (GSSB), the standards set forth by the Sustainable Accounting Standards Board (SASB), and IFRS S2 — Climate-Related Disclosures framework recommendations issued by the International Sustainability Standards Board (ISSB), in addition to aligning with the United Nations Sustainable Development Goals (UN SDGs).

Reporting Principles

The report follows the four reporting principles of Materiality, Quantification, Balance and Consistency outlined in the *HKEX's ESG Reporting Guide*. It also adheres to the disclosure requirements regarding "mandatory disclosure"and "comply or explain"provisions. Hisense HA affirms the absence of false or misleading information in this report and accepts responsibility for its accuracy, truthfulness, and comprehensiveness.

Materiality	The Company conducts stakeholder communications and material issue evaluations annually to identify material ESG issues and ensure that issues of higher material importance are responded to and scope in this report.
Quantification	This report uses quantitative approaches to assess the applicable KPIs and discloses the methodology, basis and dimension of the measurements.
Balance	This report provides a transparent picture of the Company's work and performance on various ESG issues for objective review by stakeholders.
Consistency	Unless otherwise indicated, this report adopts the same disclosure and statistical methodology as that of previous years' reports to ensure comparability of ESG data between the current reporting period and historical/future data. Any changes in the scope of statistical indicators will be clearly delineated in the note.

Description of References

For easy reference, in the report，

"Hisense HA", "We" and "Company"	refer to	"Hisense Home Appliances Group Co., Ltd."
"Group"	refer to	"Hisense Group Co., Ltd"
"Hisense Hitachi"	refer to	"Qingdao Hisense Hitachi Air-conditioning Systems Co., Ltd."
"Air-Conditioner Company"	refer to	"Hisense Air-conditioning Co., Ltd. and its subsidiaries"
"Refrigerator Company"	refer to	"Hisense Refrigerator Co., Ltd. and its subsidiaries"
"Sanden Company"	refer to	"Sanden Holdings Corporation"

Publication of Report

This report is published in electronic format and is available in Chinese Simplified, Chinese Traditional and English. To get this report, please visit www.cninfo.com.cn, www.hkexnews.hk, or hxjd.hisense.cn.

Feedback

The Company eagerly welcomes feedback from stakeholders to enhance sustainability performance continually. For any inquiries regarding this report, please contact us via our email address: hxjdzqb@hisense.com.

Legal Regulations and Major Internal Policies

Issues	Legal Compliance	Internal Policies and Management Rules
Corporate governance	*Company Law of the People's Republic of China* *Securities Law of the People's Republic of China* *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* *Measures for the Administration of Independent Directors of Listed Companies* *Rules for the Shareholders' Meetings of Listed Companies* *Work Guidelines for the Investor Relations Management of Listed Companies*	*Articles of Association* *Rules of Procedure for Shareholders' Meetings* *Rules of Procedure for Directors' Meetings* *Rules of Procedure for the Supervisory Board* *Work System for Independent Non Executive Directors* *Management Rules on Related Party Transactions* *Investor Relations Management System*
Compliance operation	*Code of Corporate Governance for Listed Companies* *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operating Procedures for Main Board Listed Companies*	*Management Rules on Related Party Transactions*
Risk control	*Basic Standard for Internal Control of Enterprises*	*Risk Management System of Hisense Home Appliances Group* *Internal Control Manual of Hisense Home Appliances Group Co., Ltd*
Business ethic	*Anti-Money Laundering Law of the People's Republic of China* *Anti-Unfair Competition Law of the People's Republic of China* *Anti-Monopoly Law of the People's Republic of China* *Interim Provisions on the Prohibition of Commercial Bribery*	*Hisense Group Code of Integrity* *Guidelines for Employee Business Relationships* *Guidelines for Business Relationships with Hisense Partners* *Administrative Measures for Reporting Disciplinary Violations* *Integrity Pledge* *Anti-Commercial Bribery Pledge*
Energy and water management	*Energy Law of the People's Republic of China* *Energy Conservation Law of the People's Republic of China* *Renewable Energy Law of the People's Republic of China* *Requirements for Energy Management System*	*Company Energy Management Rules* *Energy Conservation Management Rules* *Management Rules for Energy Conservation Target Responsibility Assessment* *Carbon Inventory Management and Control Procedure* *Implementation Pathway for Green Development of Hisense Logistics (Trial)* *Management Rules on Water, Electricity, and Heating* *Office Energy Management Rules* *Notice on Energy Conservation and Consumption Reduction in Office and Living Areas*

