



三翼鸟

海尔智家

A Shares Stock Code:600690

D Shares Stock Code:690D

H Shares Stock Code:6690



**HAIER SMART HOME CO., LTD.**

2020 CORPORATE SOCIAL  
RESPONSIBILITY REPORT



# Good Things For Life

**HAIER SMART HOME CO., LTD.**

2020 CORPORATE SOCIAL  
RESPONSIBILITY REPORT



# REPORT DESCRIPTION

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## Background

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This report aims to objectively and fairly reflect Haier Smart Home's environmental, social and governance (ESG) performance in 2020. It is recommended to read the contents concerning corporate governance in this report in conjunction with the Corporate Governance contained in the 2020 Annual Report of Haier Smart Home Co., Ltd. In the course of preparing this report, we strove to ensure that all information included herein meets the principle requirements raised by the The Stock Exchange of Hong Kong Limited including materiality, quantitiveness, balance, and consistency for the report.



## Reporting Period

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January 1, 2020 to December 31, 2020. (Some contents exceed this period)



## Scope Of The Reporting Entity

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Haier Smart Home Co., Ltd., with certain data covering Haier Group.



## Report Compilation Basis

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This report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide in the Listing Rules of the Stock Exchange of Hong Kong Limited, with reference to the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI), the Guidelines on Preparation of Corporate Social Responsibility Reports of Chinese Enterprises (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences (CASS), and the Guidelines on Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange issued by the Shanghai Stock Exchange.



## Information Source And Reliability Warranty

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The text information and cases in this report mainly come from the Company's statistical data, relevant files, and internal communication documents. Some data in this report is extracted from the 2020 Annual Report of Haier Smart Home Co., Ltd. Other data comes from the Company's internal systems or manual records. The Company promises that this report contains no false record or misleading statement, and bears responsibility for the truth, accuracy and integrity of its content.

The report is released in simplified Chinese, traditional Chinese, and English. In case of discrepancy in the three versions, the simplified Chinese version shall prevail.



## Report Access And Response

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The report is published in both printed and electronic form, and the electronic edition is available on the Company's official website, Hong Kong Stock Exchange website and Shanghai Stock Exchange website (<http://smart-home.haier.com>, [www.hkex-news.hk](http://www.hkex-news.hk), <http://www.sse.com.cn/>).

We appreciate opinions from stakeholders, and readers are welcome to contact us in the following ways.

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# Chairman's statement

**In the new year, I hope we will join hands to write a brilliant chapter in the era of IoT!**

In 2020, we faced crises that we had never encountered before brought by the outbreak of COVID-19, exacerbated climate change, and the unstable international situation. However, such challenges made us gain a deeper understanding of the "community with a shared future for mankind" and help Haier Smart Home become more determined in its belief of "connecting to a better life with smart appliances".

There are both opportunities and challenges. Firmly believing "a successful company has simply seized the times we're in", we grasped opportunities in crisis situations, continuously promoting Haier Smart Home to transform itself from a leader in the global major appliance industry to a global leader in scenario brands and ecosystem brands. In 2020, Haier Smart Home was successfully listed on the The Stock Exchange of Hong Kong Limited, showing it has built the "A+D+H" global capital market layout and is moving forward to become the first IoT listed company in the world. Meanwhile, we have been rated as the global No. 1 major appliance brand for 12 consecutive years and ranked among the "Top 100 Most Valuable Global Brands" for two consecutive years rated by a well-known international brand rating institution BrandZ™ as the only ecosystem brand.

While mountains and rivers separate us, we enjoy the same moonlight under the same sky. In 2020, we maintained close communication with all stakeholders and joined hands to turn crisis into opportunity, making great progresses in all our work. On behalf of the Board, I would like to take this opportunity to express sincere gratitude to all stakeholders for their understanding, trust, and support, and to all employees for their firm conviction and hard work.

**In 2020, we led a better life with Haier's smart appliances.** We have continued the exploration of quality, R&D, and resource sharing. We led the industry with innovative and high-quality

products, offered whole-procedure scenario plans and considerate services to customers based on the Haier Smart Home Experiential Cloud Platform and Haier Smart Home application, and provided the best smart life experience through continuous interactions with users.

**In 2020, we protected a good ecological environment with green development.** We carried out the "Green Design, Green Manufacture, Green Operation, and Green Recovery" (4G) Strategy, built an environmental management system covering global operations, and provided green products for hundreds of millions of users around the world through the green management throughout the whole life cycle of products, making contributions to safeguarding the good ecological environment. In 2020, we identified the risks and opportunities brought by climate change for our operation and actively responded to them to promote the long-term sustainable development of the Company; we adopted multiple energy-conservation measures to reduce the emission of greenhouse gas, thus making contributions to achieving the goal of "carbon neutrality" and green development.

**In 2020, we boosted common growth with RenDanHeYi.** "Prioritizing people's value" is an eternal quest of Haier. We continuously built diversified but cohesive teams and created an inclusive work environment around the world to stimulate the innovation vitality of employees. We fully guaranteed employees' legal rights and interests and merged the protection of human rights into the Company's code of conduct. Focusing on the growth of every employee, we created a unique "RenDanHeYi" management model, which helped employees realize their own value while creating user value. Focusing on employees' health and safety, we have established and continuously improved the health and safety management system. During the pandemic, we took a series of measures to guarantee the physical and mental health of employees.



**In 2020, we facilitated social development by shouldering responsibilities.**

We proactively undertook the social responsibilities as a national enterprise to facilitate social development. We have long supported educational development and actively participated in poverty alleviation and disaster relief. As at the end of 2020, we have invested more than RMB116 million to build 325 Hope Primary Schools and 1 Hope Middle School in 26 provinces, cities and autonomous regions in China, helping tens of thousands children go to school. We extensively participated in disaster relief around the world, providing warm help and support for disaster-affected communities.

The outbreak of the pandemic made many people anxious. Global Haier people stepped forward and immediately took actions to integrate the global resources to assist in responding to the pandemic. We continuously donated materials and organized an anti-pandemic commando to assist the front line. We built platforms to help enterprises in the supply chain to resume work, and rapidly stabilized the production and operations to serve global users. In 2020, as one of the earliest and also the most generous assistance providers, Haier was widely recognized by all sectors of society.

Although there are still uncertainties in the future, Haier Smart Home has been fully prepared for all possible challenges. We will continue to uphold the non-change principle and take simplified measures to deal with the changing trend. We will create a better life for users and contribute green power to building a green ecosystem while creating higher returns for investors. In addition, we will provide a growth platform for employees and facilitate the development of communities. In the new year, I hope we will join hands to write a brilliant chapter in the era of IoT.

Haier Smart Home Co., Ltd.

Chairman:

March 2021

# CONTENTS

---

Haier Smart Home **07**  
One of World's Most Admired Companies

---

Haier Smart Home **15**  
Overview of Social Responsibility

---

Responsibility Focus **23**  
Spare no Efforts to Proactively Fight the  
Tough Battle against the Pandemic

---

RenDanHeYi **35**  
Achieve a Better Future for Employees

---

Green Development **49**  
Protect the Good Ecological Environment

---

2020 CORPORATE SOCIAL  
RESPONSIBILITY REPORT

---

Responsible Procurement  
Jointly Promote Industrial Development **65**

---

Excellent Quality  
Customize Beautiful Life **73**

---

Give back to Society  
Build a Harmonious Society **85**

---

Third-party Evaluation made by the China  
Household Electrical Appliances Association **95**

---

Corporate Honors **97**

---

Appendix:  
GEA Corporate Citizenship Report 2020 **107**

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Haier



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# Haier Smart Home

One of the World's Most  
Admired Companies <sup>1</sup>

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<sup>1</sup>Source: The list of "World's Most Admired Companies" released by Fortune in February 2021.



## Economic performance



Annual revenue  
RMB **209.726** billion  
YoY growth  
**4.46%**

Annual net profit  
RMB **8.877** billion  
YoY growth  
**8.17%**

Fortune Global 500  
in 2020 **435** th

Compared with last  
year Up **13** places

## Environmental performance



Energy consumption  
density  
**3.57**  
Kg standard coal/revenue  
in RMB10,000  
Down compared with  
last year by  
**2%**

Reduction in the emis-  
sion of carbon dioxide by  
**425** tons

Waste caused by a  
single product  
**0.47** Kg/unit

Down compared with  
last year by  
**6.7%**

Compliance disposal rate  
of hazardous waste  
**100%**

## Social performance



### Employees

Total number of  
employees  
**99,299**  
Number of overseas  
employees  
**34,955**

### Communities

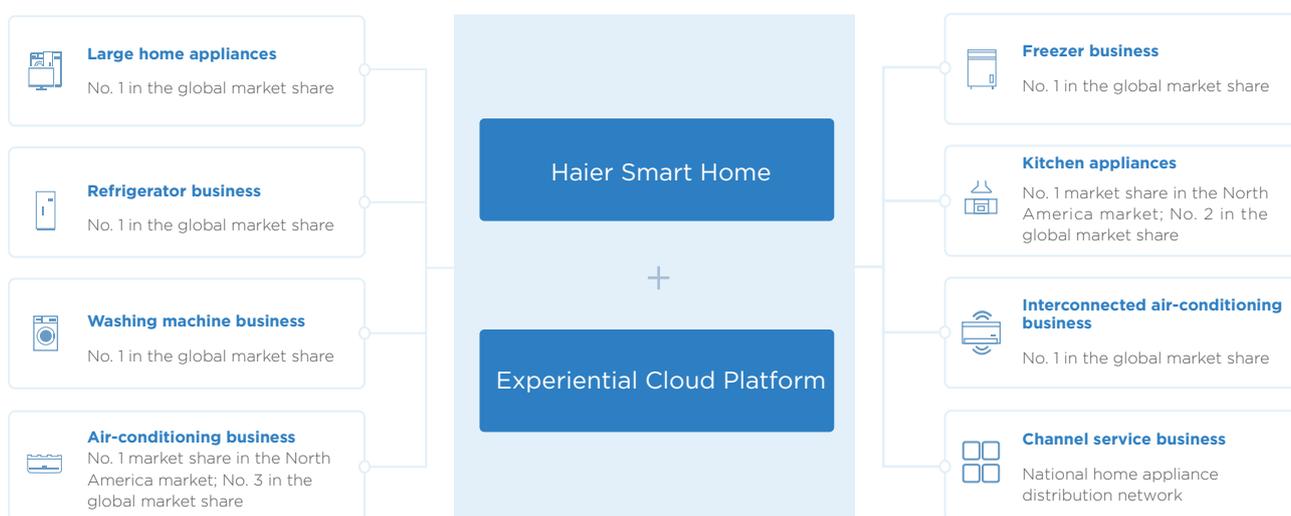
Social contribution value  
per share  
RMB **5.49** /share  
(calculated at the total  
A-share capital)  
Cumulative input in the  
Hope Projects over  
RMB **116** million

### Product

Obtained authorized  
patents in 2020  
**5,930**  
Including patents for  
invention  
**2,175**  
Number of global service  
professionals over  
**100,000**

# Global operations

Haier Smart Home Co., Ltd. (“Haier Smart Home”, formerly known as “Qingdao Haier”) was founded in 1984, with its headquarter located in Qingdao, China. The Company is a smart home ecological brand that customizes better life solutions for global users. It mainly engages in the research, development, production and sales of smart home appliances such as refrigerators/freezers, washing machines, air conditioners, water heaters, kitchen appliances, small home appliances and smart home scene solutions. Through a rich portfolio of products, brands and solutions, it creates a full scene of intelligent life experience to meet the needs of users to customize a better life.



## Overview of global markets<sup>2</sup>

<sup>2</sup> Sources: Euromonitor International, an international market research institution, statistical data of retail sales in 2020; China Market Monitor Co., Ltd., statistical data of retail sales in 2019

The Company as one of the first listed companies in China was listed (stock code: 600690) on the Shanghai Stock Exchange in 1993. On October 24, 2018, the Company issued D shares on the main board of Frankfurt Stock Exchange in Germany (stock code: 690D). In December 2020, the Company was successfully listed on the Stock Exchange of Hong Kong Limited (stock code: 06690). Thereafter, the Company has built the "A+D+H" global capital market layout.

Haier Smart Home also actively expanded its layout of global brands and markets. The Company gradually acquired the white goods business of Sanyo of Japan (AQUA), the household appliance business of GEA, the household appliance brand of New Zealand Fisher & Paykel (FPA), and Italian household appliance brand Candy, formed the Three-in-One market competitiveness of R&D, manufacturing, and marketing around the world, and

realizing the world-class brand layout, providing comprehensive home appliance products and home scenario solutions for hundreds of millions of users worldwide. According to the retail data of large household appliance brands worldwide released by Euromonitor, a world's leading market research organization, Haier's retail sales volume of large household appliances ranked the first in the world for 12 consecutive years from 2009 to 2020.



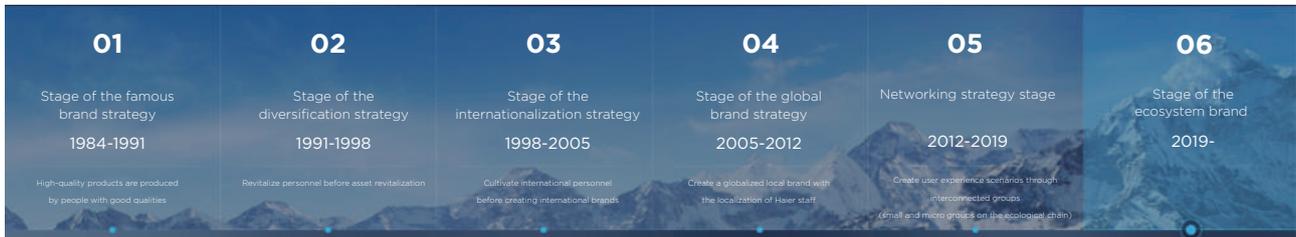
## Seven Brands and Global Layout

# Corporate strategy

"A successful company has simply capitalized on the times we're in." Haier Smart Home ushered in the new wave in the era of IoT and has started the sixth strategic stage -- the strategy stage of ecosystem brand from 2019, transforming itself from a leader in the global major appliance industry to a global leader in scenario brands and ecosystem brands.

In this strategic stage, we have transformed from value for money sales to value interaction, created an IoT ecosystem system based on living scenarios, got closer to users through

"warm communication", continuously provided the personalized products and services for users, realized the profound transformation from "developing a product life cycle" to "developing a user experience cycle", and we will finally realize the transformation from the user experience ecosystem to the ecosystem for lifelong users.



From 2019 to 2020, Haier's ecosystem brand has been listed among the BrandZ™'s "Top 100 Most Valuable Global Brands" for two consecutive years as the only ecosystem brand, fully demonstrating that we are continuing to lead in the IoT ecosystem.

# Corporate governance

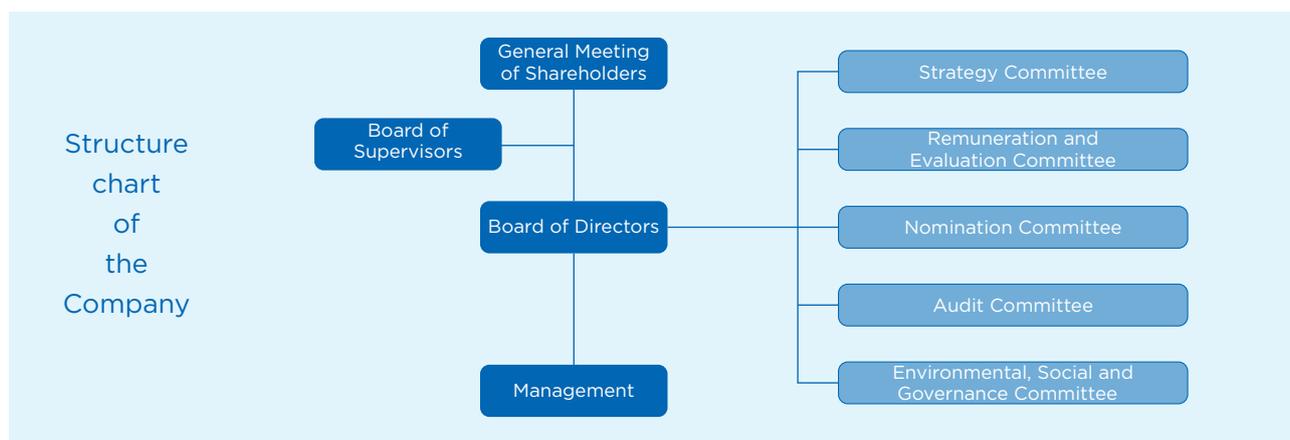
We adhere to the core philosophy of “honest operation, standardized governance, and information transparency”, and continuously optimize corporate governance, improve internal control, and build an honest ecology in accordance with such provisions specified in the Company Law, Securities Law, Code of Corporate Governance for Listed Companies, Listing Rules, and other relevant regulations.

## Corporate governance

Haier Smart Home is committed to realizing high-standard corporate governance. We have constantly improved the modern corporate governance structure, continuously standardized our internal governance framework, actively created an internal and external governance environment, and effectively protected the interests of all shareholders, so as to promote the healthy and stable development of the Company. We have set up a standardized and orderly corporate governance structure composed of the general meeting of shareholders, the Board of Directors and its special committees (including Strategy Committee, Remuneration and Evaluation Committee, Nomination Committee, Environmental, Social and Governance Committee and Audit Committee), the Board of Supervisors, and the management. We have established a governance mechanism that has a clear division of authorities and duties, and is composed of power institution, decision-making institution, supervision institution, and execution institution that are coordinated and limited with one another, which has guaranteed efficient and compliant corporate governance.

As at the end of the reporting period, there were five external directors (including three independent directors), accounting for a large proportion of the total number (eight) of directors of the Company. The Board of Supervisors had three supervisors, including one employee representative supervisor. The heads and members of the Audit Committee, the Remuneration and Evaluation Committee, and the Nomination Committee were assumed by independent directors.

Following the diversity policy for the Board of Directors, we will select candidates for the Board of Directors based on multiple and diversified indicators, including but not limited to sex, age, culture, educational background, industry experience, technical capacity, professional qualification and expertise, knowledge, term of service, and other relevant factors. The Nomination Committee is responsible for reviewing the effectiveness and implementation of the diversity policy for the Board of Directors.



In 2020, the Company convened five general meetings of shareholders, nine board of directors meetings and seven board of supervisors meetings, of which all the holding and voting procedures complied with relevant provisions specified in laws, regulations, articles of association, and rules of negotiation, and all voting results were legal and valid. This laid a solid foundation for the Company’s standardized operation.

