

Modern Slavery Statement 2020

Hisense Australia Pty Ltd.

December, 2020

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I. Introduction

Modern slavery, in various form, is a heinous crime and a morally reprehensible act that remains global concerns. With millions of victims all over the world, every industry and sector could be at risk of being involved in this crime through its own operations and its supply chain.

At Hisense, we have zero tolerance of modern slavery, in any form or context. We are fully committed to preventing the use of servitude, forced labor, human trafficking, deceptive recruiting for labor or services, child labor, or slavery. This statement sets out the actions that we have taken to understand all potential modern slavery risks related to our business, and to implement steps to prevent slavery in the financial year of 2019 and next steps as well.

II. Reporting Entity

The reporting entity covered by this statement is Hisense Australia Pty Ltd (ABN 55 105 022 080) (“Hisense Australia”), a company incorporated under the laws of Australia with its registered office at Level 3, 42 Lakeview Drive, Scoresby VIC 3179 and its office address at 1A Millennium Court, Knoxfield, VIC 3180. Hisense Australia has 68 employees in total. The sales revenue of the financial year 2019 is more than 300 million AUD.

III. Our Structure, Operations and Supply Chains

3.1 Our structure

Hisense Australia Pty Ltd is an Australian proprietary company and a member of Hisense group, a fast-growing consumer electronics and appliance manufacturer which offers high-quality and cutting-edge TVs and home appliances. Hisense has been committed to developing innovative products, pursuing scientific and technological innovation, thus improving the life quality of human beings, and bringing happiness to millions of families around the world. Hisense has built 54 overseas companies utilizing 14 high-end international production facilities in Europe, Asia, Central America and South Africa. Hisense also has 12 research and development centers worldwide contributing to delivering high-quality and affordable products to its consumers.

There is no entity owned or controlled by Hisense Australia, either within or outside Australia.

3.2 Our operations

Hisense Australia is dedicated in distribution, marketing and sales of consumer electronics and home appliances in Australia, as well as after-sales services related to such products. We offer consumers high quality solutions across a growing range of product categories including TV, refrigeration, washer, wine cabinet, air conditioning, etc. These products are distributed and sold via more than 1,000 retail stores nationally,

including major national retailers and regional outlets across the country.

3.3 Our supply chains

As a distributor of consumer electronics and home appliances, our supply chain consists of two main categories: products suppliers which provided the products we distribute in the Australian market; other service provided to Hisense Australia which include IT, finance, consulting, marketing and legal services. The major suppliers of our products are within Hisense group. Very few products are purchased from third party manufactures. Geographically, part of our product suppliers are from mainland China and part from Europe.

IV. Risk Assessment

To understand the slavery risk involved in our operations and supply chains, we completed a scoping exercise based on the three steps:

Step one: We mapped our operations and supply chains to find the industries and sectors as well as the geographic information of our operations and supply chains.

Step two: We analyzed our operations and supply chains against the table of risk indicators stated in the Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities (the “Guidance”).

Step three: We made efforts to identify the parts of our operations and supply chains that we do not have the visibility over and consider if they may involve modern slavery risks.

With these steps being taken, we identified the following risk findings:

4.1 Modern slavery risk of Hisense Australia’s operation

The main business of Hisense Australia is distribution of consumer electronics and home appliances which is not labor-intensive. All the employees of Hisense Australia are working in cooperate roles including sales, marketing, finance, logistics and other business support functions. These roles require skilled employees completing some level of education. Nothing in the employment of these employees indicates any risk of slavery. We therefore conclude that the risk of modern slavery in our own operations is highly unlikely.

4.2 Modern slavery Risk of Supply Chain

4.2.1 Products procurement

As mentioned above, most of our products are purchased from manufactures within Hisense group in which case, as Hisense group has been committed to preventing all forms of slavery, we believe the risk of slavery is low.

With respect to the products we purchased from outside Hisense group, we identify the risk of slavery as medium which might require us to take actions to mitigate. The actions taken in year 2019 will be elaborated in the following sections.

4.2.2 Services procurement

The services we sourced locally in Australia, including IT, legal, finance services etc., require high skills but no incentive work load. We believe the risk of slavery in this regard is low.

