

Annual Report and Action Plan

Company Name: **HISENSE AUSTRALIA PTY LTD**

Trading As: **Hisense**

ABN: **55105022080**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance **Leading**

The chart below indicates the overall performance level of this organisation listed above in the 2023 APCO Annual Report. The organisation's reporting period was **January, 2022 - December, 2022**



Understanding APCO Annual Reporting performance levels:

- 1 Getting Started:** You are at the start of your packaging sustainability journey.
- 2 Good Progress:** You have made some first steps on your packaging sustainability journey.
- 3 Advanced:** You have taken tangible action on your packaging sustainability journey.
- 4 Leading:** You have made significant progress on your packaging sustainability journey.
- 5 Beyond Best Practice:** You have received the highest performance level and have made significant progress on your packaging sustainability journey.

Contact

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Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

Packaging has serious implications on operational costs and as such it is critical to our business. Expensive and heavy devices and appliances are fragile items that must be packed safely to withstand long trips by truck and sea subject to extreme variations in temperature and humidity and still look impeccable out of the box. The packaging itself must look impeccable on delivery.

For those reasons packaging is constantly under revision, evolving and improving. This process continued uninterrupted in the reporting period of 2022.

Significant gains in reducing packaging volume led to packaging that is as slim and light as possible with the current technology.

Based on Packaging Metrics, we understand that the packaging of Hisense products satisfies important sustainable packaging principles such as : "2- Optimize for material efficiency", "3- Reduce product waste", "8- Design for transport efficiency".

Describe any opportunities or constraints that affected performance within your chosen reporting period

The combination of cardboard and EPS is highly effective in keeping products safe adding minimal increase to the to the gross volume of the products. Boxes are only a few millimetres bigger than the products they contain. Alternatives to EPS invariably increase packaging volume, usually to the point of negating all perceived environmental advantages. This is because increased packaging volume implies much less efficient transportation and warehousing, which in turn results in a higher environmental footprint. This challenge has not discouraged Hisense engineers to find alternatives to EPS.

Different teams developed cardboard based alternative replacement of EPS. Some advancement has been made in replacing smaller EPS parts such as locks used to secure shelves in refrigerators during transportation and other protective devices.

Unfortunately, cardboard does not recover its shape after absorbing an impact. After just one impact cardboard loses elasticity and its protective properties with it. This limitation means that for the moment cardboard is not a suitable substitute for EPS for heavy items as it fails the regular drop tests that all packaging must pass.

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

The principal packaging material of Hisense products is cardboard, a highly recyclable material. Our factories require 95% of recycled content from suppliers of cardboard for new packaging. This, combined with more modest contributions on recycled content for other packaging components, brings the overall average of recycled content in new packaging to 76.7%. In mass terms, of the 4481 tons of packaging, 3438 tons are made of recycled content. A few comments on these results follow.

At 76.7% Hisense exceeded in 2022 the target of 50% of average recycled content for 2025.

Principles "1- Design for recovery" and "5- Use recycled materials" are being fully observed.

78.8% (3532 tons) of the total mass of packaging (4481 tons) is suitable for kerbside collection.

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Have our executive or board of directors review our strategy and have the strategy integrated within our business processes.
- Regularly communicate and promote packaging sustainability objectives and targets within our organisation.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **100%** of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Improve the accuracy of our data regarding reviews of packaging using the Sustainable Packaging Guidelines (or equivalent).
- Incorporate the Sustainable Packaging Guidelines (or equivalent) into procurement processes.
- Consider the following Sustainable Packaging Principles in our packaging reviews:
 - Design for recovery
 - Optimise material efficiency
 - Design to reduce product waste
 - Eliminate hazardous materials
 - Use of renewable materials
 - Use recycled materials
 - Design to minimise litter
 - Design for transport efficiency
 - Design for accessibility
 - Provide consumer information on environmental sustainability
- **100%** of our packaging to be optimised for material efficiency.
- Improve the accuracy of our data regarding packaging material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.
- Use recycled content in:
 - Primary packaging that we use to sell our products
 - Other items which we purchase (e.g. office stationary and suppliers etc.)
- **100%** of our packaging to be made using some level of recycled material
- Improve the accuracy of our data regarding use of recycled materials.

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- Improve the accuracy of our data regarding recoverability.
- Improve the accuracy of our data regarding reuse.
- Participate in a close-loop recovery program/alternative collection system.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- **100%** of our packaging to have on-pack labelling to inform correct disposal.
- Improve the accuracy of our data regarding labelling.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
 - Paper/cardboard
 - Rigid plastics
- Aim for **84%** of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
 - Conducting regular clean ups