## Internal control

To support the implementation of the strategy of globalization and guarantee worldwide business growth, and better manage risks related to business development, we have clarified the roles and duties of the Board of Directors and its Audit Committee, the Board of Supervisors, and the management in the internal control mechanism, established and continuously improved the risk management and internal control system in accordance with the Guidelines for Internal Control of Listed Companies of the Shanghai Stock Exchange, the Basic Standards for Enterprise Internal Control and the Supporting Guidelines for Enterprise Internal Control that were jointly issued by Ministry of Finance, CSRC, National Audit Office, CBRC and CIRC, and the Corporate Governance Code issued by The Stock Exchange of Hong Kong Limited.

We conduct large-scale tests and self-assessment on the design effectiveness and implementation effectiveness of our internal control system once a year, employ annual audit accountants in China to assess the effectiveness of internal control over financial reporting, and disclose the material deficiencies noted in the internal control unrelated to financial reporting. The self-assessment reports, financial reports issued by annual audit accountants, and internal control and audit reports will be fully uploaded to the exchange's website to be reviewed and supervised by stakeholders. In 2020, the total amount of corporate assets and the amount of revenues that were included by Haier Smart Home in our internal control assessment range either accounts either accounted for almost 85% of the corresponding items in the Company's financial statements. According to the assessment of Board of Directors, the internal control system of Haier Smart Home was sound and effectively implemented. There was no significant defect identified in the Company's internal control design or implementation. According to the annual audit accountants, the Company maintained effective internal control in all material respects in 2020.

## Honest ecology

"Honest Ecology" is one of enterprise spirits that Haier Smart Home puts into effect. We understand the importance of adhering to moral standards in current global commercial environment which is full of competition and instant changes, and promise to perform operation activities according to the highest moral standards.

## Honest operation

We strictly comply with the laws and regulations of places around the world where we operate related to anti-bribery,

anti-fraud, extortion, and anti-money laundering, and has set up special teams to perform anti-corruption and anti-malpractice tasks, in order to create an honest and moral commercial environment. The Board of Directors is responsible for reviewing and supervising the Company's policies and measures that are related to compliance of laws and regulations, with the help of internal control departments, internal audit departments, and global legal departments. We have formulated and strictly implemented Employee Code of Conduct, Code of Commercial Conduct of Haier Group, Anti-fraud Regulations, Management Policy of Supplier Black List, and other policies, required personnel at important positions to sign the Commitment Letter of Incorruptibility every quarter, and signed the Incorruptibility Agreement with suppliers, urging our employees and suppliers to strictly abide by the bottom line of compliance.

We actively perform online and offline anti-malpractice trainings, to foster our honest culture. Through organizing all employees to watch educational films every quarter and other training activities, and providing the employees at risky positions with enhanced training, we have effectively strengthened the honest ideology building of them. We have carried out anti-corruption training on directors and the management through Newsletter to improve their awareness of anti-corruption. We also conduct trainings for investigators, to improve their anti-malpractice ability.

We share anti-corruption issues through the Global Law Summit around the world. Legal departments in different regions also conduct anti-corruption training on relevant employees irregularly, and focus on reminding them of local fields with high risks of anti-corruption in the course of training.

We have formulated the Whistleblower Management Regulations on the Ecological Platform of Haier Smart Home and received a wide range of corruption and malpractice clues which we process in time by setting up and disclosing the public online reporting platform and email to all employees and suppliers. The internal control and internal audit departments will conduct the primary screening and investigation for reporting information, with any suspected crimes submitted to legal departments for handling according to laws. We have also set reporting routes for conflicts of interest, and employees need to actively report the positions of their relatives in the Company and partners of the Company to reduce or avoid the potential risks of corruption.

## Management of compliance propaganda

The Company strictly complies with the requirements of relevant laws and regulations for advertisement and publicity in the places where it operates, seriously implements the compliance management of marketing in order to eliminate false advertising and resist any unfair act that limits market competition, values the building of user trust, and unremittingly constructs a sustainable commercial development model.



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# Overview of Social Responsibility of Haier Smart Home

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## Our social responsibility vision

Combining social responsibility ideas with the Group's development strategies and core values, and developing Haier's unique CSR strategies will be the only way for Haier to be a respectable brand, and to achieve sustainable development.



Haier should contribute to the society and human beings like the sea. As long as we 'are true forever' in our love to the society and human beings, the social acceptance will last forever. Haier will, just as the sea, last forever.

-- Zhang Ruimin, Founder and Board Chairman of Haier Group

## ESG management

We believe good ESG management is of vital importance for us to guarantee stable enterprise operations, deal with sudden threats, and seize opportunities of the times.

In 2020, Haier Smart Home built the systematic ESG management structure at the levels of governance, management, and implementation. The Board of Directors of the Company has established the Environmental, Social and Governance Committee (the ESG Committee), which fully supervises matters of Haier Smart Home related to ESG and performs relevant ESG management duties on behalf of the Board of Directors. ESG functional departments and top managers of all business segments consist of the environmental, social, and governance executive steering group (the ESG executive steering group) to coordinate and guide all ESG functional departments to jointly promote the effective implementation of ESG management and report the work progress to the ESG Committee on a regular basis. Meanwhile, we have issued the Code of Commercial Conduct of Haier Group to guide the implementation of relevant tasks related to ESG within the Company.



## ESG strategy

Centering on the five dimensions including "commercial ethics, sustainable products, sustainable operation, inclusiveness and diversity, and community participation", we have formulated the ESG strategy to guide us to carry out ESG management in global operations.



### Commercial ethics

Operating the Company with the highest moral criteria and compliance requirements and developing a compliance culture to win the trust of investors, employees, users, suppliers, communities, and other stakeholders



### Inclusiveness and diversity

Building a safe and inclusive work environment, adhering to "prioritizing people's value", and getting closer to users and communities with the diversified employees



### Sustainable products

Providing eco-friendly designed products with excellent performance and high-quality services to make families and communities enjoy a better life



### Community participation

Assisting in community construction through community communication and community investment activities



### Sustainable operation

Protecting the earth by reducing the impact of our operations on the environment

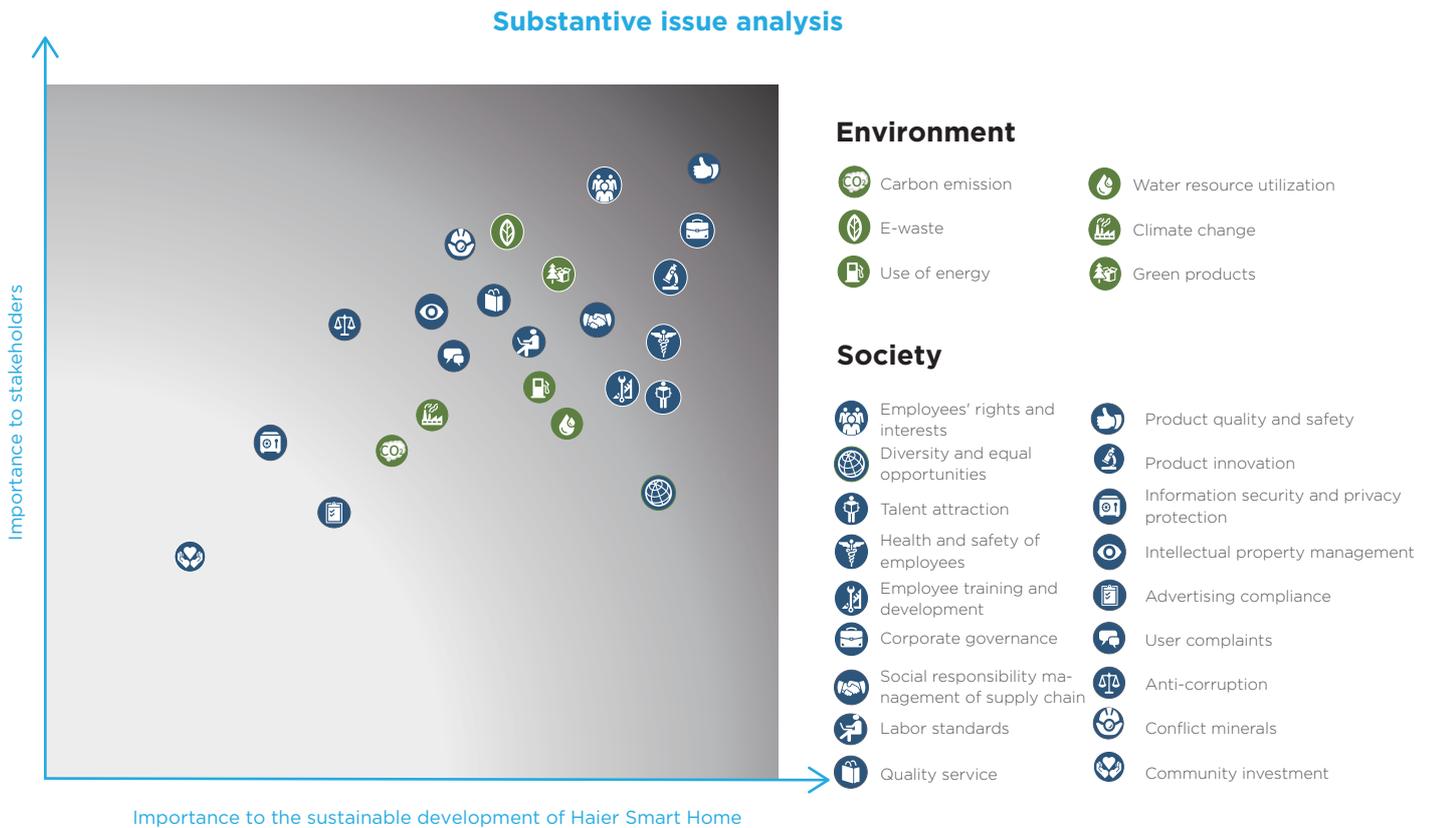
## Participation by stakeholders

Haier Smart Home actively listens to and responds to the concerns about ESG issues from stakeholders. We identified major stakeholders according to the characteristics of actual business, management and operation, and understood the ESG issues they were concerned about through multiple communication channels.

| Major stakeholders   | ESG issues  | Major communication channels   |
|--|---|--|
|  Government and other regulators            | <ul style="list-style-type: none"> <li>Corporate governance</li> <li>Labor standards</li> <li>Product responsibility</li> <li>Anti-corruption</li> <li>Community investment</li> <li>Climate change</li> </ul>                                | <ul style="list-style-type: none"> <li>Policy consultation</li> <li>Event reporting</li> <li>Information disclosure</li> </ul>   |
|  Shareholders and investors                 | <ul style="list-style-type: none"> <li>Corporate governance</li> <li>Product responsibility</li> <li>Anti-corruption</li> </ul>   | <ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Investor meeting</li> <li>Report disclosure</li> <li>Official website</li> </ul>         |
|  Employees                                | <ul style="list-style-type: none"> <li>Employment</li> <li>Health and safety</li> <li>Development and training</li> <li>Labor standards</li> </ul>  | <ul style="list-style-type: none"> <li>Employee congress</li> <li>Face-to-face communication</li> <li>Telephone and email</li> <li>Internal applications</li> </ul>      |
|  Users                                    | <ul style="list-style-type: none"> <li>Product responsibility</li> </ul>  | <ul style="list-style-type: none"> <li>Real-time communication software</li> <li>Social media</li> <li>Customer service channels</li> </ul>                              |
|  Suppliers, dealers and partners          | <ul style="list-style-type: none"> <li>Supply chain management</li> <li>Product responsibility</li> <li>Anti-corruption</li> </ul>  | <ul style="list-style-type: none"> <li>Meeting</li> <li>On-site research</li> <li>Exhibitions</li> <li>Real-time communication software</li> </ul>                       |
|  Industry counterparts                    | <ul style="list-style-type: none"> <li>Product responsibility</li> </ul>  | <ul style="list-style-type: none"> <li>Meeting</li> <li>Industrial activities</li> <li>Telephone and email</li> </ul>  |
|  Media and non-governmental organizations | <ul style="list-style-type: none"> <li>Emissions</li> <li>Use of resources</li> <li>Environment and natural resources</li> <li>Employment</li> <li>Supply chain management</li> <li>Product responsibility</li> <li>Climate change</li> </ul> | <ul style="list-style-type: none"> <li>Press conference and seminar</li> <li>Social media</li> <li>Official website</li> <li>On-site visit</li> <li>Interview</li> </ul> |
|  Social group and public                  | <ul style="list-style-type: none"> <li>Emissions</li> <li>Community investment</li> </ul>   | <ul style="list-style-type: none"> <li>On-site visit</li> <li>Meeting</li> <li>Charitable activities</li> <li>Social media</li> </ul>                                    |

# Substantive issue analysis

Based on the identification of and communication with major stakeholders, in combination with the Company's operation features, we conducted substantive analyses for important concerns of stakeholders, and took such analyses as important references for the Company's ESG management and information disclosure. We identified highly important issues including product quality and safety, corporate governance, employees' rights and interests, employees' health and safety, product innovation, electronic waste, green product, social responsibility management of the supply chain, conflict minerals, high-quality service, labor standards, employee training and development, and talent attraction; and generally important issues including intellectual property right management, customer complaint, energy utilization, water resource utilization, anti-corruption, diversified and equal opportunities, climate changes, carbon emission, information security and privacy protection, advertising compliance, and community investment. We will discuss the contents of all issues respectively in this report.



# Sustainable development actions of Haier Smart Home

Haier Smart Home actively responded to the Sustainable Development Goals (SDGs) set by the United Nations. We identified priorities of sustainable development goals based on industrial characteristics and actual business operations, and centering on the ESG strategy of "commercial ethics, sustainable products, sustainable operation, inclusiveness and diversity, and community participation" and ESG concerns of stakeholders, with the resolution of "staying sincere forever", we determined to create a beautiful future and a smarter sustainable life with our stakeholders.

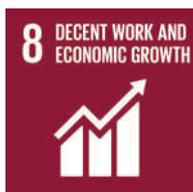
|                      | 2030 Sustainable Development Goals (SDGs) of the United Nations  | Our actions in 2020   |
|----------------------|--|---|
| Commercial ethics    | <br>  | <ul style="list-style-type: none"> <li>✓ Adhering to the core philosophy of "honest operation, standardized governance, and information transparency", we have continuously optimized corporate governance, improved internal control, and built an honest ecology</li> <li>✓ In 2020, the total corporate assets and revenues that were included in the internal control assessment accounted for almost 85% of the corresponding items in the Company's consolidated financial statements</li> <li>✓ Special teams were responsible for anti-corruption and anti-malpractice task to create an honest and moral commercial environment</li> <li>✓ The Company has tried to eliminate false advertising and resist any unfair act that limits market competition, valued the building of user trust, and unremittingly constructed a sustainable commercial development model</li> </ul> |
| Sustainable products |  <br>  | <ul style="list-style-type: none"> <li>✓ The Company carried out the sustainable development philosophy in the whole product life cycle to reduce the impact on the environment</li> <li>✓ In 2020, Haier Smart Home's all production plants in China passed the ISO14001 environmental management system certification</li> <li>✓ In 2020, the general waste caused by a single product decreased by 6.74% year-on-year compared with 2019</li> <li>✓ From 2011, GEA has processed 905,317 refrigerators, 44,408 independent freezers, and 12,057 air-conditioning units</li> </ul>  |

| Sustainable products  | 2030 Sustainable Development Goals (SDGs) of the United Nations  | Our actions in 2020  |
|-----------------------|--|--|
| Sustainable operation |            | <ul style="list-style-type: none"> <li>✓ The Company identified risks and opportunities brought by climate change and actively responded to them, and reduced the emission of greenhouse gas.</li> <li>✓ All plants passed the ISO 9001 Quality Management System certification, except for the new plants that had not started such certification in 2020</li> <li>✓ "Zero recall" was achieved for all products in the year</li> <li>✓ Upholding the idea that "the pandemic is for a short time while sincere service is forever", the Company provided reassuring services and healthy products for global users</li> </ul>  |
|                       |     | <ul style="list-style-type: none"> <li>✓ The "Green Design, Green Manufacture, Green Operation, and Green Recovery" (4G) Strategy was implemented</li> <li>✓ The Company's emission monitoring system and treatment facilities were continuously upgraded</li> <li>✓ A smart energy interconnected control platform was built, to constantly improve the refined management capacity and realize resource saving through big data analysis</li> <li>✓ The Company formulated the relevant codes of conduct for suppliers to restrict labor management, conflict mineral management, and commercial ethics of suppliers, and conducted the supervision and inspection of suppliers.</li> <li>✓ Haier Smart Home promoted labor management in the supply chain and conducted the on-site review, and a total of 81 suppliers passed the review of the Company in 2020</li> <li>✓ The Company advanced the conflict mineral management of suppliers and required suppliers to provide relevant supporting materials for conflict minerals.</li> <li>✓ The Company established a supplier data management system to track the suppliers' environment and social data, and assess their sustainability performance</li> <li>✓ Relying on its global collaborative operation system, the Company provided various types of support for the resumption of work and production of upstream and downstream enterprises in the supply chain</li> </ul> |

Inclusiveness and diversity

2030 Sustainable Development Goals (SDGs) of the United Nations

Our actions in 2020



- ✓ Haier Smart Home has adhered to "prioritizing people's value" and created the "RenDanHeYi" management model
- ✓ The Company created an inclusive work environment and expected the outstanding innovations brought by the collision and fusion of diversified cultures
- ✓ The Company recruited excellent talent in multiple ways in accordance with the recruitment principles of justice and equity
- ✓ The staff training principle that "everyone can develop and everyone deserves attention" was implemented
- ✓ An overseas global online learning platform was built
- ✓ The Company communicated with employees through multiple channels to understand their needs
- ✓ Various staff activities were conducted to enrich their spare-time life
- ✓ The Company effectively safeguarded employees' occupational health and safety. In 2020, nobody was wounded on duty seriously or worse. The Company organized 334 security drills and 100,000 person-times participated in comprehensive production safety/special drills
- ✓ The Company carried out the safety information-based construction and implemented information-based management of major safety matters like fire control
- ✓ During the pandemic, we firmly safeguarded the health and safety of global employees

Community participation



- ✓ We have invested more than RMB116 million to build 325 Hope Primary Schools and one Hope Middle School in 26 provinces, cities and autonomous regions in China, helping tens of thousands of children go to school.
- ✓ We hosted more than 100 charitable activities such as the Young Dreamer & Youth Poverty Alleviation Activity, built eight hope cottages and 27 loving laundries, and helped more than 10,000 students and teachers, and such activities were spread to over 100,000 person-times
- ✓ We carried out disaster relief, flood-fighting, and emergency rescues to pass love and warmth
- ✓ We did our utmost to respond to the call for pandemic control and prevention, and escorted the pandemic fighters and campaigners
- ✓ The Company was awarded the "Special Anti-pandemic Award -- Enterprises with Special Contributions in the 2020 Public Welfare Award Ceremony of the Action League hosted by Ifeng News