Issues	Legal Compliance	Internal Policies and Management Rules
Green management throughout the product lifecycle	*Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal* *Circular Economy Promotion Law of the People's Republic of China* *Notice of the General Office of the State Council on the Governance of Excessive Packaging of Commodities* *Regulations on the Administration of Recycling and Disposal of Waste Electrical and Electronic Products* *Measures for the Administration of Qualification Licenses for the* *Disposal of Waste Electrical and Electronic Products* *Circular on Encouraging Home Appliance Man* *ufacturing Enterprises to Carry Out Recycling Target Responsibility System Actions*	*Green Manufacturing Standard of Hisense Home Appliances* *Green and Environmentally Friendly Product Design Standards of Hisense* *Green Product Development and Design Control Procedure* *General Technical Requirements for Green and Low Carbon Electrical and Electronic Products* *Guidelines for the Development of Green and Low Carbon Standard System* *Regulations on Solid Waste Management of Hisense Electric Appliances* *Implementation Pathway for Green Development of Hisense Logistics (Trial)*
Emissions and waste management	*Environmental Protection Law of the People's Republic of China* *Air Pollution Prevention and Control Law of the People's Republic of China* *Solid Waste Pollution Prevention and Control Law of the People's Republic of China* *Water Pollution Prevention and Control Law of the People's Republic of China* *Noise Pollution Prevention and Control Law of the People's Republic of China* *Comprehensive Emission Standards for Air Pollutants* *Regulations on Safety Management of Hazardous Chemicals* *Pollution Control Standards for Storage and Disposal Sites of General Industrial Solid Waste* *Water Quality Standards for Sewage Discharged into Urban Sewers* *Comprehensive Wastewater Discharge Standards*	*Management Procedure for Air Pollution Prevention and Control* *Solid Waste Control and Management System* *Waste Control and Management Standards* *Management Rules on Safe Operation of Hazardous Waste Classification, Collection, Transportation, and Storage Environment* *Management Measures for Responsibilities of Hazardous Waste Management Positions* *Wastewater Management System* *Management System for Water Pollution Prevention and Control* *Management System for Pollutant Discharge Permits* *Management Procedure for Water Pollution Prevention and Control* *Management Procedure for Noise Pollution Prevention and Control*
Response to climate change	*United Nations Framework Convention on Climate Change* *The Paris Agreement* *Guidelines for the Development of Carbon Peaking and Carbon Neutrality Standard System* *Action Plan for Energy Conservation and Carbon Reduction from 2024 to 2025* *Opinions on Accelerating the Establishment of a Product Carbon Footprint Management System* *Guidelines for the Preparation of Product Carbon Footprint Accounting Standards* *Requirements and Guidelines for Quantifying the Carbon Footprint of Greenhouse Gas Products*	*Hisense Green Development Outline* *Hisense Green and Low Carbon Requirements* *General Requirements of Hisense for Green and Low Carbon Management System* *Carbon Management Control Procedure* *Refrigerant Control Management Specification* *General Rules for Accounting Greenhouse Gas Emissions at The Organizational Level* *General Principles for Carbon Footprint Accounting of Products* *Emergency Plan for Sudden Environmental Incidents*

Issues	Legal Compliance	Internal Policies and Management Rules
Product quality and safety	*Product Quality Law of the People's Republic of China* REACH[38] RoHS[39]	*Management Specification for Product Quality and Safety Responsibility System* *Quality Manual* *Quality Incident Emergency Quality Incident Emergency* *Management Specification* *Product Recall and Return Management Measures*
Product development and innovation	*Standardization Law of the People's Republic of China* *Law of the People's Republic of China on Scientific and Technological Progress* *Law of the People's Republic of China on Promoting the Transformation of Scientific and Technological Achievements* *National Medium - and Long Term Plan for Science and Technology Development (2021-2035)*	*Management Measures for Innovation Proposals* *Management Measures for the Exhibition of R&D Innovation Achievements*
Intellectual property protection	*Trademark Law of the People's Republic of China* *Copyright Law of the People's Republic of China* *Patent Law of the People's Republic of China*	*Intellectual Property Management Measures*
Job creation and equal employment	*Labor Law of the People's Republic of China* *Employment Promotion Law of the People's Republic of China* *Law of the People's Republic of China on the Protection of Women's Rights and Interests*	*Human Rights Policy Statement of Hisense Home Appliances Group Co., Ltd* *Standards for the Management of Female Employees*
Protection of employees' rights and interests, and compensation and benefits	*Labor Law of the People's Republic of China* *Employment Promotion Law of the People's Republic of China*	*Human Rights Policy Statement of Hisense Home Appliances Group Co., Ltd* *Employee Code of Conduct*
Employees' career growth and training	*Labor Contract Law of the People's Republic of China* *Social Insurance Law of the People's Republic of China* *Law of the People's Republic of China on the Protection of Women's Rights and Interests* *Vocational Education Law of the People's Republic of China*	*Employee Performance Management Procedure* *Implementation Rules for Salary Management and Payment* *Management Measures for Qualification Certification of Employment* *Training Management Procedure* *Training Implementation Management Measures* *Management Measures for Implementation of Annual Training Plan* *Internal Trainer Management Measures*