4.2.3 Indirect supply chain

In the electronics and home appliances industry, the potential risks for a distributor may lie in the components suppliers for the manufactures which we do not have many visibilities and control. We need to require information from our suppliers and work with them to identify the risks and mitigate them if any.

V. Our Policies and Actions Taken to Prevent Slavery Risks

5.1 Our policies and grievance mechanism

Hisense Australia is committed to complying with all the laws, rules and regulations of Australia as well as international standards. Our Code of Conduct provides the basis for striving to prevent modern slavery and is underpinned by local laws and good labor practices. Our policies cover forced labor avoidance, freedom of association, non-discrimination, working time, disciplinary practices, compensation and occupational health and safety. These policies are applied to third party manufacture as well.

Grievance mechanism has been fairly established in Hisense Australia. Hisense Australia is committed to openness, probity and accountability. In line with this commitment, Hisense Australia expects employees and other stakeholders who have ethical concerns about any aspect of Hisense Australia to report those concerns. A whistleblowing policy has been published to make sure that all personnel including executives, managers, staff, contractors, consultants, employees, clients, suppliers, those providing services under a contract with us in their own premises feel safe, confident to raise concerns and to question and act upon concerns. By protections of anonymity, confidentiality and detrimental conduct prohibited, anyone could raise his/her concerns via phone calls or emails to Hisense Australia. Hisense group also has similar grievance mechanism with a wider range implementation for both the group and third party suppliers and factories.

5.2 Engagement and Alignment with Manufactures

5.2.1 Hisense manufactures

Hisense has high standard regulations and policies regarding labor, health and safety, environment and ethics attempting to avoid slavery risks in perspectives of sector and industry, products, geographic and entity. As a distributor of Hisense products and also a member of Hisense group, Hisense Australia works closely with and is completely aligned with all Hisense manufactures in the establishment and implementation of these regulations and policies.

5.2.2 Third party manufactures

In financial year of 2019, Hisense Australia purchased only one category of products from one third party supplier. Such supplier is a member of Responsible Business Association (“RBA”). Under the requirements of RBA, members are required to submit annual reports and committed to comply with the RBA Code of Conduct, which includes but not limits to the labor standards:

freely chosen employment, young workers, working hours, wages and benefits, humane treatment, non-discrimination and freedom of association. Hisense Australia share the same value.

5.3 Affiliation with international associations

Various of companies within Hisense group have joined RBA as members or suppliers to help them achieve the high standards set not only by Hisense but also by other responsible international businesses. As a major supplier of abundant retailers and channels of appliances around the world, Hisense manufactures have gone through numerous ethic and compliance checks and examinations, including on-site check by third parties or by their major customers, for example BestBuy SCS Regular Assessment, BSCI audit, etc.. All these checks and examinations have assisted Hisense manufactures to consistently improve their abilities to prevent risks such as modern slavery risk.

5.4 Due Diligence

We expect our suppliers to uphold our policies and share the overall values with us. We also expect our suppliers to have in place corporate social responsibility management systems aligned with ISO14001, OHSAS18001, QC080000, SA8000, etc.. We screen the third party supplier for ethic risks such as modern slavery. Considering the relatively small size of Hisense Australia, we rely on the internal check of the supplier and the report of audit conducted by big retailers who are also purchasing from this supplier. Since the only third party supplier of Hisense Australia is a member of RBA and they have submitted annual reports according to the RBA requirements, we found the risk of slavery is low and no remediation needed in year 2019.

VI. Valuation of Effectiveness of Our Actions

We strive to build trusted relationships with our suppliers to make sure we can work together on fighting with modern slavery. We also work with other entities, international groups or associations to check whether the actions taken by us is effective in prevent or mitigate the risk of modern slavery. If we discover a potential violation, we respond quickly in the manner proportionate to the nature and extent of the violation.

VII. Continuous compliance and Sustainability

Hisense Australia will keep on our efforts to prevent modern slavery and mitigate the risks. We will raise awareness of modern slavery by providing wide range of training to our employees and our suppliers. We appreciate the Guidance and the resources attached therein which will greatly improve our capability to do so. As one of the next steps, we will also improve due diligence on our suppliers by increasing the frequency and variety of audit.

This statement was approved by the Board of Hisense Australia Pty Ltd:

Signature:



Xifeng Zhang

Director

Date: 2020/12/15