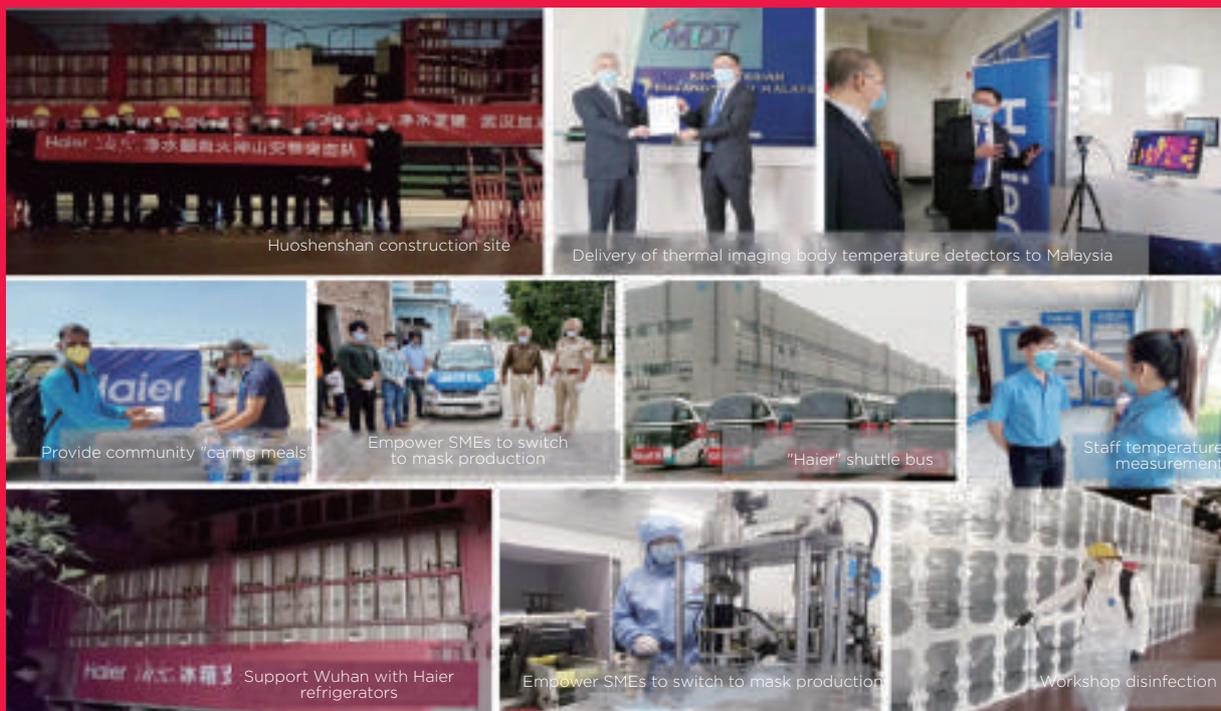
# Responsibility Focus

**Spare No Efforts to Proactively  
Fight the Tough Battle against  
the Pandemic**



In 2020, the outbreak of the COVID-19 pandemic brought huge challenges to global economic development and people's safety. In this special year, global Haier people stepped forward, took the fastest actions and spared no efforts to jointly build a line of defense against the pandemic, fully displaying our role in social responsibility as a global brand. After the outbreak of the pandemic, we established an emergency guide team at the first hour, quickly coordinated all the departments, actively performed our corporate and civil responsibilities, and participated in global anti-pandemic with the consideration of guaranteeing employee safety, assisting the enterprises in locations where we have business presence to resume the work, continuously stabilizing the service to the global users, and supporting the global anti-pandemic front line.

- ✔ Making quick responses, and caring for every employee
- ✔ Shouldering responsibilities, passing the power of warmth
- ✔ Efficient empowerment, connecting to the strength of the ecological platform
- ✔ Supporting global anti-pandemic to ignite the endless hope
- ✔ Safeguarding users' health with smart appliances
- ✔ Haier, waiting for spring blossoms with all our friends



# Making quick responses, and caring for every employee

We uphold the people-oriented philosophy, and firmly guards for employees' health and safety during the pandemic period. We follow strictly the Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases and relevant laws and regulations in places where we have business presence, build the global pandemic prevention system, and promote the implementation of all pandemic prevention measures in an all-round way, to effectively safeguard employees' health and safety.

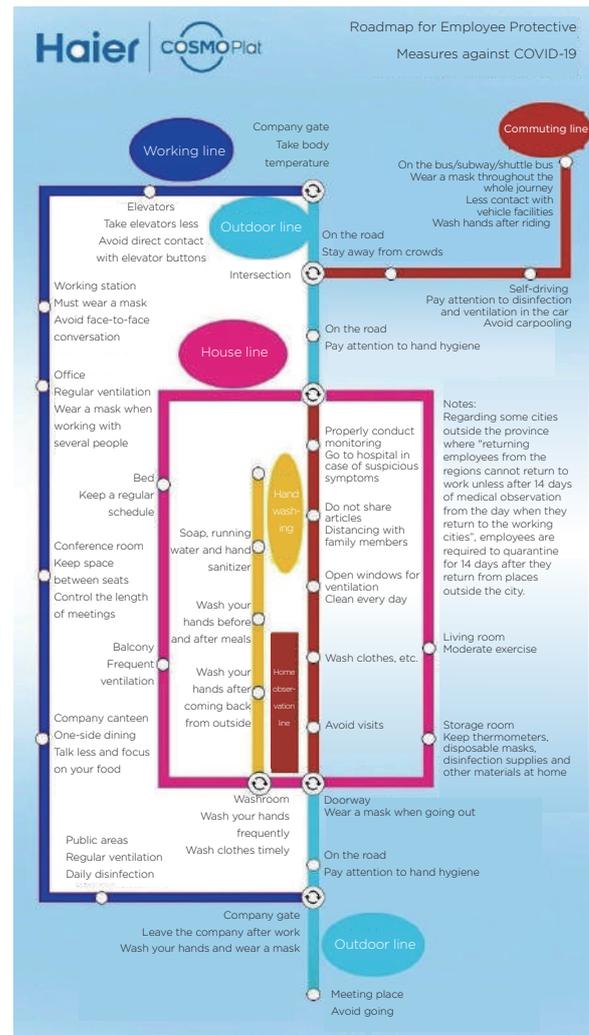
## Quick response

After the outbreak of the pandemic, we established a pandemic prevention team at the first hour, formulated prevention and control measures, confirmed the responsibilities for prevention and control, and proceeded the pandemic prevention work in an all-round way in accordance with the requirements specified in the regulations and policies in places where we have business presence. We formulated the TGM<sup>3</sup> process for pandemic prevention and control to ensure the comprehensive and efficient prevention of the pandemic. The pandemic prevention team conducted day-clearing<sup>4</sup> whole-procedures to ensure zero mistakes and omissions in pandemic prevention work.

## Rational resumption of work

During the special period of the pandemic, the Company has steadily promoted various resumption procedures in accordance with the policy requirements of the place where it operates to ensure the resumption of work and production is safe and orderly.

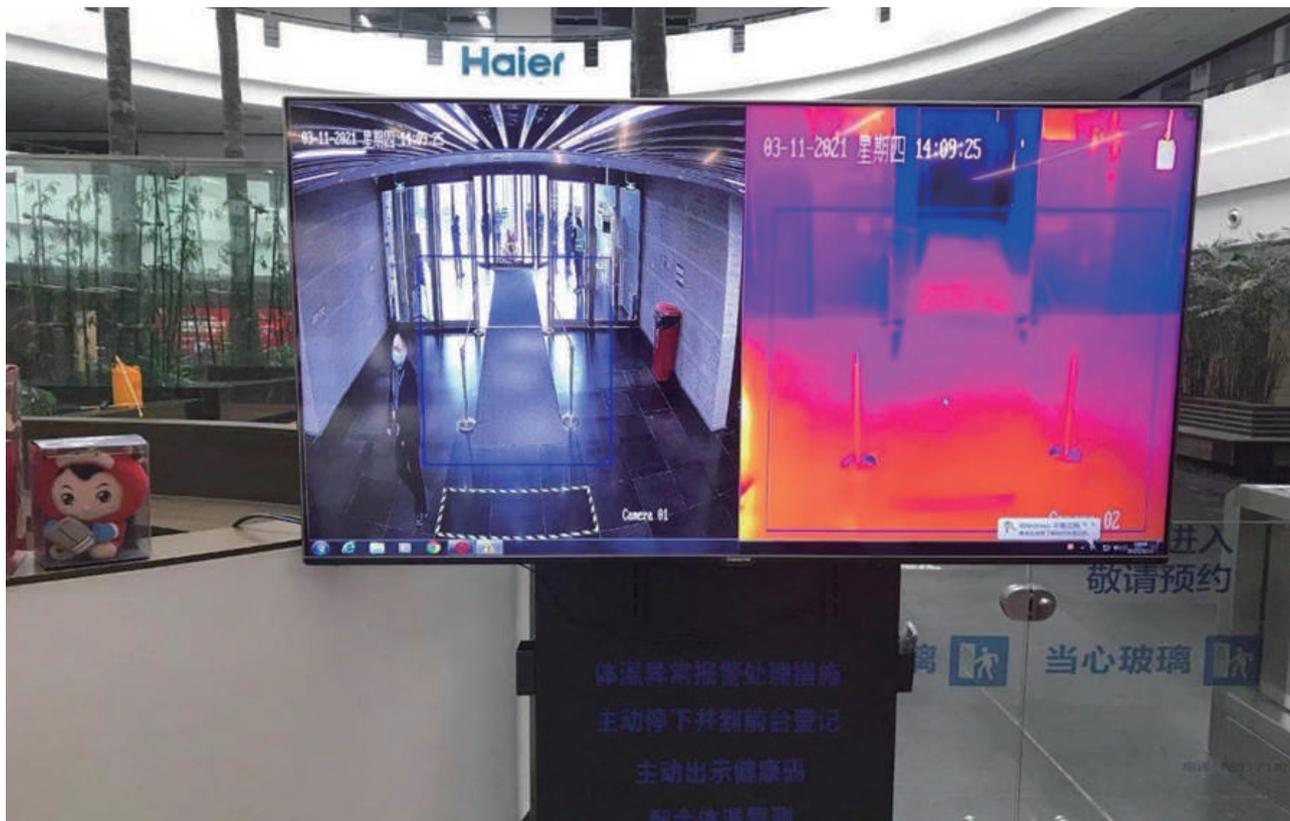
- The Company integrated global ecological resources and reserved adequate anti-pandemic supplies for resumption of work and production.
- The Company disinfected all corners in the area to provide a safe work environment for employees.
- We drew and strictly implemented the roadmap of protective measures for employees to ensure the comprehensive implementation of protection for employees.
- We prepared the Manual for Pandemic Prevention and Work Restoration and Matters Requiring Attention in Pandemic Prevention, to rationally guide the implementation of pandemic prevention work and guarantee the normal operation of enterprises after work resumption on all fronts from the aspects of plants, supply chain, logistics, and services.



<sup>3</sup>TGM: A work execution process created by Haier, referring to target, group, and mechanism respectively.

<sup>4</sup>Day-clearing: One working principle of Haier, which means that the work on the day shall be completed on the same day.

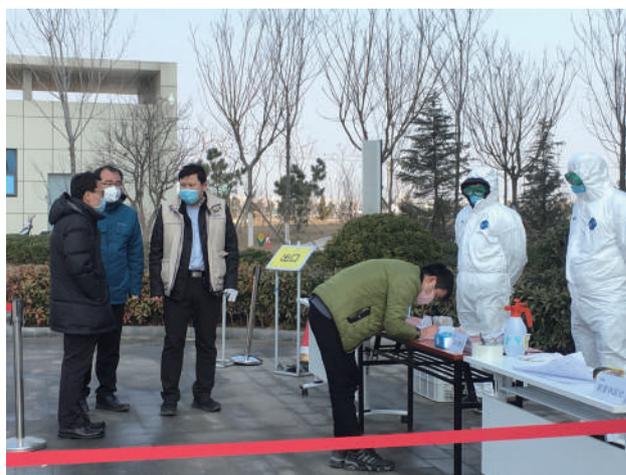
By the middle of February 2020, we successfully resumed work in all the processes under the precondition of guaranteeing employee safety in line with the related requirements from the national and all the local governments for regulating holiday and corporate production resumption. It was highly recognized by all the local governments and regarded as a local example of corporate resuming work.



► Thermal imaging body temperature measurement machine



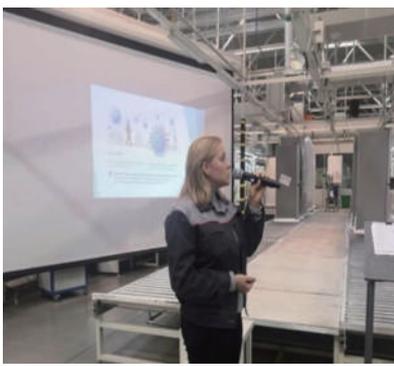
► Comprehensive disinfection



► Entry/exit registration

## Safety protection for global employees

We carried out overseas pandemic prevention and control work with the domestic ones simultaneously. Before the pandemic spread globally, we established an overseas pandemic prevention and control day-clearing team to prepare for anti-pandemic in advance and ensure the pandemic in overseas operating regions can be prevented and controlled. The Company's 66 marketing centers, 59 factories, and major R&D centers overseas had simultaneously launched various pandemic prevention work, established a whole-procedure prevention and control system, and provided support for the stable operation of Haier Smart Home's overseas business and the localization of Three-in-One layout of R&D, manufacturing, and marketing.

|  |   |  |
|--|---|--|
|  <p>Formulating pandemic prevention policies</p> |  <p>Organizing employees to measure temperature</p> |  <p>Improving prevention and control awareness</p> |
|  <p>Learning anti-pandemic knowledge</p>        |  <p>Working at home</p>                            |  <p>Issuing anti-pandemic supplies</p>            |

## Regular pandemic prevention and control

We attached great importance to pandemic prevention and control under the normalization of the pandemic, insisted on preventing and controlling pandemic according to laws in a rational manner, and strictly implemented all policy requirements for pandemic prevention and control. We focused on improving employees' awareness of prevention and control and spread anti-pandemic knowledge through channels such as Guanhai self-media and iHaier. We constantly improved the automatic temperature measurement system, increased automatic temperature measurement instruments, tracked employees' health information through iHaier, and comprehensively monitored employees' health conditions. We continuously improved the contingency plan for pandemic prevention and control, ensured that contingency response measures can be timely adopted when the pandemic occurred, and ensured efficient and precise prevention and control.



## Efficient empowerment, connecting to the strength of the ecological platform

During the pandemic, relying on its sound global collaborative operation system, Haier Smart Home coordinated global resources, realized the timely and effective transmission of experience, materials, information, and resources, and provided various types of support for the resumption of work and production of upstream and downstream enterprises in the supply chain:

### Establishing a promotion team for resumption of work and production of suppliers

We established an overall team for resumption of work and production of suppliers to promote suppliers to resume work and production;

### Establishing a day-clearing system

We established a day-clearing system, and followed up on and timely solved suppliers' problems in resuming work and production;

### Getting through process obstacles

We formulated the Guarantee Strategy for Production Line Resources during the Pandemic, collated and clarified procedures during the pandemic from the aspects of supplier introduction, new production places, quota adjustment, and rapid validation, and rapidly responded to problems of relevant businesses;

### Coordinating resources and promoting communication

On the one hand, we assisted suppliers in pandemic prevention and control. On the other hand, we actively communicated with local governments to advance the review process of the resumption of work and production of suppliers.

#### CASE

#### Zero order delay

During the pandemic, to guarantee the successful delivery of cylinder washing machine products in North America, Haier's global procurement platform inspected the supply of nearly 65 suppliers, supported suppliers to resume work and production, guaranteed the supply of 1,008 parts to meet demands, and eventually realized zero delays in the shipment of orders of cylinder washing machine products.

#### CASE

#### Supply and demand platform to combat against the pandemic

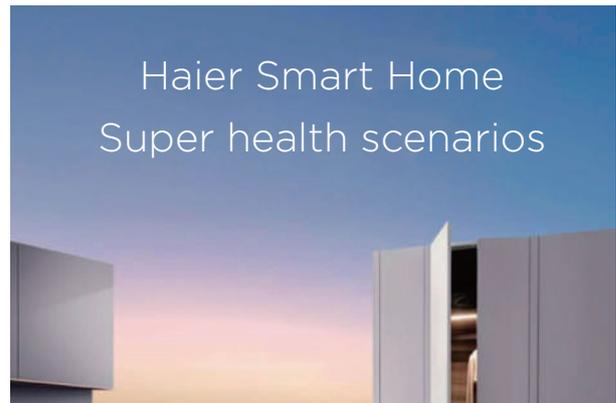
During the pandemic, employees on Haier's COSMO industrial Internet platform thought that anti-pandemic supplies in the whole market were inadequate after they failed to buy masks for themselves and successfully released the "supply and demand platform to combat against the COVID-19 pandemic" within 48 hours, and rapidly upgraded it into the "resumption of work and production and production-increase service platform for enterprises". Connected to more than 20,000 enterprises, the platform played a huge role in aggregating information on medical suppliers, precisely connecting supply and demand, and empowering the resumption of work and production of SMEs.

## Safeguarding users' health with smart appliances

Facing the global situation of pandemic prevention and control, adhering to the strategy of smart home guidance and upholding the idea that "the pandemic is for a short time while sincere service is forever", we rapidly carried out adjustments and upgrading, and continued to provide reassuring services and healthy products for global users.

### Smart health products

In response to users' key demand for disinfection of household supplies and health management during the pandemic, we upgraded the Haier Smart Home application and released multiple smart health themes including garment disinfection, indoor air disinfection, healthy diet, and pandemic reporting. Each theme, equipped with pictures, videos, live streaming, and other forms, showed how to use Haier products to disinfect garment and air under different scenarios such as returning home, at home, and out, assisting every user and every family in preventing the pandemic in a healthy and reassuring way.