[38]Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is a legal regulation established by the European Union to mandate the registration, evaluation, licensing and safety monitoring of all chemicals entering the EU market
[39]Restriction of Hazardous Substances Directive (RoHS)is an intended environmental directive that has come into effect in the European Union region

Issues	Legal Compliance	Internal Policies and Management Rules
Employees's safety and health	*Workplace Safety Law of the People's Republic of China* *Occupational Disease Prevention and Control Law of the People's Republic of China* *Regulations on Work-related Injury Insurance*	*Management System for Safety and Health Links of Construction Projects* *Management System for Work Related Injuries, Occupational Health, Environment, and Fire Accidents* *Management Measures for Hazardous Operations* *Fire Safety Management Measures* *Approval System for Hazardous Operations* *Reward System for Workplace Safety Reporting* *Occupational Safety and Health Management Measures* *Management Measures for Education and Training on Occupational Disease Prevention and Control*
Customer experience and satisfaction	*Consumer Rights Protection Law of the People's Republic of China*	*Service Quality Management Measures* *Management Measures for After sales Spare Parts*
Data security and privacy protection	*Personal Information Protection Law of the People's Republic of China* *Cybersecurity Law of the People's Republic of China* *Data Security Law of the People's Republic of China* *Management Measures for Information Security Level Protection*	*Management Measures for the APP* *Governance of Hisense Group* *Management Measures for Personal Information Protection of Hisense Group* *Management Standards for Personal Information External Cooperation of Hisense Group* *Requirements for the Full Lifecycle Management of Personal Information Protection by Hisense Group* *Data Security Classification and Grading Control Standards of Hisense HA* *Guidelines for Data Security Risk Assessment of Hisense HA* *Compilation of Information Security Programs at Hisense HA* *Global IT Security Standards of Sanden Company*
Sustainable procurement	*Tendering and Bidding Law of the People's Republic of China*	*Potential Supplier Management Measures* *Management Measures for Supplier Selection and Identification* *Supplier Audit Management Measures* *Supplier Access Threshold* *Supplier Audit and Evaluation Standards* *Supplier Code of Conduct* *Corporate Social Responsibility Agreement* *Safety and Environmental Protection Agreement* *Commitment to Anti Commercial Bribery*
Conflict minerals	*Dodd-Frank Wall Street Reform and Consumer Protection Act in the USA* *Conflict Minerals Regulation in the EU*	*Declaration of Non use of Conflict Minerals*

Index Table of Indicators

HKEX Content Indexs

Mandatory Disclosure Requirements	Chapter
Governance structure	About this Report
Reporting principles	About this Report
Reporting boundary	About this Report

Environment

Aspect	Indicator No.	Aspects, General Disclosure and KPIs	Chapter
A1 Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Management
	A1.1	The type of emissions and respective emissions data.	Emissions Management, ESG Indicators and Goals
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Indicators and Goals
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Indicators and Goals
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions Management, ESG Indicators and Goals
	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.	Emissions Management, ESG Indicators and Goals
A2 Use of Resources	General Disclosure	Policies on the effiffifficient use of resources, including energy, water and other raw materials.	Emissions Management, Response to Climate Change
	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).	ESG Indicators and Goals
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Indicators and Goals
	A2.3	Description of energy use effiffifficiency target(s) set and steps taken to achieve them.	Response to Climate Change, ESG Indicators and Goals
	A2.4	Description of whether there is any issue in sourcing water that is fifit for purpose, water effiffifficiency target(s) set and steps taken to achieve them.	Emissions Management, ESG Indicators and Goals
	A2.5	Total packaging material used for fifinished products (in tonnes) and, if applicable, with reference to per unit produced.	Response to Climate Change, ESG Indicators and Goals
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's signifificant impacts on the environment and natural resources.	Biodiversity Conservation
	A3.1	Description of the signifificant impacts of activities on the environment and natural resources and the actions taken to manage them.	Biodiversity Conservation
A4Climate Change	For detailed information, please refer to Climate-related Disclosures		Response to Climate Change

Social

Aspect	Indicator No.	Aspects, General Disclosure and KPIs	Chapter
Employment and Labour Practices			
B1 Employment	General Disclosure	Information on: (a) the policies; and(b) compliance with relevant laws and regulations that have a signifificant impact on the issuer; relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefifits and welfare.	Diverse and Compliant Employment
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Diverse and Compliant Employment
	B1.2	Employee turnover rate by gender, age group and geographical region	Diversified Talent Attraction