In the world, depending on our effective pandemic response mechanism and global supply chain system, we continuously and stably provided disinfection and sterilization products for global users. In China, we provided whole house health appliances for users. In Japan, we launched a series of health products under our AQUA brand during the pandemic, such as washing machines with the functions of disinfection, sterilization and clothes protecting to meet the demand of local users, which was widely supported by local consumers. In Europe, with the increasing demands for refrigerators with sterilization functions under the influence of the pandemic, we focused on providing refrigerators with functions of sterilization and fresh-keeping to the European market.

Healthful clothes    **Healthful food**    Healthful air    Healthful bathroom    Healthful kitchen



**T-ABT health sterilization**

Create a safe storage space through 24-hour real-time dynamic release of natural ions, and real-time dynamic seamless sterilization

**Oxygen resistance, and separate storage of dry and wet foods**

Intelligent and precise control of dry and wet zones, with the air humidity in the dry zone maintained at around 45% and the humidity in the wet zone at around 90%.

**3D sterilization cabin**

All-round sterilization through self-cleaning sterilization, 56°C high-temperature sterilization, ion sterilization and other methods. Only clean air will be offered.

**Clean the air**

The centrifugal water curtain moisturizing system controls the comfort balance between air purity, air humidity and air temperature.

**Full-space food preservation**

Exclusive food preservation technology to better retain the taste and nutrition of the ingredients and provide a healthy and fresh life for the whole family.

**Low temperature, sterilization and smell removal**

The low-temperature catalyst sterilization and smell cleaning system carries out three-dimensional circulation of sterilization and absorbs smell to refresh air and preserve healthful food.

**56°C sterilization and self-cleaning**

As the temperature inside the air conditioner rises to 56°C, continual sterilization is conducted under high temperature. With a sterilization rate of 99%, the healthy breathing of family is guaranteed.

**UV sterilization**

With the UV sterilizing lamp turning on through simply pressing one button, the UV sterilizing air purifier will kill all kinds of harmful microorganisms.

**Reassuring services**

During the pandemic, we issued the Specification for Safety Service during Pandemic Prevention and Control, according to which we actively launched the online non-contact health service for online reporting of service demands, online supply of service instructions and online viewing of the service process, thus ensuring continuous supply of home appliance installation and maintenance services to customers; in addition, we upgraded the door-to-door installation service through such measures as temperature detection, mask wearing, disinfection, and cleaning, to reduce the risk of infection in the process of service.

**CASE**

**Service upgrading during the special period**

On February 4, 2020, Zhengzhou refrigeration product service micro-unit explained knacks for daily cleaning and use of refrigerators through live streaming on Haier Smart Home application. Meanwhile, it answered and helped users solve problems that they encountered when they used refrigerators in real time through online interactions.



## Shouldering responsibilities, passing the power of warm-heartedness

Escort the pandemic fighters and campaigners. Upon the outbreak of the pandemic, all Haier employees took immediate actions to integrate global ecological resources to assist the anti-pandemic front line through multiple methods such as donating funds and supplies, supporting anti-pandemic medical teams, and building the supply and demand platform of medical supplies, thus becoming one of the earliest and the most generous assistance enterprises.

Wuhan Huoshenshan Hospital was delivered for use on the night of February 2, 2020. In the early morning that day, the large-scale purification-heating machines (22 sets) and water boilers (four sets) donated by Haier were delivered overnight to Huoshenshan Hospital. These water purifiers and water boilers will be placed in the hospital's water heater rooms and rest areas for medical staff, so as to ensure healthy drinking for medical staff and patients as a support to the fight against the pandemic. Haier Water Purification also donated commercial water purification equipment totaling more than RMB0.5 million to many hospitals in the affected areas like Wuhan Wuchang Hospital, so as to provide healthy and safe drinking water for medical staff and patients fighting in the anti-pandemic front line.



In order to solve the problem of clothing sterilization and disinfection in the anti-pandemic frontline, Haier Washing Machine spared no efforts in fighting against the pandemic to safeguard the health of medical staff and patients. Haier Washing Machine has, since the end of January, assisted more than 100 hospitals nationwide at the speed of seven hospitals one year, to provide cloth washing, sterilization, and disinfection services for medical staff and patients fighting in the anti-pandemic front line.





**CASE** "Last two kilometers"

"Moving rapidly and providing high-quality services without bothering anyone" was the pledge made by Haier Service before entering Huoshenshan Hospital.

In the evening of February 1, 2020, the first batch of refrigerators among 200 ones donated by Haier were delivered to Huoshenshan Hospital. To ensure the delivery to and use at the hospital, members of the anti-pandemic commando began to urgently install relevant appliances in the late night of February 1, 2020. On the construction sites, the last two kilometers to the hospital, despite the difficulty of road closure for reasons of construction, employees of Haier Service transported relevant appliances manually through the last two kilometers to Huoshenshan Hospital and successfully completed installation, ensuring the timely operation of Huoshenshan Hospital.

**CASE** "Installing one water heater upon the construction of one room"

Haier began to install the 300 water heaters donated by itself to Leishenshan Hospital on February 2, 2020. From donation and plan development to distribution and installation completion, Wuhan Haier Factory and water heater industry, logistics, and after-sales teams made concerted efforts. Meanwhile, Haier service professionals waited there all along for 48 hours and managed to keep in pace with the construction of Leishenshan Hospital by installing one water heater upon the construction of one room, so as to ensure the operation of Leishenshan Hospital on schedule. During the Spring Festival, there were totally 2,700 service staff of Haier sticking to their posts in Hubei Province, and being ready to respond to emergency needs from hospitals and contribute to the anti-pandemic frontline.

**CASE** "Welcoming heroes returning from the front line"

With the pandemic has been brought under control, since March 17, medical teams from places across China sent to aid treatment in Hubei province were arranged to withdraw in a phased manner. To express our respect for medical workers sent to aid treatment in Hubei province, Haier Air-conditioning conducted an activity of "welcoming heroes returning from the front line", in which it provided free door-to-door air-conditioning cleaning services for medical workers who were sent from Hefei, Qingdao, Shenzhen, Zhengzhou, Wuxi, and other places to aid treatment in Hubei province.



On December 1, 2020, the 2020 Public Welfare Award Ceremony of the Action League hosted by Ifeng News was held in Beijing. As its outstanding contributions in the fight against the COVID-19 pandemic were widely recognized, Haier Group was awarded the "Special Anti-pandemic Award -- Enterprises with Special Contributions".



## Supporting global anti-pandemic to ignite the endless hope

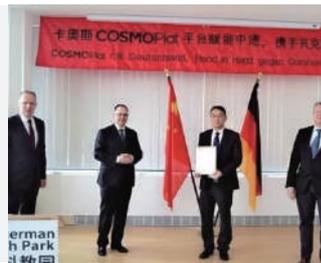
In the fight against the pandemic, we gave full play to our business resources and platform advantages to support the global response to the pandemic across borders.

We conducted the real-time sharing of anti-pandemic information, experience, and measures, actively raised anti-pandemic supplies through multiple channels, and donated funds and materials, so as to assist the whole world in responding to the pandemic to the best of our abilities.

Amid the global fight against the pandemic, there was a kind of warmth called "Haier assistance".



Haier Smart Home urgently purchased 25,000 masks to Europe and sent out products equipped with sterilization and disinfection functions to European countries. Haier Europe donated 2,500 sets of protective clothing to Italy.



Relying on COSMOPLAT to take advantage of the industry, we urgently customized an intelligent temperature measurement and disinfection channel and donated it to the German Heidelberg University Hospital to empower the local pandemic prevention work.

Haier Malaysia learned that the local pandemic prevention materials were in short supply and most of the donated materials flew to the hospital. Knowing that the media workers in the anti-pandemic front line lacked the protection against the pandemic, they purchased 10,000 masks to support the front-line media after coordinating with various parties.



Haier India paid continuous attention to the local pandemic situation and actively took various actions, such as distributing meals to local communities and providing "love meals" for difficult groups.



On July 9, 2020, Haier Pakistan received a letter of acknowledgment from the Embassy of Pakistan in China to express gratitude to Haier Pakistan for their efforts and assisting the local government in ensuring the basic living needs of the people of Pakistan during the battle against the COVID-19.



## Haier, waiting for spring blossoms with all our friends

At present, the pandemic is still bringing more challenges and uncertainties to the world. We will further cooperate with ecological parties to promote economic development in the post-pandemic era together with the international community, reveal the strong power of the IoT welfare ecosystem, and like sea, contribute to the society and human beings.

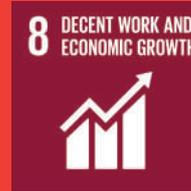
In the future, we will still jointly face all challenges and uncertainties, waiting for spring blossoms with all our friends.



# PART 01



Since its establishment, Haier has adhered to "prioritizing people's value" and created the "RenDanHeYi" management model to achieve common development with employees and help each of them realize their own value. We have established teams with diverse employees, effectively guaranteed employees' legal rights and interests, focused on employees' health and safety, paid attention to the training and development of employees, and made great efforts to improve their happiness. We hope to join hands with all employees to have a better future.



“

# RenDanHeYi Achieve a Better Future for Employees

”



Teams with  
diverse employees



Employees' rights  
and interests



Employee  
growth



Care for  
employees



Health and safety

# Our global human resources management

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The chain group of the global human resources management organization of Haier Smart Home adheres to the management concept of "RenDanHeYi", focuses on users and is committed to undertaking business strategies and becoming a business partner, so as to empower the organization.

Our global human resources chain group consists of the experience chain group, the Chuangdan chain group and the sharing center. With the regional and business human resources as its core, the experience chain group is directly responsible for business. With the global and regional business HR expert organization as the core, the Chuangdan chain group provides professional strategic development direction and professional solutions for the organization. The sharing center mainly provides services for employees.

Our Global Human Resources Department sets up a Global Human Resources Coordination Committee, which is composed of regional and professional human resources leaders and is responsible for the implementation of global human resources strategies and the formulation of annual global human resources coordination projects. We have established a global human resources coordination mechanism and regularly convened global conferences to promote internationalized human resources management and provide human resources support for global business coordination.

We have launched a unified human resources digital information system overseas. The learning system provides data support for business departments to make decisions and integrates the global talent review, the succession planning and the talent development system, ensuring that the talent strategies supports the business strategies. We have set up a unified compensation system overseas and established a competitive incentive mechanism to attract and retain global talents. We have set up a global talent flow platform to ensure the free flow of global talents.

## Build a diverse team

We believe that building a diverse team is more conducive to generating new ideas and bringing the Company closer to users around the world. Therefore, building a diverse team is one of our global business strategies. Based on the principle of fairness and justice, we recruit talents from all over the world through a variety of channels to build a diverse talent team.

At present, we have employees from more than 100 countries. They have different skills, perspectives and cultural backgrounds. The Company is committed to creating an inclusive working environment and expects the outstanding innovation brought by the collision and integration of multiple cultures.

### World-class inclusiveness

In GEA, in order to facilitate the communication and integration between employees from different backgrounds, employees have spontaneously formed the "Affinity Networks". Any employee can join as a member or ally, and the networks provide a safe space for them to share interests, skills, and experience and provide them the opportunities to support key business plans.

### Female employee development

Female employees play an important role in driving the Company forward. For each business project/region all over the world, we have formulated plans and mechanisms for attracting, developing and retaining female employees tailored to local needs. Take GEA as an example, the long-term incentive plan of GEA executives is directly related to their attracting, retaining and developing diverse and female employees.

At the end of the Reporting Period, we had 99,299 employees worldwide, 64,344 in China and 34,955 outside China.





## Protect the rights and interests of employees

Haier Smart Home strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and relevant laws and regulations of the places where its business is present, formulates comprehensive human resources management regulations by reference to relevant conventions of the International Labor Organization, such as the Forced Labor Convention, and conducts employee management in accordance with laws and regulations, to protect employees' legitimate rights and interests.

### Positive working environment

We strictly follow the requirements of the Code of Business Conduct of Haier Group and provide a positive working environment for our employees:

- **Encourage the building of a diverse staff team and provide a workplace free of discrimination, retaliation, harassment and maltreatment of any kind;**
- **Guarantee the fair and competitive compensation and benefits in accordance with local regulations and culture;**
- **Never tolerate infringement of human rights (such forced labor and child labor).**

We establish a sound process system to ensure that the above requirements are strictly implemented. We also engage external auditors to conduct social responsibility audits covering labor management in all our factories to ensure effective implementation of the Code of Business Conduct.

### Employment management

The Company manages employment in strict accordance with relevant laws and regulations. We have established and strictly implemented regulations and management procedures for employment, promotion and dismissal. We strictly examine the information of recruits, sign the labor contract with employees in full compliance with laws in a voluntary and fair manner, and handle the employee dismissal procedures according to law.

We prohibit discrimination in the workplace of any ethnic group, race, gender, religious belief, gender orientation, marital or birth status, disability, or national origin. We are committed to promoting equality in employment and creating a fair and diverse working environment.

### Working hours management

We continue to optimize our working hours management regulations. The Company has established the independent time management policies for chain groups and small and micro businesses. Chain groups and small and micro businesses can independently decide working hours and work attendance checking methods according to international practices, industry characteristics and business scenarios, so as to provide more convenience for employees to better balance between work and life.

- **Flexible working hours:** Four working hours options are available for employees to choose;
- **Intelligent clocking in:** Employees can clock in by three methods, including clocking in machine and iHaier mobile clocking in;
- **Annual leave:** Employees may plan their own annual leave, and the leave not taken in the current year could be carried over to the next.

# Help employees grow

Adhering to the staff training principle of "everyone can develop and everyone deserves attention", we have built a maker empowerment ecological platform indexed by "prioritizing people's value" in the era of the Internet of Things. By building a non-linear development system, we provide a broader development platform for employees. And by creating a diversified cultivation system, we provide support for the long-term development of each employee, so as to achieve the common growth of employees and the Company.

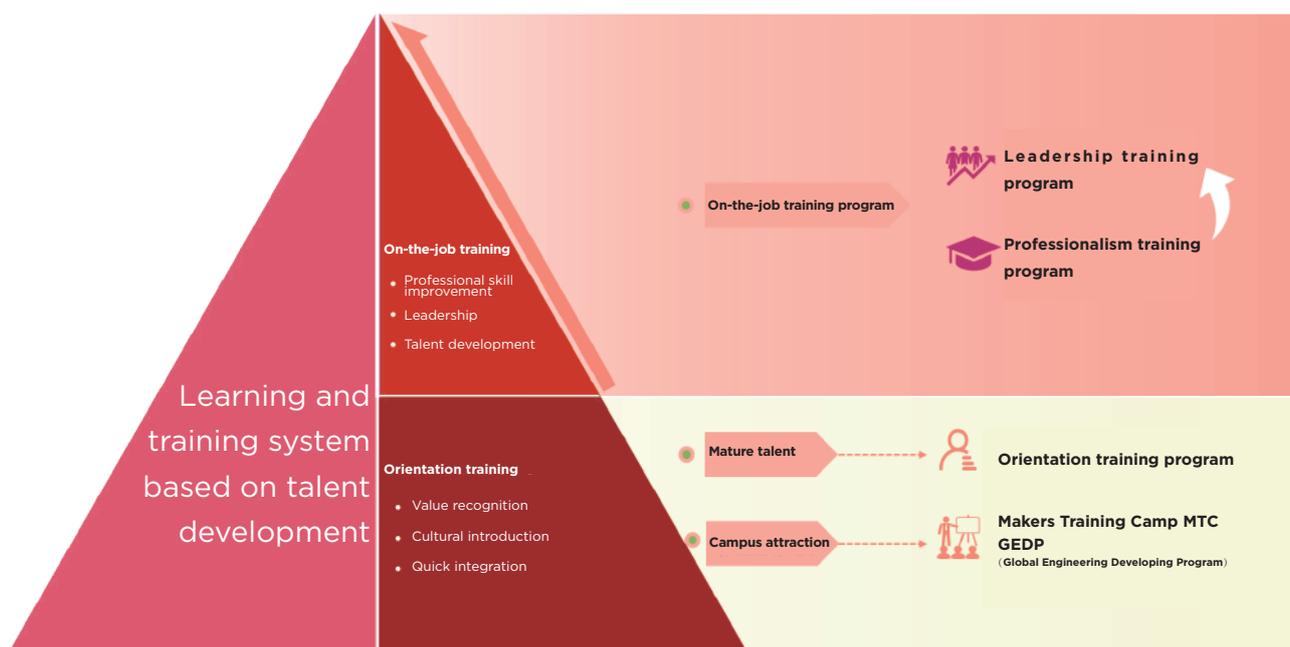
## Development system

Based on the current needs of the Company's globalization and the transformation for the Internet of Things, we advocate "independent management of chain groups and independent development of makers", constantly improve the non-linear talent independent development system, and create a dynamic and open development platform for talents to emerge independently. Based on the function of talent review, the platform provides new opportunities in high-end, scenario and ecological fields for employees with "strong wish, great potential and excellent performance". Employees can not only enter chain groups to realize the professional value-added development, but also create chain groups to realize the entrepreneurship and innovation, finally realizing non-linear accelerated development.

We also advocate the abolition of hierarchy, so that competent employees can grab a bigger order or task and create greater value for the Company and themselves.

## Training system

We attach great importance to talent training and set up a hierarchical training system, which supports the training programs for main and reserve cadres of small and micro businesses as well as the training of the middle level, the grassroots and campus makers. We create an overseas online learning platform to support overseas employees' learning of internal courses and the connection with external resources. The platform supports 24 languages, which can meet the language needs of employees in overseas regions. Based on business needs, we update the courses from time to time and build an ecological learning organization.



**CASE** 

**GEDP ( Global Engineering Developing Program)**

GEDP is a training program designed by the Company to develop excellent engineers who have a global vision and can lead global projects. The three core elements of GEDP are industrial job rotation, English-only professional training courses, and working with overseas teams such as GEA to promote global leading technology projects. GEDP is currently launched in China, the United States and Mexico simultaneously.



**CASE** 

**MTC (Maker Training Camp)**

Maker Training Camp is designed for new recruits. The Company adopts the training mode of combining online and offline training and offers such training modules as face-to-face instruction by higher-ups, systematic curriculum learning, creative development, tutoring, and experience of the whole value chain to train new recruits in primary leadership and then in professional jobs. Employees can learn theory and practice, gradually grow and understand themselves, and finally find their value in the Company.



**Motivation**

"Prioritizing people's value" has been Haier's principle for 36 years since its establishment. "Only by making employees become 'autonomous people' can they be integrated with users who have the demand for experience and iteration, which reflects the essence of the Internet of Things - the Internet of People."

**CASE**  **RenDanHeYi**

We create the management mode of "RenDanHeYi". "Ren" refers to employees with entrepreneurial and innovative spirit, and "Dan" refers to the creation of user value. Instead of passively assigning specific tasks under traditional management, employees actively identify the areas where they can create user value to realize their own "Dan" (literally an order or task in Chinese). In the process of creating user value, employees have the right to make decisions, use human resources, and allocate resources. At the same time, employees' income and career development will be matched with the value created by them.

The management mode of "RenDanHeYi" encourages employees to create user value with an entrepreneurial mindset and to realize the self-value that is consistent with the value of the Company and that of shareholders.

### CASE **Maker partner incentive and constraint mechanism**

The maker partner incentive and constraint mechanism of Haier Smart Home ( "the maker mechanism" ) is a new mechanism designed to inspire the creativity of all makers, which combines the characteristics of the Internet of Things era. Based on the principle of user pay, the mechanism is driven by chain group contracts. Home appliance business focuses on high value-added and high sharing, with a view to sharing profit when the goal is achieved.

### CASE **"Three Gold Awards"**

The "Three Gold Awards" are awarded annually to honor makers who have made outstanding contributions to the development of the Company, to express full recognition for employees who have made outstanding contributions.

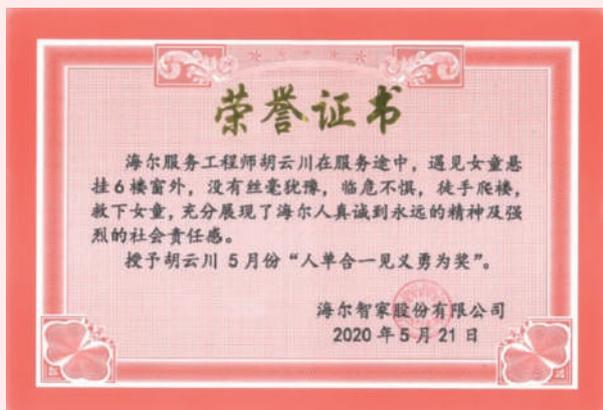
### CASE **"Most Beautiful Maker" evaluation**

Since March 2020, we have set up the "Most Beautiful Maker" evaluation platform to encourage every maker to actively create value and share value. This year, we recognize 100 makers from around the world as the "Most Beautiful Maker".

### CASE **Haier actively commends employees who take risks to save people**

On May 21, 2020, Hu Yunchuan, a Haier service engineer in Fushun County, Zigong City, Sichuan Province, climbed up a building with his hands only to save a girl hanging outside the window of the sixth floor. This was widely concerned and praised by all walks of life. On May 22, after knowing this, the Company immediately awarded Hu Yunchuan the "RenDanHeYi Bravery Award" and a property of RMB600,000 in Fushun County, in recognition of his bravery.

We believe that a company is essentially a group of people, and employees are the most valuable wealth of an enterprise. We don't want to see anything dangerous happen, but when there is a need in society, we hope that every Haier employee can volunteer to offer help boldly.



## Care for employees' work and life

### Communication with our staff

We pay a close attention to communicating with employees and understanding their needs. With various employee communication channels such as iHaier, telephone, email and one-on-one talk, the Company aims to hear the employees' voices and ensure the issues from their feedback is communicated to the relevant departments who will analyze the causes and take rectifications to properly satisfy the employees' needs.

### Good working environment

We are committed to providing a healthy and green working environment for our employees. The Company fully respects employees' suggestions concerning the planning and design of the office area and ensures employees' comfort in work. We set up gyms and restrooms to provide places for employees to exercise and rest.

### Democratic management

We let the workers' congress to fully play its role in democratic decision making, democratic administration and democratic supervision. We hold the workers' congress from time to time according to the actual needs to vote on the typical suggestions of employees and give feedback on the results in time. With respect to important employee policies and corporate development suggestions, we will collectively discuss them and make decisions at the annual workers' congress.

In addition to the workers' congress, we further expand the democratic channels, carry out activities to collect reasonable suggestions, solicit the staff's suggestions and requirements for the Company's work, and solve the hot and difficult issues concerned by the staff.

#### CASE

##### Build a loving mothers' hut

During the pandemic period, in order to meet the needs of lactating female employees, we built a loving mothers' hut and equipped it with daily supplies and disinfection materials. We also established use regulations to ensure the proper use of the hut and maintain a healthy and safe use environment.



## Staff activities

This year, we paid attention to employees' needs for physical and mental development and carried out activities such as sports meeting, football match, basketball match, Children's Day activities, and birthday parties to enrich employees' spare time life and enhance the cohesive force in the Company.

### CASE Fun sports meetings

In November 2020, Haier Smart Home held the 10th fun sports meeting for employees. There were seven activities in the fun sports meeting, such as Caterpillar Race, Football and Ground Ball. The wonderful competitions showed the style of Haier employees and enhanced team cohesion.



### CASE Children's painting activity

On the occasion of Children's Day, in order to enhance the interaction and communication between employees and children, we hold a series of activities with the theme of "Happy Childhood, Happy Belongs to You". After hearing and witnessing Haier's corporate culture, the children drew many wonderful works with their brushes.





## Guarantee health and safety of employees

Haier Smart Home upholds the vision of "excellent safety of zero-base objective", adheres to the strategic objective of "focusing on professional, intrinsic and maker-oriented safety, building a safety system and cultural values based on operation excellence, and becoming the safest company in the world", develops the "safety excellence" elevation path, and is dedicated to achieving "six zeroes" in safety performance. In 2020, we continued to work on strengthening production safety management, protecting employees' occupational health and raising employees' safety awareness, and formed a comprehensive and full-coverage safety network, to effectively protect employees' health and safety in workplace.



### Our performance

#### Safe production

The number of work-related serious injuries and worse cases throughout the year was zero.

#### Occupational disease management

The occupational hazards evaluation coverage reached **100%**

The occupational health examination rate was **100%**

The coverage of intrinsic safety equipment was **100%**

#### Safety drills

**334** safety drills were conducted

**100,000** persons participated in the comprehensive/special drills of production safety



## Production safety management

### Compliance management

We have established standardized management procedures for identification of laws and regulations, training and communication, and change management and are implementing them steadily. The Company also regularly evaluates the compliance of the implementation of them. In 2020, Haier Smart Home strictly complied with the Work Safety Law of the People's Republic of China, the Fire Prevention Law of the People's Republic of China and relevant laws and regulations of the places where its business was present, and strictly implemented the safety management regulations including the Labor Safety and Health Management, the Equipment Safety Management and the Safety Accidents and Cases Evaluation and Accountability Management, for implementation of comprehensive safety management.

### Construction of safety management system

We reinforce our safety management team, establish and improve the production safety management network and keep improving the capabilities of the safety management team. In 2020, Haier Smart Home continued to promote the safety management upgrading based on platform establishment, system construction and standards development, relied on the HSE&6S cloud platform, the big data platform of firefighting Internet of Things, the ITPM equipment intelligent management system and other platforms to achieve full coverage of safety management. We strictly implement the production safety accountability system, arrange for the safety officers at all levels and employees of all factories to sign safety accountability documents, and define safety responsibilities, so as to realize the safe self-operation.

### Safety supervision and inspection

In order to ensure the effective implementation of safety management, the Company carries out safety supervision and inspection by layers and categories, gives full play to the role of safety supervision institutions at all levels, ensures the orderly safety management, implements safety management measures, remedies all safety risks and hidden problems, and forms a closed loop of safety management.

We give full play to the supervisory role of employees and society and take measures such as the mailbox of production safety supervision, the park/factory/team WeChat groups, the report telephone, and the report mailbox. Upon receiving safety improvement suggestions or hidden safety hazards reports, we timely organize the remediation and eliminate hidden safety haz-

ards. We give full play to the supervisory role of employees and society and take measures such as the mailbox of production safety supervision, the park/factory/team WeChat groups, the report telephone, and the report mailbox. Upon receiving safety improvement suggestions or hidden safety hazards reports, we timely organize the remediation and eliminate hidden safety hazards.

### Safety information construction

We pay attention to the safety information construction and establish the Internet of Things for key parts to achieve the information analysis and targeted management of key parts. We have also established the fire prevention Internet of Things. In 2020, the Company realized the data collection, analysis and intelligent diagnosis of the fire water pressure and water level in the park and the fire alarm in regions, which ensure the fire safety of the Company.

### Stakeholders' safety management

We also pay close attentions to the safety of stakeholders in the parks. We have formulated nine must-dos and 18 construction safety controls, in order to define the responsibilities of the construction units, factory's liaison departments and the safety departments, enhance construction safety management, and effectively ensure the health and safety of third-party construction staff in the parks. Besides, we strictly implement the independent safety management of outsourcing entities and suppliers, arrange for domestic joint ventures/leasing entities/out-sourcing entities/service providers to sign the Contract for Independent Safety Management, and arrange for the supply chain staff to implement safety supervision.

## Occupational health management

Haier Smart Home complies with the Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases and laws and regulations of the places where its business is present, and continuously works on protecting employees' occupational health and safety and preventing occupational diseases and hazards. We carry out regular physical examination for every employee every year and add some new examinations for employees of different ages. After the physical examination, we ask the hospital to summarize and analyze the physical examination results of each department, and invite experts to carry out training for the items that have many problems, so as to ensure the closed loop of the physical examination.

### Occupational environmental monitoring

We engage qualified third-party institutions to examine the positions with occupational hazards and hazardous workplace environments on site, with reports issued, to ensure compliance with occupational health and safety laws and regulations. In 2020, the coverage of occupational environmental monitoring and assessment reached 100%.

### Notice on occupational disease hazards

We distribute Notice on Workplace Occupational Disease Hazards to each employee in a position exposed to occupational disease hazards, detailing the health hazards in the position.

### Physical examination for occupational health

We implement "pre-job, on-the-job and departure" whole-process physical examinations with respect to occupational diseases, and any person detected not to fit the position requirements will be timely transferred to other positions, in order to prevent occupational diseases or suspected occupational diseases. In 2020, the coverage of occupational health examination reached 100%.

### Equipment automation

We have achieved equipment automation in production lines of interconnection factories, and work to promote unmanned automated factories for high-risk environments.

## Construction of safety culture

Haier Smart Home embraces our safety culture throughout the entire production and operation processes. It actively creates a safety culture atmosphere of "everyone 6S, everything 6S, always 6S".

### CASE Safety skills training

We attach importance to the safety skills training of employees and keep improving the safety production capacity of employees. With respect to special types of work, employees are required to complete corresponding training programs under our supervision before working. We regularly carry out special training regarding dangerous equipment/jobs, raise employees' safety awareness and safety operation skills by carrying out safety education activities such as "One Case Every Week" and "One Class Every Week", and arrange for employees to take the test on online safety training, so as to ensure that they grasp all the safety training content.

In order to further strengthen employees' safety awareness and emergency response skills, we carry out activities such as the fire safety month and fire safety drills and regularly push fire safety knowledge and emergency response skills through our WeChat Official Account, so as to enhance employees' ability of emergency response and self-help.



Activities of fire safety month



Emergency response drill and training

## Safety culture publicity

We give priority to publicity of safety culture and take advantage of the HSE&6S interactive platform and the "Safety Encyclopaedia" WeChat Official Account to disseminate safety precautions and raise employees' safety awareness. In 2020, the Company issued 795 articles with graphics and texts, totaling 159 issues, through the "Safety Encyclopaedia" WeChat Official Account.

### CASE

#### Year-end Hidden Hazards Inspection, Governance and Training + Complete Hazard Checklist

As there were frequent safety accidents at the end of the year, through the "Safety Encyclopaedia" WeChat Official Account, we issued the PPT titled Hidden Hazards Inspection, Governance and Training + Complete Hazard Checklist for employees to learn and use based on their needs in work.



This year, the Company has been highly recognized by government departments for its safety culture development, with five provincial-level safety culture demonstration units and five municipal-level safety culture demonstration units, and repeatedly won the provincial and municipal commendations for safety management and safety culture development.

# PART 02



As the leading brand of white goods in the world, Haier Smart Home actively responds to the environmental protection concept and policy of global green and sustainable development. Based on the Haier 4-Green (4G) Strategy ("Green Design, Green Manufacture, Green Marketing, and Green Recycle"), we integrate low carbon, recycling, energy saving and emission reduction into the daily operation of the Company and the whole life cycle of products, lead the industry in innovation, green development, interaction and win-win situation, and enhance the sustainable development of the industry.



“

# Green Development Protect the Good Ecological Environment

”



Green Management



Green Design



Green Manufacturing



Green Recycle



Climate Change



## Green management

Haier Smart Home has established and gradually improved its environmental management system covering global operations. We identify and observe relevant laws and regulations, formulated environmental management principles and policies, and build a network-based environmental management framework under which the environmental management responsibilities of all parties are specified to fully implement environmental management.

### Compliance management

We carry out environmental management in strict accordance with the requirements of the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Air pollution, Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste, and the relevant laws and regulations of other places of operation. The relevant responsible departments of the Company listen to the relevant reports and guidance on environmental management of overseas regions and carry out supervision and inspection whenever necessary.

This year, Haier Smart Home committed no grave violations of environmental laws and regulations worldwide.

### Our working principles for environmental management

Adherence to the philosophy of "green product, green enterprise, green culture"

Compliance with relevant laws and regulations as well as standards and requirements

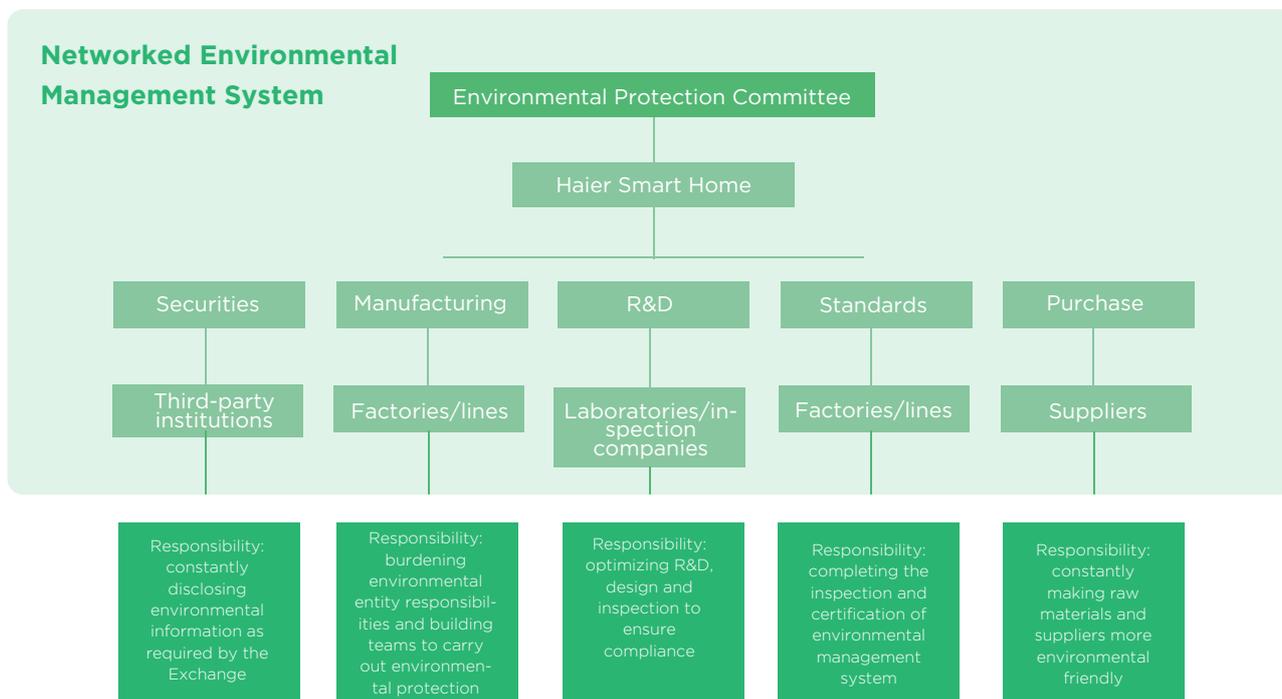
"RenDanHeYi" management model

Mainly prevention and continues improvement

Platform establishment and parallel interaction for creation of open innovation ecosystem

Whole-process refined management and implementation of environmental protection and green development

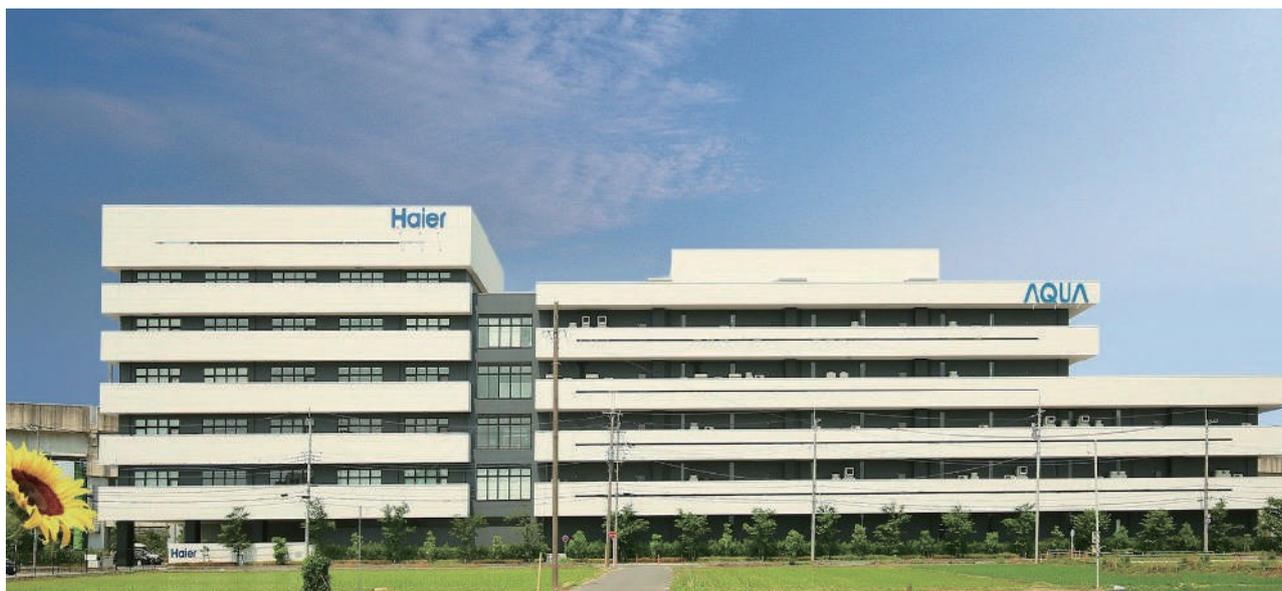
## Our environmental management system



We focus on reviewing the Company's best environmental management practices in China, Europe, Southeast Asia, the United States and other places of operation and promote them globally according to their applicability with a view to continuously improving the Company's environmental management system.