Aspect	Indicator No.	Aspects, General Disclosure and KPIs	Chapter
B2 Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
	B2.2	Lost days due to work injury	Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Challenges and Growth
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Challenges and Growth
	B3.2	The average training hours completed per employee by gender and employee category.	Employee Challenges and Growth
B4 Labour Standard	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to preventing child and forced labour.	Diverse and Compliant Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Diverse and Compliant Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Diverse and Compliant Employment
Operating Practices			
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Supply Chain
	B5.1	Number of suppliers by geographical region	Responsible Supply Chain
	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.	Responsible Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Supply Chain
B5 Supply Chain Management	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Supply Chain
B6 Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Excellent Product Quality
	B6.1	Percentage of total products sold or shipped subject to recall for safety and health reasons.	Excellent Product Quality
	B6.2	Number of products and service related complaints received and how they are dealt with.	Outstanding Customer Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Technological Innovation and Incentives
	B6.4	Description of quality assurance process and recall procedures.	Excellent Product Quality
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Outstanding Customer Service
B7 Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to bribery, extortion, fraud and money laundering	ESG Management Policy, Business Ethics
	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.	Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
Community			
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility

HKEX Climate-related Disclosures

Dimension		Climate-related Disclosures	Corresponding Chapter
Governance		19. An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities; and (b)management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Excellent ESG Governance
Strategy	Climate-related risks and opportunities	20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affffect the issuer's cash flflows, its access to fifinance or cost of capital over the short, medium or long term.	Climate Risks and Opportunities
	Business model and value chain	21. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affffect the issuer's cash flflows, its access to fifinance or cost of capital over the short, medium or long term.	Climate Risks and Opportunities
	Strategy and decision-making	22. An issuer shall disclose information that enables an understanding of the effffects of climate-related risks and opportunities on its strategy and decision-making. 23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods	Climate Risks and Opportunities , ESG Indicators and Goals
	Financial position, fifinancial performance and cash flflow - Current fifinancial effffect	24. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affffected its fifinancial position, fifinancial performance and cash flflows for the reporting period; and (b) the climate-related risks and opportunities identified for which there is a significifficant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related fifinancial statements.	Climate Risks and Opportunities
	Financial position, fifinancial performance and cash flflow - Anticipated fifinancial effffect	25. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its fifinancial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities; and (b)how the issuer expects its fifinancial performance and cash flflows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Climate Risks and Opportunities
Strategy	Climate resilience	26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identififfied climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.	Response to Climate Change, Climate Risks and Opportunities

Dimension		Climate-related Disclosures	Corresponding Chapter
Risk Management		27. An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks; (b) the processes the issuer uses to identify, assess, prioritise and monitor climaterelated opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identififfication of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate Risks and Opportunities
Metrics and Targets		28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classififfied as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	ESG Indicators and Goals
	Greenhouse gas emission	29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a diffffferent method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions (c) for Scope 2 greenhouse gas emissions disclosed, disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed, disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Response to Climate Change, ESG Indicators and Goals
	Climate-related transition risks	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The Company is gradually improving the management of related issues. Due to problems such as limited resources and insufficient professional capabilities, it is temporarily unable to disclose the financial quantitative performance affected by climate-related transition risks

Dimension	Climate-related Disclosures		Corresponding Chapter
Metrics and Targets	Climate-related physical risks	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	The Company is gradually improving the management of related issues. Due to problems such as limited resources and insufficient professional capabilities, it is temporarily unable to disclose the financial quantitative performance affected by climate-related transition risks
	Climate-related opportunities	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	The Company is gradually improving the management of related issues. Due to problems such as limited resources and insufficient professional capabilities, it is temporarily unable to disclose the financial quantitative performance affected by climate-related transition risks
	Capital deployment	33. An issuer shall disclose the amount of capital expenditure, fifinancing or investment deployed towards climate-related risks and opportunities.	The Company is gradually improving the management of relevant issues. Due to problems such as limited resources and insufficient professional capabilities, it is temporarily unable to disclose the relevant performance
Metrics and Targets	Internal carbon prices	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	The Company has not officially formulated and implemented internal carbon pricing for the time being
	Remuneration	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	The Company has not formulated a formal and detailed salary policy for the time being
	Industry-based metrics	36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industrybased metrics associated with disclosure topics described in the IFRS S2 Industrybased Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting	Response to Climate Change
	Climate-related targets	37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	Response to Climate Change, ESG Indicators and Goals
		38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.	Response to Climate Change, ESG Indicators and Goals
		39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Response to Climate Change, ESG Indicators and Goals
		40. For each greenhouse gas emissions target disclosed, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offffset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits.	Response to Climate Change, ESG Indicators and Goals
	Applicability of cross-industry metrics and industry-based metrics	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Response to Climate Change, ESG Indicators and Goals