We engage a professional agency every year to audit the Company's environmental management system. In 2020, all plants of Haier Smart Home in China passed the certification of ISO14001 Environmental Management System.





## Target of zero environmental accidents

To achieve the target of zero environmental accidents, Haier Smart Home continues to consolidate the responsibility of environmental protection monitoring, adopts the lifelong responsibility system for environmental assessment of new, renovation and expansion projects, and strictly observes the red line of environmental protection. The Company and its subsidiaries have formulated Response Plan for Environmental Emergencies, organized exercises thereon pursuant to the requirements of laws and regulations, and constantly optimized and upgraded the plan according to the exercise results, so as to enhance the ability to respond to environmental emergencies.

## Green products

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Haier Smart Home integrates the philosophy of sustainability into the whole product life cycle, comprehensively considers environmental factors of products in the process of design, R&D, manufacturing, packaging, logistics and recycling, and endeavors to minimize the impact on the environment.

### Green design and R&D



During design and R&D, we assess the environmental impact of all stages of product life cycle and look for more ways to lessen the impact during production, packaging, distribution, utilization, maintenance and recycling.

In New Zealand, our brand Fisher & Paykel has completed the sustainable product design guidelines and gradually provided training for our more than 400 local R&D professionals.

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We enhance product quality and prolonged product life cycle to reduce waste electronic equipment.

Fisher & Paykel has specially developed sustainable material selection guidelines to guide designers to use more sustainable materials for our products. Fisher & Paykel uses life cycle assessment (LCA) software to assess the environmental impact of products and packaging materials and to minimize or even avoid the impact.

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We continue to optimize eco-friendly materials and eco-friendly packaging solutions. We join hands with partners to develop and apply LBA foaming materials and dynamic pressure polyurethane foaming technology. Compared with traditional foaming materials and foaming technology, the global warming potential (GWP) has dropped from 1030 to 1, effectively reducing carbon emissions and improving energy efficiency.

In places such as the United States and New Zealand, we gradually use fiber and other biodegradable biomaterials to replace foam to diminish environmental impact. Currently, all fiberboards used by GEA meet the sustainability certification standards of Forest Stewardship Council (FSC). Fisher & Paykel has developed sustainable packaging guidelines to inform packaging engineers of design principles and considerations to make packaging more sustainable.

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We provide effective solutions for the environmental protection attributes of the products in the process of use. We have developed and gradually applied HFC-free refrigeration technology to minimize greenhouse gases from the use of HFC refrigerants. We pay attention to the energy-saving and water-saving performance of our products and perform iterative product renewals to constantly increase the share of energy-saving and water-saving products.

**CASE** 

**Water-saving and energy-saving washing machine**

Our washing machines of many models have load sensing and adaptive filling functions, able to measure and automatically use the minimum amount of water according to the amount of washing to save water. Some washing machines do not have cold water washing cycle, and they can effectively clean clothes without hot water to reduce energy consumption.



**CASE** 

**PMV system for comfortable and energy-saving air conditioner**

We have developed an intelligent control system for air conditioner in cooperation with the China National Institute of Standardization: PMV. The system can automatically adjust the appropriate movement mode according to the differences in human feelings and environmental conditions to enable comfort and energy saving at the same time.

**CASE** 

**Intelligent adjustment water heater**

The intelligent adjustment function of our intelligent adjustment water heaters can automatically adjust the heat load output according to users' water demand. When different modes such as kitchen and bathroom are turned on, the water output will be automatically adjusted to effectively save water and energy.

**CASE** 

**Integrated heat collecting and storage technology of solar water heater**

We have developed the integrated heat collecting and storage technology of water heater, which integrates the collector and the water tank to enable heating and storage at the same time and direct water heating in the heat collecting pipe without heat transfer process, thus effectively improving the solar heating efficiency. Our integrated heat collecting and storage technology won the Second Prize of the 2020 Shandong Science and Technology Progress Award -- we were the only award-winning water heater brand.



### CASE Haier double frequency conversion refrigerator

Some of our refrigerators are powered by flexible double frequency conversion technology. With frequency conversion compressor + frequency conversion centrifugal fan, the refrigerators can adjust automatically work efficiency, consuming only 0.82kWh of electricity per day. By the end of the Reporting Period, more than 90% of our refrigerators were energy-saving.



### CASE One-click intelligent dishwasher

Our dishwashers are equipped with Auto Sensor (integrated sensor of temperature and turbidity), which can intelligently sense the oil pollution level of tableware. Therefore, with matched appropriate water temperature, time and water consumption, the dishwashers stop immediately after cleaning tableware to effectively minimize the utilization of water and electricity and improve the efficiency of resource utilization.

## Green manufacturing

We continue to construct a green manufacturing system, build green plants, intensify the application of technologies, and lessen resource consumption as well as environmental pollution.

### Emission management

Haier Smart Home has, in strict compliance with the requirements of environmental protection laws and regulations, formulated internal procedures such as pollutant control procedures, hazardous waste management procedures and internal control standards, and continuously upgraded the Company's emission monitoring system and treatment facilities, in a bid to ensure that all pollutants discharged by the Company conform to the environmental standards of the places where the Company operates.

**Sewage:** A standardized discharge sewage outlet has been established through which sewage collected and processed will be released after it complies with the discharge standards. In addition, Haier has installed an on-line sewage monitoring system whose data can be transferred to Haier Smart Energy Center, monitoring the 24-hour discharge of sewage released and giving real-time early warning.

**Exhaust gas:** The Company continuously upgrades the waste gas treatment facilities and strengthens the operation and management of the facilities to ensure the efficient operation of the pollution prevention and control facilities. It engages a professional agency every year to test the exhaust gas and carried out weekly air duct cleaning and patrol inspections to ensure the normal operation of the exhaust facilities. All Haier plants have installed waste gas treatment facilities, and the on-line waste gas monitoring project is being implemented.

### CASE Increase in VOC treatment facilities

In 2020, volatile organic compounds (VOC) treatment facility was installed in Hefei Drum Plant. The facility adopts low-temperature plasma + activated carbon adsorption process, and compared with the activated carbon adsorption process, it has further improved VOC treatment efficiency, with waste gas treatment efficiency reaching above 95%. There are personnel on-site specially responsible for facility management, as well as regular professional operation training and daily maintenance training for employees to ensure the normal and effective operation of the facility.

**Hazardous waste:**We manage hazardous wastes throughout the whole process from generation, storage to transfer. The Company enhances front-end control of hazardous wastes to control the generation of hazardous wastes. We have built hazardous waste storage warehouses in each park, put in place storage and transportation procedures for hazardous wastes, and cooperated with Shandong Croc Environmental Service Co., Ltd. and others institutions qualified for hazardous disposal to ensure compliant disposal of various hazardous wastes.

**Harmless waste:**We have put in place the whole-process waste management operation model in 15 industrial parks across China, implemented accountability, technical transformation for waste reduction, reuse and added value projects in light of poor quality cases, thus enhancing plant management, cost reduction and added value. To raise the waste reuse rate, we engage enterprises with professional recycling qualification to recover and reuse the harmless waste from the production process, and reuse the recyclable packaging, blanking and other materials at the back end to reduce resource purchases at the front end and diminish the output of waste at the back end.

In 2020, interconnected plants of Haier Smart Home nationwide implemented a total of 312 fee reduction and technical transformation projects, with a cumulative waste and cost reduction/value increase of RMB180 million. Thanks to the implementation of the waste reduction projects, the total waste generated by each machine of Haier Smart Home went down to 0.47kg in 2020 by 6.74% over 2019.

### CASE Technical transformation for waste reduction

Given that the 178-model needed to consume a large quantity of packaging bags for single-piece distribution, the plant reasonably adjusted the production plan and team production plan according to the orders of business units. Through reasonable classification and placement, the spare parts can be distributed to business units in time to reduce the consumption of packaging bags and the production of waste packaging materials.



Before Improvement



After Improvement

**Haier Smart Home's emissions from manufacturing and operations in 2020 are as follows:**

| Indicator <sup>1</sup>   | Data in 2020 |
|--|--------------|
| Total wastewater discharge (ton) <sup>2</sup>  | 1,097,802.00 |
| Total hazardous waste discharge (ton)  | 1,932.34     |
| Hazardous waste from a single product (kg/product)                                       | 0.009        |
| Total harmless waste treated (ton)   | 100,961.61   |
| Harmless waste treated by a single product (kg/product)                                  | 0.47         |
| Total greenhouse gas emissions (tons of carbon dioxide equivalent) <sup>3,4</sup>        | 195,979.35   |
| Scope I greenhouse gases (tons of carbon dioxide equivalent) <sup>5</sup>                | 16,313.33    |
| Scope II greenhouse gases (tons of carbon dioxide equivalent) <sup>5</sup>               | 179,666.02   |
| Greenhouse gas emissions from a single product (kg of carbon dioxide equivalent/product) | 0.91         |

*Notes:*

1. The data only include Haier Smart Home's plants put into operation as of 2020, and exclude plants not put into operation and overseas plants. In the future, we will continue to strengthen our statistical capacity and expand the scope of disclosure;

2. Wastewater includes wastewater from all plants.

3. Based on the business nature of Haier Smart Home, the principal gas emissions are greenhouse gas emissions from the utilization of electricity, steam and fuel converted from fossil fuels;

4. The Company's greenhouse gas list includes carbon dioxide, methane and nitrous oxide, mainly from externally purchased electricity, steam and fuel. Greenhouse gases are presented as carbon dioxide equivalent and calculated according to the carbon accounting coefficient of the National Development and Reform Commission of the PRC.

5. Scope I greenhouse gases are greenhouse gas emissions directly generated by the Company's natural gas consumption. Scope II greenhouse gases are greenhouse gas emissions from externally purchased electricity and steam consumption.

## Resource conservation

We have, in strict compliance with the Energy Conservation Law of the People's Republic of China and other laws and regulations of the places in the world where we operate, developed the Energy Management Handbook, established the energy big data analysis system, and become the first enterprise in the global home appliance industry to use smart energy interconnection control platform. We have continuously enhanced our refined management capabilities on the basis of big data analysis to save more resources.

### **CASE** **Haier Smart Energy Center**

Haier Smart Energy Center is an industry-leading energy big data analysis system established by the Company. The platform covers all the product production lines of Haier Smart Home and connects all the interconnected plants across China. It uses automation, information technology and centralized management model to implement centralized dynamic monitoring and digital management of water, electricity, gas and other major resources consumed by plants, automatically and accurately collects resource consumption data, completes the prediction and analysis of resource consumption data, optimizes resource scheduling, and enables efficient resource utilization.

The Company continued to push forward energy conservation and environmental protection projects. In the year, we carried out various environmental protection projects, such as air compressor operation, smart energy management and control, to continuously reduce energy consumption of single product production for low-carbon production.

### **CASE** **Steam pipe upgrading**

In the year, special refrigerator manufacturing plant of Haier upgraded steam supporting facilities in the heat exchange station -- laying separate steam pipes in the steam area used, changing a single main pipe to multiple branch pipes, and adding separate valves for control. Thus, steam pressure adjustment can be carried out according to the ambient temperature of the workshop to effectively reduce steam usage and energy waste, leading to a 20% decrease in monthly steam use in the peak heat use season of winter.

### **CASE** **Smart energy management and control**

Dalian precision energy plant has designed a smart energy management and control system. With remote compressed air valve, the system has accurate reachability of 100%, preventing leakage from manual control valve. Compared with traditional manual valve, this system can save compressed air of 14,454m<sup>3</sup> each year.

### **CASE** **Operation monitoring of air compressor**

Zhengzhou water heater plant has put to use a monitoring device for operation of air compressors. The device can collect and record the running time, status, pressure and other parameters of air compressors once in five minutes, and the responsible personnel can check them at any time through APP on mobile phone, assist in analysis and reasonably turn on air compressor, so as to avoid wasting energy arising from running of too many air compressors.

### The Company's use of resources in the manufacturing process in 2020 is as follows:

| Indicator <sup>1</sup>  | Data in 2020 |
|---|--------------|
| Total comprehensive energy consumption (tons of standard coal) <sup>2</sup> | 74,801.28    |
| Total comprehensive energy consumption (mWh) <sup>2</sup>                   | 607,911.44   |
| Direct energy consumption (mWh)   | 49,805.73    |
| Indirect energy consumption (mWh) <sup>3</sup>                              | 558,105.71   |
| Energy consumption of a single product (kWh/product)                        | 2.81         |
| Total water consumption (ton)   | 6,155,505.29 |
| Water consumption per product (kg/product)                                  | 28.49        |
| Total package consumption (ton)   | 395,860.49   |
| Package consumption of a single product (kg/product)                        | 1.83         |

*Notes:*

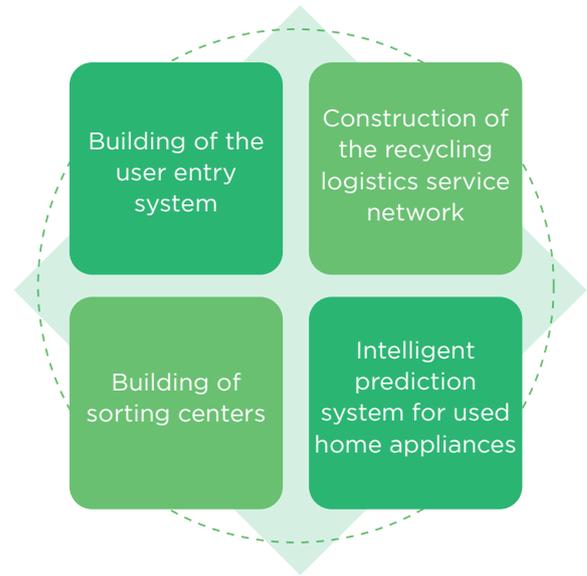
- 1. The data only include Haier Smart Home's plants put into operation as of 2020, and exclude plants not put into operation and overseas plants. In the future, we will continue to strengthen our statistical capacity and expand the scope of disclosure;*
- 2. The comprehensive energy consumption is calculated according to the consumption of electricity, steam and natural gas and the conversion factor in China's national standard -- General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2008).*
- 3. All the Company's water consumption comes from municipal water use, and there is no problem in finding water sources.*

## Product recovery and utilization

The development of IoT and technological innovation have accelerated the upgrading of household electrical appliances. In this context, we never cease our efforts to find more effective ways to satisfy the ever-changing needs for better products while minimizing the environmental impact and disposing of electronic wastes by reclaimed means. We always regard the recovery and utilization of waste products as an integral part of the green management of the whole product life cycle, attach importance to the development and manufacturing of products easy to recycle, actively respond to the appliance consumption and recycling policies of places where we operate, and fulfill our responsibility for product recovery and utilization.

In China, the Company responds actively to the Implementation Plan for Improving the Recycling and Disposal System of Waste Household Appliances and Promoting the Upgrade of Household Appliance Consumption jointly issued by seven ministries and commissions including the NDRC, and gives full play to the Company's exemplary and leading role in the recycling and reuse of waste household appliances. In 2020, the Construction of Recycling Network and Reuse System for Waste Household Appliances under the Production Responsibility System of Haier Group was approved by the NDRC. The Company will comprehensively build a recycling system in the following four aspects:

The development logic of the user entrance system and the intelligent prediction system of waste household appliances has been set up, and the recycling logistics service network and sorting center are under construction. In the future, the Company will continue to advance the construction of the system to improve its recycling capacity of household appliances in an all-round way.



In the United States, our brand GEA incorporates biodegradable, recyclable and renewable materials into the design process to facilitate recycling after discarding of products. GEA has joined the Responsible Appliance Disposal (RAD) launched by the US Environmental Protection Agency (EPA). This program requires household appliance manufacturers to adopt the existing optimal ways to dispose of waste household appliances, lower greenhouse gas emissions from landfills and disposal of electronic wastes, and recycle metals and plastics from waste household appliances. Since 2011, GEA has been responsible for handling 905,317 refrigerators, 44,408 independent freezers and 12,057 air conditioners.

The Company also promotes the recycling of household appliances in other places of operation around the world, maximizes its surplus value, and avoids environmental pollution and waste of resources from unreasonable disposal.

# Combating climate change

It is a common goal for global companies to combat climate change and accelerate the transition to a low-carbon economy.

## Facilitating carbon neutrality<sup>5</sup>

In 2020, President Xi Jinping announced that China will scale up its nationally determined contributions and adopt more vigorous policies and measures, with the aim of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060. The EU has also pledged to achieve carbon neutrality by 2050.

### Haier's first global "lighthouse base" that has achieved carbon neutrality

Haier China-Germany Industrial Park adopts COSMOPlat intelligent master energy control platform for centralized dynamic monitoring and digital management of production, transportation and distribution of energy power in the park, including electricity, water, gas, heat, compressed air, sewage treatment, and photovoltaic power, thus improving energy balance and controlling and scheduling the park's energy system to enhance overall efficiency. The park has achieved "carbon neutrality" through the following:

**Reducing the utilization of fossil energy:** The park has installed a photovoltaic power generation system with a total installed capacity of 13.5MW, with an annual power generation of more than 15 million kWh, equivalent to a reduction of 13,000 tons of carbon dioxide emissions. In the meanwhile, three 3MW low-speed wind turbines are planned to be built, with an estimated annual power generation of 40.8 million kWh to diminish carbon dioxide emissions by 35,000 tons;

**Reducing energy consumption of a single product:** Comprehensive utilization efficiency of energy reaches above 80% by enabling cascade utilization of energy through waste heat recovery of air compressor, frequency conversion transformation of motor in water pump house, and construction of a gas triple power supply system. A smart comprehensive energy management system has been constructed to enable intelligent regulation and control, improving the overall efficiency, with annual emission reduction of carbon dioxide of about 32,200 tons;

**5G equipment interconnection:** The park uses 5G network for efficient data transmission. Effective equipment interconnection improves energy efficiency;

**Sponge buildings:** All the buildings in the park are sponge buildings, which can absorb, store, seep and purify rainwater and release and use the stored water when needed, so that rainwater can be freely moved within the park to improve the utilization rate of water.

Furthermore, the above carbon reduction models are also promoted in the Company's other parks. It is expected that all industrial parks of Haier Smart Home in China will achieve carbon neutrality by 2050.

<sup>5</sup>Carbon neutrality: Net-zero CO<sub>2</sub> emissions can be achieved by globally balancing anthropogenic emissions of CO<sub>2</sub> with its removal within a specified period of time. Carbon neutrality is also called net-zero CO<sub>2</sub> emissions.

## Responding to risks and opportunities from climate change

As the world's leading home appliance manufacturer, Haier Smart Home understands the impact of climate change on the Company's operations. To effectively respond to climate change, we focus on the following two perspectives:



**Identifying and actively responding to risks and opportunities**



**Reducing greenhouse gas emissions**

*(please refer to the part "Facilitating carbon neutrality" in this section and the **green products** section in this chapter)*

In the year, the Company identified the following major risks and opportunities from climate change and adopted relevant countermeasures:

| Risk                    |   | Countermeasures  |
|-------------------------|---|--|
| <b>Physical risks</b>   | Acute risks:<br>Typhoon, rainstorm and other extreme weathers | Plants, office buildings and equipment could be damaged, resulting in loss of assets;<br>Stable production could be affected by equipment damage, staff being unable to work normally, transportation interruption, etc.   |
|                         | Chronic risks:<br>Prolonged high temperature, drought, etc.   | Rising temperature could result in the Company's need for more refrigerators, which would increase operating costs;<br>Employees might not be able to work outdoors for a long time during hot seasons, affecting operational efficiency;<br>Prolonged drought might lead to insufficient water supply and affect operational stability. |
| <b>Transition risks</b> | Policy and legal risks  | The government could introduce stricter policies and regulations to mitigate climate change, which would increase business compliance activities and lead to an increase in related lawsuits or claims;<br>Carbon pricing mechanism is implemented in China's emission trading market, which brings up operating costs.                  |
|                         | Technology risks  | The investment in low-carbon technology R&D could fail;<br>There could be failure to identify and apply low-carbon technology in time, resulting in low-carbon transformation of products lagging behind the industry peers.   |
|                         | Market risks  | There could be failure to effectively meet consumers' demand for green and low-carbon products;<br>Raw materials and energy costs could rise.  |
|                         | Reputation risks  | The performance in climate change response and sustainability could be poor, which would lead to negative feedback from stakeholders.  |

| Opportunities                |   | Countermeasures  |
|------------------------------|---|--|
| <b>Resource efficiency</b>   | More energy-efficient equipment, buildings and technologies;<br>Supportive policy incentives.   | The Company actively explored the application of new technologies, new equipment and new processes to raise the efficiency of resource utilization and lower energy costs;<br>The Company identified and responded to government supportive policies and green projects;<br>The Company strengthened R&D of low-carbon technologies and raised the proportion of green and low-carbon products;<br>The Company identified and participated in emerging markets;<br>The Company promoted the development and utilization of renewable energy. |
| <b>Product &amp; service</b> | R&D of green and low-carbon products;<br>The industry's solutions to climate change.  |  |
| <b>Market</b>                | The change of users' preferences to expand the green market demand;<br>Increasing demand for integrated energy services;<br>Emerging market access. |  |
| <b>Resilience</b>            | Energy substitution and diversified solutions;<br>Participation in renewable energy projects.   |  |

Haier Smart Home will continue in-depth study on the impact of climate change on the Company's operations and businesses, study response strategies, continuously improve the climate change management mechanism, and make further disclosure in future corporate social responsibility reports.



# PART 03



Coordinated development of industrial chain is an important part of Haier Smart Home's sustainable development. We, in adherence to its philosophy of integrity ecology and win-win evolution, integrate world-class supply chain resources, adopt an open, zero-distance, open and transparent supply chain management model, and actively practice responsible procurement. We carry out omni-directional management covering supplier access, order procurement, supplier assessment and supplier empowerment to guide suppliers to actively fulfill their environmental and social responsibilities and promote the sustainable development of the industry.



“

**Responsible  
Procurement  
Jointly Promote  
Industrial Development**

”



At present, the number and distribution of suppliers of Haier Smart Home China are as below:

| Number of suppliers by region   |      |
|---|------|
| Number of suppliers in North China  | 259  |
| Number of suppliers in Northeast China                                    | 18   |
| Number of suppliers in East China   | 428  |
| Number of suppliers in Central China                                      | 85   |
| Number of suppliers in Northwest China                                    | 6    |
| Number of suppliers in South China  | 177  |
| Number of suppliers from overseas (including Hong Kong, Macao and Taiwan) | 44   |
| Total   | 1017 |

Notes: North China (Beijing, Tianjin, Hebei, Shanxi, Shandong, Inner Mongolia)      Central China (Henan, Hubei, Hunan, Jiangxi, Sichuan, Chongqing)  
 Northeast China (Liaoning, Jilin, Heilongjiang)      Northwest China (Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang)  
 East China (Shanghai, Jiangsu, Zhejiang, Anhui, Fujian)      South China (Guangdong, Guangxi, Yunnan, Guizhou, Hainan)



## Sustainable supply chain

We pay close attention to responsible procurement and environmental and social responsibility management of supply chain. We continue to strengthen our close ties with suppliers and share with them our requirements and values concerning sustainability. We require global suppliers to strictly comply with the relevant supplier standards such as the Code of Business Conduct of Haier Group and the GEA Integrity Guide for Suppliers, Contractors and Consulting Firms. The Code of Business Conduct sets forth the following requirements for suppliers:

- Provide employees with equal and non-discriminatory-work opportunities;
- Prohibit human rights violations such as forced labor, use of prison labor, exploitation or coercion of labor;
- Prohibit employment of child labor;
- .....
- Provide employees with a healthy and safe living environment;
- Prohibit embezzlement and bribery, and observe business ethics;
- Establish policies or mechanisms to ensure that our procurements of tantalum, tin, tungsten and gold come from proven conflict-free areas and provide us with supporting documents;

We have inter-departmental teams to assess and identify suppliers' implementation of code of conduct as well as environmental and social risks, and urge and help suppliers to mitigate or eliminate associated risks. We conduct supplier review to ensure that suppliers satisfy our human rights, business ethics, conflict minerals and other environmental and social risk management requirements. We also promptly report, investigate and address the problems identified in supplier audits.

Globally, we have established a supplier data management system to facilitate our collection and tracking of suppliers' environmental and social data information. With the system, we can better understand suppliers' environmental and social management information.

## Supplier access

We constantly optimize supplier management and improve our capabilities in environment and social risk management of the supply chain. We have formulated policies such as the Management Standards for Capability Self-Commitment of Modular and the Onsite Quality Interconnection of Supplier to regulate supplier review and management. All suppliers must complete three stages including self-commitment review, on-site review and financial indicator review on Haidayuan platform, before entering Haier's supplier library.

**Self-commitment review:**We assess the qualification capacities of suppliers through self-commitment review. In particular, suppliers' self-commitment to environmental and social risk management is a key assessment project.

**On-site review:**We conduct on-site review of suppliers that have passed self-commitment review to review supplier quality and social responsibility. We score suppliers according to TQRDC (Technology, Quality, Responsiveness, Delivery and Cost) and based on comprehensive consideration of seven factors including supplier environment & labor management capabilities, and compliance bottom line, in order to ensure that Haidayuan platform suppliers meet the relevant requirements in all aspects.

**Financial indicator review:** We assess the financial indicators of suppliers and only accept suppliers that meet the relevant requirements.

**Environment and social risk management of supply chain:** We attach great importance to environment and social risk management of suppliers. With the supplier information management platform -- Haidayuan platform, we conduct risk assessment and management of suppliers in terms of smart supplier sourcing, high-risk supplier monitoring, streamlining of supplier quality system certification institution, and systematic control of hazardous substance.

|   |   |
|---|---|
|  | <p><b>Smart supplier sourcing</b></p> <p>Haidayuan conducts fast searches for supplier resources with third-party data search; and reviews supplier blacklist, basic information, quality system information, litigation risk, deadbeat, irregular taxpayer, tax arrears, and other information, to primarily screen suppliers;</p>   |
|  | <p><b>High-risk supplier monitoring</b></p> <p>Haidayuan warns suppliers with various risk warning grades and defines supplier risk grades from financial risk, business risk, legal risk, internal control risk and other perspectives, with risk results produced from third-party data connection and manual data input, and for a high-risk supplier, measures including developing two-point suppliers shall be taken to reduce Haier's supply risk;</p> |
|  | <p><b>Streamlining of supplier quality system certification institution</b></p> <p>We provide suppliers with reliable quality system certification institution to conduct certification, and a supplier will prefer such modular that is identified in the public lists of such institutions;</p>   |
|  | <p><b>Systematic control of hazardous substance</b></p> <p>By connecting to the systems of the third-party testing institutions recognized by Haier, all RoHS reports can be automatically accessed from such institutions, to avoid any false report produced by manual uploading. So far, Haier's production lines and products have no compulsory requirements on RoHS, excluding kitchen ranges and pure solar water heaters.</p>                         |

## Order procurement management

Haier leverages the advantage of its global network for global procurement collaboration, and adopts centralized procurement to minimize procurement costs by virtue of the advantage of scale. We provide a fair competition mechanism. We have built a dynamic cooperative relationship of parallel interaction, co-creation and sharing between suppliers and the Company through fair, transparent, just, effective and orderly procurement.

We have established a digital supplier management system. Our big data procurement system enables integration of big data and procurement business, procurement decision analysis, and whole lifecycle data management of suppliers. For new products, Haidayuan platform conducts final bidding with module solutions provided by registered suppliers, and after the final solution is selected by the user, a barrier-free connection of first-class resources to the user is achieved. For replacement of large resources for old products, we have fully applied the digital certificate authentication mechanism in contract signing, online bidding and quotation confirmation to improve transparency and efficiency of supply chain; moreover, we reduce the space for bid encircling and cross-bidding and strengthen confidentiality of project information to effectively improve the fairness and impartiality of bidding.

In 2020, we continued to leverage digital means to deepen supply chain management. We have established Haidayuan WeChat Mini Program on the basis of Haidayuan platform and continuously optimized and upgraded it. With the Mini Program, suppliers and Haier can perform daily demand interaction, bidding, performance review and other activities through mobile phones; for supplier delivery, we replace paper documents with online scanned copies to enhance business efficiency.

"Haidayuan" platform uses Big Data for risk control, identifies potential risks of suppliers and carries out verification and pre-screening for supplier blacklist, basic information, quality system information, litigation risks and tax arrears, so as to ensure qualification background of suppliers. Among three or more qualified suppliers that meet the hardware requirements, we select the one with the highest comprehensive score as the cooperative supplier.

Our contracts with suppliers include the Letter of Commitment for Safety Production, Letter of Commitment for Environmental Protection, and other social responsibility requirements for suppliers, in order to fulfill Haier Smart Home's social responsibilities in cooperative ecosystem safety, environmental protection, etc.

We always value user feedback, and user evaluation directly drives suppliers' continuous improvements. User feedback experience information collected by the Internet is linked to supplier scores, and users can directly evaluate suppliers. For suppliers with different scores, we use differentiated supplier cooperation strategies, and eliminate those with continuous unqualified scores.



## Conflict minerals management

Haier Smart Home observes the requirements of the US Dodd Frank Act and the EU Conflict Minerals Regulations to be implemented in 2021 for conflict minerals, and promises not to purchase and use conflict minerals that directly or indirectly fund armed organizations in the Democratic Republic of Congo and its neighboring countries. Meanwhile, we also require suppliers to jointly observe this promise.

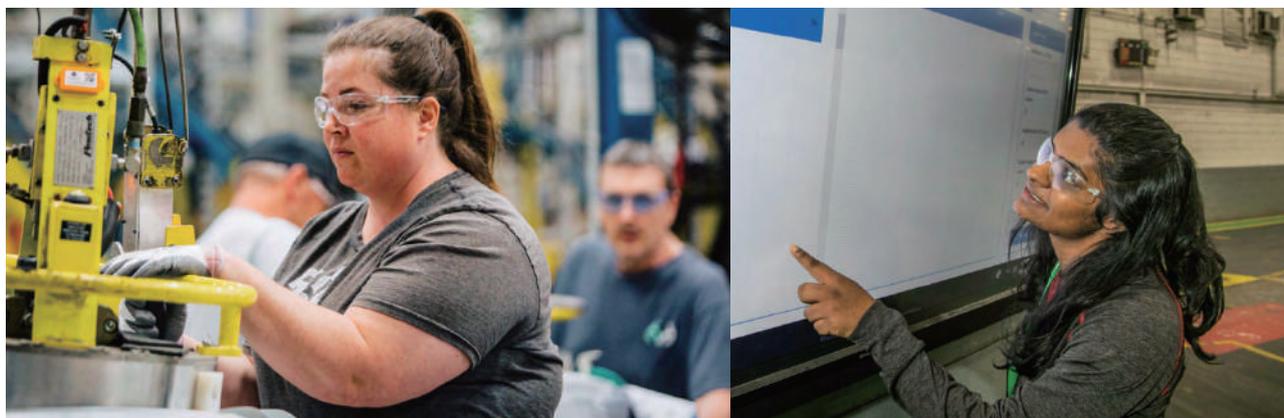
Haier has added the requirements for the management of conflict minerals in the supplier agreements that suppliers need to provide written statements, establish a policy for raw material tracing and learn the sources of the metals used in their parts or modules, so as to ensure that the materials procured do not contain minerals of unknown source or conflict minerals. Now, all the suppliers of Haier Smart Home's overseas business segment have passed the certification review of SRG (Supplier Responsibility Guideline).

Haier's all overseas business segments follow relevant laws and regulations in the site where they are operated, with regulations and policies formulated for conflict minerals of suppliers to eliminate relevant risks. The Supplier Integrity Guide developed by GEA has clarified the requirements for conflict minerals. Suppliers must establish relevant mechanisms to avoid procuring and using conflict minerals, and submit relevant documents supporting procurement sources to GEA. Meanwhile, the supply chain review conducted by GEA includes conflict minerals of suppliers in an effort to timely identify and guard against relevant risks.

## Supply chain labor management and review

Haier Smart Home has pushed forward supply chain labor management across the globe, implemented on-site review, and actively protected the rights and interests of workers. We have adopted work suspension and remediation against suppliers with low review scores, and timely followed up on the remediation progress; implemented the exit mechanism for suppliers failing to pass the review and suspended cooperation with them. Haier Smart Home approved a total of 81 suppliers in China this year, with two suppliers failing the review. Meanwhile, Haier Smart Home's overseas business segment has actively reviewed suppliers and continuously improved the capabilities to manage the supply chain.

Take Haier's American brand GEA as an example. GEA's suppliers must observe the requirements of the Supplier Integrity Guide developed by GEA, including fair employment, occupational health and security, and labor rights and interests on the basis of compliance with the laws and regulations of the operating site. GEA has actively reviewed the supply chain and the review team is responsible for identifying and assessing supplier risks and developing relevant mitigation measures. The review covers the integrity, environment and labor management of suppliers.



## Ecosystem empowerment

### "Haidayuan" platform

The "Haidayuan" platform is a platform gathering all resource services of Haier's home appliance module providers across the globe. Upholding the philosophy of "integrity ecosystem and platform sharing", the Haidayuan platform has fast matched modular solutions for global users' personalized customization requirements with the main theme of implementing "interconnectivity, co-creation and win-win results", and customized precise module provider resources in a large scale for the IoT.

### The Haidayuan platform has established three objectives to guide the development of ecological resources.

| Barrier-free access of first-class resources   | Maximization of stakeholders' interests   | Dynamic optimization and self-evolving  |
|--|---|---|
| Enterprises that are compliantly registered with governments across the globe can perform open registration on the Haidayuan platform; the module provider resources that can provide basic enterprise operation promise can immediately interact with user requirements on the platform and participate in order competition. | The platform promotes zero-distance connection between module provider resources and user requirements, highly frequent interaction, volume and price agreement and continuous iteration; the platform provides independent choices like a solution supermarket, advocates the display and innovation of module provider resources on all fronts, and attracts user traffic for continuous iteration. | The best user experience is created with user selection, user evaluation, and module provider resources providing leading modular solutions; through the open Haidayuan platform, we work with module providers to create a first-class resource ecosystem. |

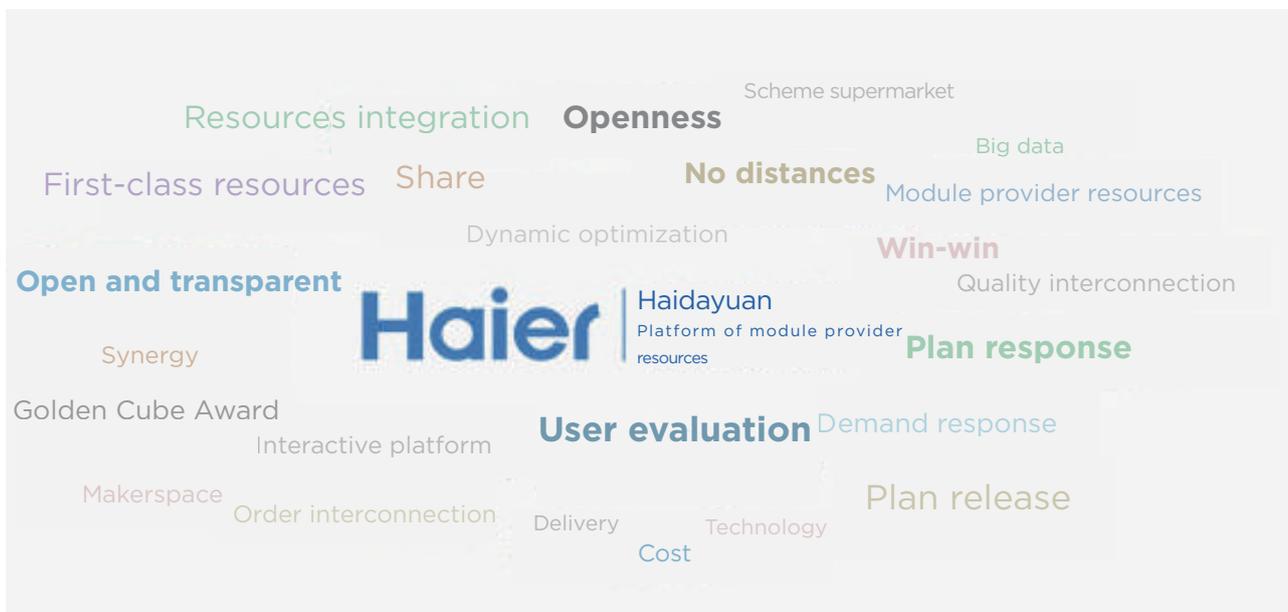
The Haidayuan platform realizes a transformation in the traditional supply chain cooperation model, and achieves co-creation and win-win results with ecological parties.