GRI Index

Statement of use	Hisense Home Appliances has reported in accordance with the GRI Standards for the period from January 1, 2024, to December 31, 2024.
Applicable GRI Sector Standard(s)	GRI 1: Foundation 2021

GRI Standards	Disclosures	Corresponding
GRI 2: General Disclosures	2-1 Organizational details	About this Report
	2-2 Entities included in the organization's sustainability reporting	About this Report
	2-3 Reporting period, frequency and contact point	About this Report
	2-4 Restatements of information	ESG Risk Management
	2-6 Activities, value chain and other business relationships	About Hisense
	2-7 Employees	Diverse and Compliant Emplyment
	2-8 Workers who are not employees	Diverse and Compliant Emplyment
	2-9 Governance structure and composition	Robust Corporate Governance
	2-10 Nomination and selection of the highest governance body	Robust Corporate Governance
	2-11 Chair of the highest governance body	Robust Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Robust Corporate Governance
	2-13 Delegation of responsibility for managing impacts	Robust Corporate Governance, Excellent ESG Governance
	2-14 Role of the highest governance body in sustainability reporting	Excellent ESG Governance
	2-15 Conflicts of interest	Fair Operation Practice
	2-16 Communication of critical concerns	Stakeholder Expectation Management
	2-17 Collective knowledge of the highest governance body	Robust Corporate Governance
	2-18 Evaluation of the performance of the highest governance body	Robust Corporate Governance
	2-19 Remuneration policies	Robust Corporate Governance
	2-20 Process to determine remuneration	Robust Corporate Governance
	2-22 Statement on sustainable development strategy	A Letter to Our Stakeholders
	2-23 Policy commitments	Legal Regulations and Major Internal Policies
	2-24 Embedding policy commitments	ESG Management Policy, Legal Regulations and Major Internal Policies
	2-25 Processes to remediate negative impacts	Refer to Each Chapter of the Report for Details
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Expectation Management
	2-27 Compliance with laws and regulations	Legal Regulations and Major Internal Policies
	2-28 Membership associations	Social Responsibility
	2-29 Approach to stakeholder engagement	Stakeholder Expectation Management
	2-30 Collective bargaining agreements	Employee Feedback and Communication
GRI 3: Material Topics	3-1 Process to determine material topics	Double Materiality Analysis
	3-2 List of material topics	Double Materiality Analysis
	3-3 Management of material topics	Double Materiality Analysis
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	About Hisense
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Risks and Opportunities
	201-3 Defined benefit plan obligations and other retirement plans	Diversified Talent Attraction
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Social Responsibility
	203-2 Significant indirect economic impacts	About Hisense

GRI Standards	Disclosures	Corresponding
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Responsible Supply Chain
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics
GRI 207: Tax	207-1 Approach to tax	Fair Operation Practice
	207-2 Tax governance, control, and risk management	Fair Operation Practice
	207-3 Stakeholder engagement and management of concerns related to tax	Stakeholder Expectation Management, Fair Operation Practice
GRI 301: Materials	301-1 Materials used by weight or volume	ESG Indicators and Goals
	301-2 Recycled input materials used	Response to Climate Change
	301-3 Reclaimed products and their packaging materials	Response to Climate Change
GRI 302: Energy	302-1 Energy consumption within the organization	ESG Indicators and Goals
	302-3 Energy intensity	ESG Indicators and Goals
	302-4 Reduction of energy consumption	Response to Climate Change , ESG Indicators and Goals
	302-5 Reductions in energy requirements of products and services	Product Innovation and R&D
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Emission Management
	303-2 Management of water discharge-related impacts	Emission Management
	303-3 Water withdrawal	ESG Indicators and Goals
	303-4 Water discharge	ESG Indicators and Goals
	303-5 Water consumption	ESG Indicators and Goals
GRI 304: Biodiversity	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity Conservation
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	ESG Indicators and Goals
	305-2 Energy indirect (Scope 2) GHG emissions	ESG Indicators and Goals
	305-4 GHG emissions intensity	ESG Indicators and Goals
	305-5 Reduction of GHG emissions	Response to Climate Change
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emission Management , ESG Indicators and Goals
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	Emission Management
	306-2 Management of significant waste-related impacts	Emission Management
	306-3 Waste generated	ESG Indicators and Goals
	306-4 Waste diverted from disposal	Emission Management
	306-5 Waste directed to disposal	Emission Management
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Responsible Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain
GRI 401: Employment	401-1 New employee hires and employee turnover	Diversified Talent Attraction
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversified Talent Attraction
	401-3 Parental leave	Diversified Talent Attraction
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety

GRI Standards	Disclosures	Corresponding
GRI 403: Occupational Health and Safety	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Employee Challenges and Growth
	404-2 Program for upgrading employee skills and transition assistance programs	Employee Challenges and Growth
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Challenges and Growth
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Diverse and Compliant Employment
	405-2 Ratio of basic salary and remuneration of women to men	Diversified Talent Attraction
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Diverse and Compliant Employment
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessment, and development programs	Social Responsibility
	413-2 Operations with significant actual and potential negative impacts on local communities	Social Responsibility
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Responsible Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Supply Chain
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Excellent Product Quality
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Outstanding Product Quality
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	Outstanding Customer Service
	417-2 Incidents of non-compliance concerning product and service information and labeling	Outstanding Customer Service
	417-3 Incidents of non-compliance concerning marketing communications	Outstanding Customer Service
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Outstanding Customer Service

Shenzhen Stock Exchange ESG Guidelines

Topic	Disclosure requirements	The corresponding chapters of this report
Climate Change Mitigation	Article 20: A disclosing entity shall actively pursue green and low-carbon growth and support the building of a beautiful China through such means as improving the processes, upgrading the production equipment, optimizing the energy mix, raising energy efficiency in production activities, developing and offering green products and services, and improving and strengthening management.	Response to Climate Change
	Article 21: Aside from disclosing governance related to climate change tackling; strategies; impacts, risks, and opportunities management; indicators; and targets in accordance with Chapter II of these Guidelines, a disclosing entity shall also provide information on its climate response as required by this Section.	Excellent ESG Governance, Response to Climate Change, Climate Risks and Opportunities , ESG Indicators and Goals
	Article 22: A disclosing entity shall, in the context of the climate risks and opportunities it has identified, assess the extent to which its strategies, business models, and other similar aspects are adapted to climate change.	Response to Climate Change, Climate Risks and Opportunities
	Article 23: A disclosing entity shall disclose its transition plans, actions, and progress in responding to climate risks and opportunities.	Climate Risks and Opportunities
	Article 24: A disclosing entity shall calculate and disclose its total GHG emissions in the reporting period, and convert different GHG emissions into metric tons of carbon dioxide equivalent. The disclosing entity is encouraged to disclose Scope 1 and Scope 2 emissions and, if able, Scope 3 emissions. Any disclosing entity that uses carbon credits shall disclose the source and amount of the carbon credits it uses. Any disclosing entity that participates in carbon emissions trading shall disclose whether it has completed settlement and whether it has been ordered to take corrective actions or is formally investigated by a government agency within the reporting period. Disclosing entities that meet the conditions shall engage third-party institutions to verify or authenticate the company's greenhouse gas emissions and other relevant data	ESG Indicators and Goals
	Article 25: To enhance the transparency and comparability of GHG emissions data, a disclosing entity is encouraged to provide GHG emissions details at each scope level according to the following categories.	ESG Indicators and Goals

Topic	Disclosure requirements	The corresponding chapters of this report
Climate change mitigation	Article 26: A disclosing entity shall disclose the standards, methods, assumptions, or calculation tools used for GHG emissions accounting and state how emissions data are consolidated (such as by equity share proportion or financial and operating control). If there is a change to the accounting standards, methods, or assumptions in the reporting period, the disclosing entity shall state the reasons and specific impacts of these changes.	ESG Indicators and Goals
	Article 27: A disclosing entity shall disclose information on GHG emissions reduction practices, including its participation in the various emissions reduction initiatives, emissions reduction targets and measures (e.g., management strategies, funding, development of technologies), and the outcomes. The disclosing entity shall disclose, for each scope level, the amount of GHG emissions directly reduced by such emissions reduction measures as redesigning production procedures, updating equipment, improving manufacturing processes, and switching fuels, and convert the data into metric tons of carbon dioxide equivalent. Emissions reductions may be disclosed by each measure used to achieve the reduction. The disclosing entity shall disclose its registration and trading activities in relation to the national projects for voluntary GHG emissions reduction and the China Certified Emission Reduction (CCER), as well as its registration and trading of any other emissions reduction initiatives and emissions savings.	Response to Climate Change, ESG Indicators and Goals
	Article 28: Any disclosing entity that discloses new technologies, products, and services that contribute to decarbonization and carbon neutrality and the related R&D progress shall provide an objective and prudent account of the specifics of the technologies or services developed based on the relevant processes and technologies, the R&D investment and progress in the relevant businesses, approvals or certifications it has obtained, its mass production capacity, and its existing orders, among other information. The disclosing entity is encouraged to describe the impacts thereof on its current period's and future financial positions and operating results, as well as the possible uncertainties and risks.	Response to Climate Change
Pollution Control	Article 30 If a disclosing entity or one of its significant subsidiaries is listed on the registry of enterprises legally obligated to release environmental information, the disclosing entity shall disclose relevant information.	Emissions Management
Waste Management	Article 31: If the wastes produced by a disclosing entity's production and operational activities have a material impact on the environment, the disclosing entity shall disclose the essential details of the wastes produced in the reporting period.	Emissions Management, ESG Indicators and Goals
Ecosystem and Biodiversity Protection	Article 32: If a disclosing entity's production and operational activities have a material impact on the ecosystem or biodiversity, the disclosing entity shall disclose the relevant content in the reporting period.	Biodiversity Conservation
Environmental Compliance Management	Article 33: A disclosing entity shall disclose the following environmental information in accordance with the actual situations in the reporting period.	Environmental Management System , Emissions Management

Topic	Disclosure requirements	The corresponding chapters of this report
Energy Utilization	Article 35: A disclosing entity shall disclose the details of its energy use in the reporting period.	Response to Climate Change, ESG Indicators and Goals
Water Utilization	Article 36: A disclosing entity shall disclose the specifics of its use of water resources in the reporting period.	Emissions Management, ESG Indicators and Goals
Circular Economy	Article 37: A disclosing entity shall disclose the specifics of the circular economy activities conducted within the reporting period.	Response to Climate Change, ESG Indicators and Goals
Rural Revitalization	Article 39: A disclosing entity shall disclose its contributions to rural revitalization in the reporting period. Demonstrating Social Responsibility	Social Responsibility
Social Contributions	Article 40: A disclosing entity shall provide an overview of its contributions to the public and society in the reporting period, including but not limited to details on any charitable and volunteer activitiesorganized, the amount of funds invested, number of personnel and time allocated, the outcomes, and the impact on its brand and businesses.	Social Responsibility
Innovation-Driven Development	Article 42: Provided that national security and state secrets are not involved and commercial secrets are protected, a disclosing entity is encouraged to voluntarily disclose the details on its promotion of technological innovation, commercialization and application of scientific and technological progress, and improvement of its technological edge in the reporting period.	Technological Innovation and Incentives Product Innovation and R&D
Ethics of Science and Technology	Article 43: Any disclosing entity engaged in such activities as scientific research and technology development in an ethically sensitive domain such as life sciences and artificial intelligence shall provide an overview of its compliance with the ethics of science and technology in the reporting period.	This does not apply if the company's operation and production do not involve activities in sensitive areas of scientific and technological ethics such as life sciences and artificial intelligence.
Supply Chain Security	Article 45: Any industrial enterprise that is a disclosing entity may disclose its efforts to enhance supply chain risk management and ensure the security and stability of the supply chain in the reporting period.	Responsible Supply Chain

Topic	Disclosure requirements	The corresponding chapters of this report
Equal Treatment of Small and Medium Enterprises (SMEs)	Article 46: If the balance of accounts payable (including notes payable) exceeds RMB30 billion or represents more than 50 percent of the total assets at the end of the reporting period, the disclosing entity shall disclose the amount of overdue accounts payable as of the end of the reporting period and the solutions it plans to implement.	This does not apply if the balance of accounts payable (including notes payable) of the company at the end of the reporting period does not exceed RMB30 billion or accounts for more than 50% of the total assets.
Product and Service Safety and Quality	Article 47: A disclosing entity shall provide an overview of the safety and quality management of its products and services in the reporting period.	Excellent Product Quality
Data Security and Customer Privacy Protection	Article 48: A disclosing entity shall provide an overview of its data security and customer privacy programs in the reporting period.	Information Security Management Outstanding Customer Service
Employees	Article 50: A disclosing entity shall protect the legitimate rights and interests of its employees in accordance with the law, provide them with a healthy and safe work environment, pay them salary and social security timely, strengthen employee training, and establish a reasonable and effective employee appeal system.	Diverse and Compliant Employment Outstanding Customer Service Employee Challenges and Growth Employee Feedback and Communication Occupational Health and Safety
Due Diligence	Article 52: A disclosing entity shall disclose information on the due diligence it has conducted during the reporting period in relation to identifying and responding to the negative sustainability-related impacts or risks, including but not limited to the organization or personnel carrying out the due diligence, the scope of due diligence, the procedures for identifying such negative impacts or risks, and the details on its response to the relevant negative impacts and risks.	Internal Control Processes
Stakeholder Engagement	Article 53: A disclosing entity shall disclose information	Stakeholder Expectation Communication
Anti-Commercial Bribery and Anti-Corruption	Article 55: A disclosing entity shall disclose the specifics of its anti-commercial bribery and anti-corruption efforts in the reporting period. Legal and Comp	Business Ethics
Anti-Unfair Competition	Article 56: A disclosing entity shall disclose the specifics of its efforts to combat unfair competition in the reporting period.	Business Ethics

SASB Index

Category	Code	Disclosure Metrics	Unit of Measure	Sections
Sustainability Disclosure Topics & Metrics				
Product Security	CG-AM-250a.1	(1) Number of recalls issued and (2) total units recalled	Number	Excellent Product Quality
	CG-AM-250a.2	Discussion of process to identify and manage safety risks associated with the use of its products	n/a	Excellent Product Quality
	CG-AM-250a.3	Discussion of process to identify and manage safety risks associated with the use of its products	Presentation currency	ExcellentProduct Quality
Product Lifecycle Enviromental Impacts	CG-AM-410a.1	Percentage of eligible products by revenue certified to an energy efficiency certification	Percentage (%) by revenue	Due to restrictions on the confidentiality of business information, this information is disclosed briefly
	CG-AM-410a.2	Percentage of eligible products by revenue certified to an environmental product lifecycle standard	Percentage (%) by revenue	Due to restrictions on the confidentiality of business information, this information is disclosed briefly
	CG-AM-410a.3	Description of efforts to manage products' end-of-life impacts	n/a	Response to Climate Change
Activity Metrics				
Annual production	CG-AM-000.A	/	Number of units	

UN SDGs Index

SDGs		The corresponding chapters of this report
3 GOOD HEALTH AND WELL-BEING	SDG3 Good Health and Well-being	Eco-Friendly Environment for Good · Co-creating the Future Partnership for Good · Win-Win Cooperation
4 QUALITY EDUCATION	SDG4 Quality Education	Eco-Friendly Environment for Good · Co-creating the Future Partnership for Good · Win-Win Cooperation
5 GENDER EQUALITY	SDG5 Gender Equality	Partnership for Good · Win-Win Cooperation
7 AFFORDABLE AND CLEAN ENERGY	SDG7 Affordable and Clean Energy	Technology for Good · Technology-Driven Development
8 DECENT WORK AND ECONOMIC GROWTH	SDG8 Decent Work and Economic Growth	Partnership for Good · Win-Win Cooperation
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	SDG9 Industry, Innovation, and Infrastructure	Technology for Good · Technology-Driven Development Eco-Friendly Environment for Good · Co-creating the Future
11 SUSTAINABLE CITIES AND COMMUNITIES	SDG11 Sustainable Cities and Communities	Eco-Friendly Environment for Good · Co-creating the Future
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG12 Responsible Consumption and Production	Technology for Good · Technology-Driven Development Eco-Friendly Environment for Good · Co-creating the Future
13 CLIMATE ACTION	SDG13 Climate Action	Eco-Friendly Environment for Good · Co-creating the Future
15 LIFE ON LAND	SDG15 Terrestrial Organisms	Eco-Friendly Environment for Good · Co-creating the Future
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	SDG16 Peace, Justice, and Strong Institutions	Business for Good · Excellent Governance Internal Control and Compliance System
17 PARTNERSHIPS FOR THE GOALS	SDG17 Partnerships for the Goals	Business for Good · Excellent Governance ESG risk management

Reader Feedback

Thank you for reading the Hisense Home Appliances Group Co., Ltd. 2024 Environmental, Social and Governance Report. In order to provide you and other stakeholders with more valuable information and to facilitate Hisense Home Appliances Group Co., Ltd. to improve its ESG management capabilities and standards, we sincerely welcome your comments and suggestions on the report and feedback to us through the following means: Email: hxjdzqb@hisense.com

1. Which of the following categories of stakeholders do you belong to?

☐ Consumers ☐ Government and regulatory bodies ☐ Employees
☐ Shareholders and investors ☐ Partners (suppliers and distributors) ☐ Media
☐ Community ☐ Public welfare organizations and industry associations ☐ Other _____

2. Do you feel that this report fully reflects Hisense Home Appliances Group Co., Ltd.' environmental, social and governance performance?

☐ Yes ☐ Fair ☐ No

3. Do you think this report has fully responded to the expectations and demands of Hisense Home Appliances Group Co., Ltd.' stakeholders?

☐ Yes ☐ Fair ☐ No

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

☐ Yes ☐ Fair ☐ No

5. Do you consider the presentation of this report to be clear and easy to understand?

☐ Yes ☐ Fair ☐ No

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

☐ Yes ☐ Fair ☐ No

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

8. What other comments and suggestions do you have on Hisense Home Appliances Group Co., Ltd.' ESG management and ESG report?