**Module providers:** Successful shift from part providers to module providers. They turn into interactive users from suppliers of parts in line with drawings, with ecological parties providing modular solutions, thus meeting personalized requirements and delivering the best user experience.

**Procurement organization:** Successful shift from a heat insulation wall to an open platform. It turns into an open and parallel user interaction platform from a closed and series-connected part buyer, with internal evaluation turned into user evaluation.

**Partnership:** Successful shift from gameing to win-win results. It turns into a co-creation and win-win ecosystem for users from a purely buying and selling relationship.

Now, the Haidayuan platform has brought together over 20,000 module providers across the globe, released over 30,000 user requirements, realized online interaction of over 50,000 modular solutions, continuously empowered ecosystem iteration, and delivered the best user experience.



## Global synergy

We have continuously improved the global synergy of the supply chain and shared high-quality resources.

- We have conducted demand analysis of users at regional procurement nodes across the globe, and identified and shared best practices and cases of global procurement;
- We have developed a weekly report and monthly report system for global competitiveness analysis to fast identify synergy opportunities, explore synergy projects, and speed up the rapid implementation of synergy value;
- We have launched a global bidding function to realize regional price collaboration;
- We have upgraded the Indian procurement synergy system to realize the collaboration of supply chain management.

**CASE** **Value co-creation**

We have strengthened the participation and enthusiasm of suppliers, driven suppliers to submit plans, and co-created value by optimizing the supplier performance appraisal mechanism. In 2020, we adjust the supplier performance appraisal system by changing the four zones (optimization, qualification, warning and elimination) to five levels (sharing, acceleration, remediation, warning and elimination) where suppliers can deliver performance at a higher level by submitting high-quality solutions. Now, 330 suppliers have submitted over 1,300 solutions, which can bring a value of over RMB 800 million after implementation.

# PART 04



In an era when everything is connected, we are seeking for quality and innovative technologies during continuous exploration. With high-quality home appliances, fashionable and personalized customized services, and innovative and considerate electrical home appliance solutions, we have provided global users with increasing wonderful life experiences and become a global leader of ecological brands.



“

**Excellent Quality  
Customize Beautiful  
Life**

”



Quality-centered



User first



Innovation-led



# Quality-centered

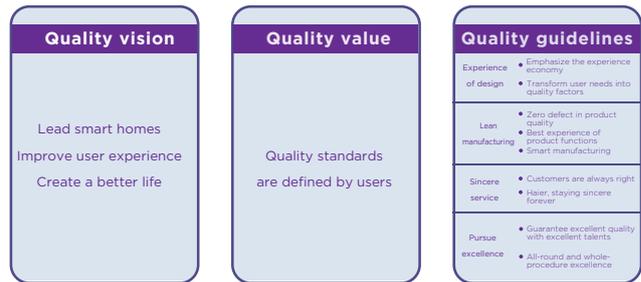
Haier, a successful world brand, always depends on three secrets -- quality, quality and quality.

In 2020, Haier Smart Home strictly observes the applicable laws, regulations, standards and requirements related to quality in the operation sites across the globe, and strictly manages the health and security of product materials in line with such international standards as RoHS/REACH/POPs/FCM.

## Quality culture development

Haier Smart Home takes the concept of "RenDanHeYi" as its strategic guidance, defines the quality value that "quality standards are defined by users", and cultivates the quality culture of "RenDanHeYi and quality for everyone".

This year, we continue to further spread and implement the quality-centered philosophy, integrate the quality culture into chain groups, secured the "zero-base objective" with a digital quality system, drive dynamic optimization and upgrade of industries, nodes and SMEs via classification and grading mechanisms, realize value-added sharing, and obtain the reputation of best user experience.



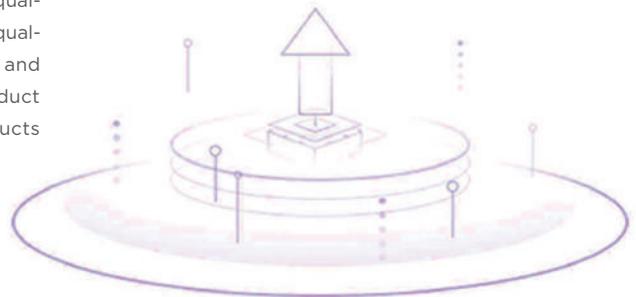
Quality culture: RenDanHeYi and quality for everyone

## Quality system guarantee

We comprehend that to continuously improve the quality management system is the core element to secure stable and better quality management. In 2020, we strictly observed the laws, regulations, standards and requirements related to quality across the globe and delivered an excellent performance by "recalling no products" throughout the year.

All plants of the Company passed the ISO 9001 quality management system certification, except its newly-built plants. Meanwhile, we develop an Overall Operation Advance Plan for the Hazardous Substance Management System. All plants involving export products finished the certification (IEC QC080000 certification) of hazardous substance-free electrical or electronic devices and products with the International Electrotechnical Commission (IEC) this year. Other plants will finish the certification in 2021 according to the plan.

Depending on Haier's quality platform, the Company establishes an industrial quality platform for connection with the quality departments of plant and closed-loop management of R&D quality, procurement quality, manufacturing quality, logistics quality, sales quality and service quality during the whole procedure. This year, as the whole-procedure and closed-loop management model was further improved, Haier's product quality was further enhanced, and the defective rate of new products witnessed a year-on-year decrease of 37%.



Meanwhile, we continuously build a stronger “two-way” quality management mechanism across the globe. With the “positive-value-added sharing mechanism”, we directly tie the value created by quality improvement with employee incentives, truly realize “user pay”, and encourage employees to proactively discover and mitigate quality risks. With the “reverse-bottom-line mechanism and reverse reduction mechanism”, we define the responsibility subject, treat seriously every quality issue, and adhere to the quality bottom line.

We lay emphasis on the quality management of suppliers. Based on the basic requirements of the ISO9001 quality management system, Haier has implemented quality management of suppliers and adopted comparable quality system review and process review to assess the quality management capabilities of suppliers. We conducted quality performance appraisal of suppliers, and implemented monthly dynamic evaluation from such dimensions as user evaluation, quality performance and remediation measures, quality of new products, quality system and problem closure. In line with the evaluation results, we will increase the order shares of excellent suppliers and dispatch professional supplier quality engineers to suppliers with poor evaluation results to fuel improvement.

## Product quality improvement

High-quality products are the most critical product competitiveness factor of the Company. We have continuously improved the quality of products from multiple aspects like industry-leading standards developed and improved technologies to ensure the health and safety of products.

### CASE Preservation standards

Haier Refrigerator has taken the lead in developing the first health and preservation standards within the industry, providing a unified measurement tool for the global refrigerator industry. Meanwhile, Haier has launched full-space preservation refrigerators that are in conformity with the primary health and preservation standards, and comprehensively strengthened the preservation function of refrigerators to keep food fresh and assure users.

### CASE Bad smell improvement

In order to control the bad smell of products, our laboratory has developed volatile organic compound (VOC) detection capabilities, developed verification plans and conducted over 20 kinds of organic volatile substance testing, thus providing production lines with support for bad smell analysis and controlling the VOC emission of products.

## Quality concept transmission

Guided by the quality culture of “RenDanHeYi and quality for everyone”, all employees of Haier have actively deepened their awareness for quality management and maintained Haier’s quality performance together.

This year, Haier Smart Home continuously focused on the transmission of quality concept and provided diversified and targeted quality training activities. Meanwhile, we also provided suppliers with quality training, and guided suppliers to set up a RoHS information system to further drive an overall improvement in the quality management of suppliers.

### CASE Review skill improvement of QC projects

In 2020, we invited experts from the Qingdao Quality Management Association to offer guidelines for projects of the QC group in Qingdao region, cultivated the review capabilities of elites and improved the project competitiveness of the QC group.



## Social recognition

| Certification name   | Certification time | Certification authority                                    |
|--|--------------------|--|
| Taishan Quality Certification                                    | April 2020         | China Quality Certification Center                         |
| RoHS Certification for Electrical and Electronic Products        | December 2020      | Vkan Certification &Testing Co., Ltd.                      |
| China Energy Conservation Product Certification                  | December 2020      | China Quality Certification Center                         |
| China Water-Saving Product Certification                         | July 2020          | China Quality Certification Center                         |
| China Environmental Labelling Program (CELP) Certification       | July 2020          | China Quality Certification Center                         |
| Sterilization Certification                                      | June 2020          | China Household Electric Appliance Research Institute      |
| Food Contact Product Safety Certification                        | July 2020          | China Quality Certification Center                         |
| VDE European standards A -10% certification                      | August 2020        | VDE  |
| VDE Constant Temperature and Humidity Certification              | August 2020        | VDE  |
| User Experience Ergonomics Certification                         | October 2020       | TUV NORD   |
| Hygiene and Health Certification of Consumer Electrical Products | May 2020           | Vkan Certification &Testing Co., Ltd.                      |
| Deep and Quick Freezing Certification                            | September 2020     | Zhongjiayuan (Beijing) Testing and Certification Co., Ltd. |
| Health and Preservation Certification                            | November 2020      | Zhongjiayuan (Beijing) Testing and Certification Co., Ltd. |

| Name of awards                                  | Awarded entity                            | Awarded time  | Award unit                    |
|---|---|---------------|-------------------------------|
| 2020 National Quality Benchmark                 | Qingdao Shangkong                         | November 2020 | China Association for Quality |
| 3A Quality Credit Rating in the National Market | Qingdao Shangkong<br>Home air conditioner | November 2020 | China Association for Quality |



# User first



This year, we continued to implement Haier's service policies and completed every service with unified service standards. In 2020, Haier Smart Home's customer complaint resolution ratio stood at 100%.

This year, we brought sincerity and warmth to thousands of households, and created moving moments with services, thus winning social recognition.

In May 2020, we were awarded the Medal for Customer Service Satisfaction Unit in Consumer Electronics Industry in 2019 by the China Electronic Chamber of Commerce;

In May 2020, we were awarded the Group Member Unit of China Association for Quality Inspection issued by the China Association for Quality Inspection;

In November 2020, we were awarded the Top Ten National Brands with Customer Satisfaction by the China General Chamber of Commerce

.....

## Service upgrading

This year, Haier Smart Home launched a service integrating home appliances and home decoration based on a complete set of smart services, thus realizing iteration and upgrading from "complete set of services to whole-procedure services"

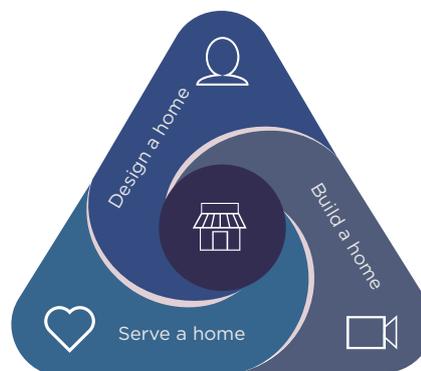
To guarantee the implementation of the service system, Haier Smart Home built such information platforms as design system, construction system, and service system, trained and upgraded tens of thousands of project stewards, and provided users with one-to-one services.

In 2020, centering around the digital service system characterized by "three-end connection with the mobile platform as the carrier", Haier Smart Home deeply integrated digital means and businesses, and continuously created the best whole-procedure experience for users via online, visual and smart digital tools.

### Another upgrade of Haier Smart Home services: Complete set of services → whole-procedure services

Focus on users' needs for homes.

Customize whole-procedure and one-stop smart home solutions covering full scenarios.



**Connection with users and ubiquitous services**

Haier Smart Home deeply analyzes and transforms mobile use scenarios of users, constructed an online service standard platform, and provides users with such experiences as mobile online ordering, online visualization, online supervision, online payment, online evaluation, and online interaction of service demands; addresses from the root the problem of waiting calls by digital means, and develops a series of new models of online services like available service process, home appliance warranty, online use instructions, online troubleshooting instructions, maintenance prompting, and service policy publicity anywhere and any-time.

**Connection with customers and mobile contacts**

The mobile services with "iMaker" as the carrier allows service staff to finish online order competition, online navigation, online check-in, and online service work orders via mobile APP. What's more, Haier Smart Home also builds an online interaction and salary payment platform between customers and users, forms a complete digital service system, and provides users honest service experiences that are transparent during the whole procedure.

**Connection with employees and synergy empowerment**

Haier Smart Home builds a digital shared service platform for employees, connects in parallel scattered management demands

in real time, carries out digital operation of individual management, realizes automatic employee management and service demand approval, and realizes whole-procedure monitoring.

In 2020, in the 2020 China Digital Transformation and Innovation Selection that was jointly initiated by over 20 CIO organizations and industry associations across China under the leadership of the Digital Industry Innovation Research Center, jnexpert, Guanghua School of Management, Peking University and Chief Digital Officer, Haier Smart Home's digital scenario-based services were awarded the Digital Service Model and selected into the White Paper Series 2020 on Chinese Digital Enterprises, the only case selected in the industry, thus setting a demonstration example for digital scenario-based services in the industry and pushing forward the industry to speed up the layout of the digital service ecosystem.

Meanwhile, Haier Smart Home accumulated the practical experience of services delivered by 30,000 stores and 100,000 service professionals in tens of thousands of smart home scenarios, and formulated and released industry-leading service standards integrating home appliances and home decoration, i.e. standards for integrated home appliance and decoration service.

**Industrial pioneer -- "1234" Sanyiniao Service System**

**A housekeeper**  
A HOUSEKEEPER  
One-stop housekeeping services always save you from worries

**Double guarantee**  
Double guarantee system  
Visible entire online process; online and offline supervision of key nodes.

**Three major standards**  
Three standards  
Design standards  
Service standards  
Construction standards

**One-to-one service**  
One-to-one service: 一对一服务, 全流程透明, 实时监督, 随时反馈

**Display of three drawings**  
设计图, 施工图, 验收图

**Four promises**  
Four commitments  
Renovate a balcony in one day, renovate a kitchen in three days and renovate a bathroom in seven days

**Zero damage**  
Zero noise  
No waiting time  
Zero pollution  
Zero delay

With dust-free services, the normal life of users will not be affected

Download Haier Smart Home APP  
Customize your smart life

## Model innovation

During the pandemic, in order to meet the user demands and guarantee the health and safety of users and service professionals, we launched two types of contactless services for users for selection: The first type was pure self-service where simple installation and troubleshooting means were pushed to users in the form of videos for independent completion; the second type was resolution of difficult problems by users themselves where service professionals provided one-to-one guidance for users via video to address the urgent problem of users.

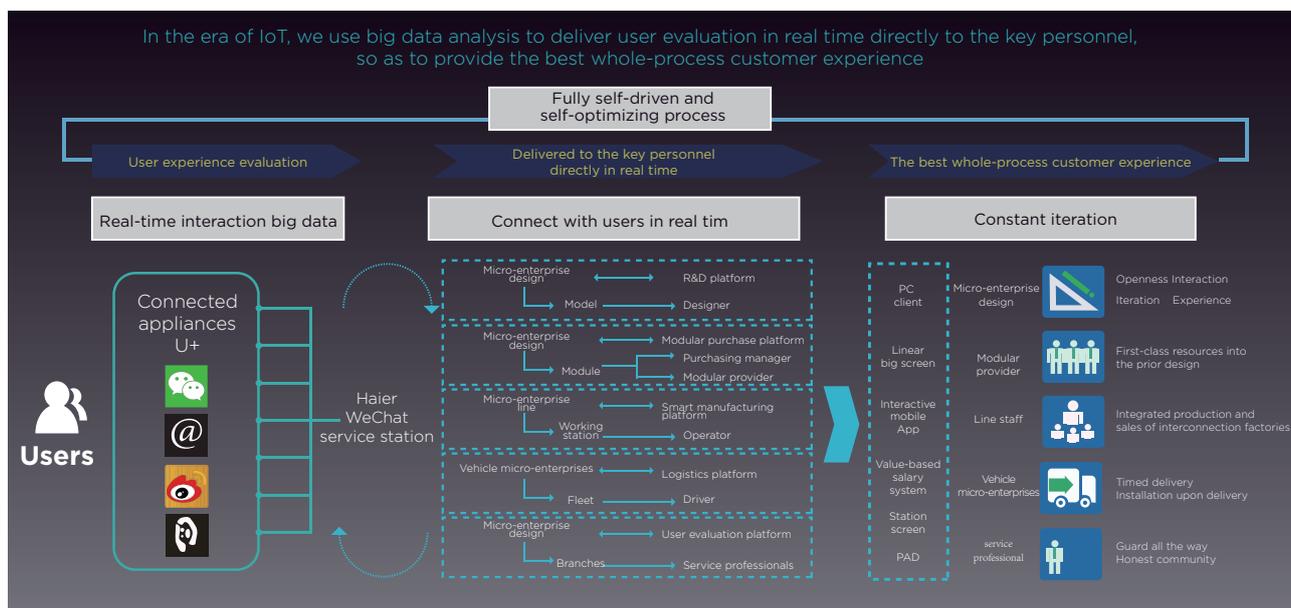
This year, we released a total of 755 sets of user self-service videos in such channels as iService, Haier Smart Home, WeChat official account of Haier Service, TikTok and Call Center. We streamed 17 live videos on services, gaining a total of 118,011 users and 15,739 comments. Meanwhile, we drew on the excellent practical experience of overseas brands, and added remote online systems for online diagnosis, maintenance and instructions.

## Customer care

In 2020, Haier Smart Home continuously optimized the Haier Customer Care (HCC) system, and actively explored the application of new technologies in the scenario-based services of Haier Smart Home and the best practices in an effort to secure the best whole-procedure experience for users.

- It built a "dual-middle office framework" to provide IT support for 67 million single service demands as well as precise and intelligent data analysis and decision-making;
- It continuously made more investment in the infrastructure, implemented the deployment of a public cloud for corporate application, and provided reliable guarantee for online connection with internal corporate resources by hundreds of millions of users;
- In terms of secondary application of AI technologies, it brought in robot customer service and image recognition technologies to provide a robust, efficient and reliable digital support platform for the processing of tremendous businesses;
- On the mobile terminal, it developed customized reports with clear necessary information to meet different business demands of different roles.

With the big data capability, we smoothed all nodes during the whole procedure, implemented constant optimization from user evaluation transmission to critical nodes and persons, formed a closed loop of iteration, and continued to create the best whole-procedure service experience.



## Training of service professionals

Haier Smart Home has already owned over 100,000 service professionals across the world, which is not only Haier's fundamental guarantee for after-sales service but also our bond connecting hundreds of millions of households.

**In 2020, we continuously conducted service professional empowerment through diversified online and offline channels.**

- Online live training: We conducted a total of 7,687 live-streaming trainings, with total class hours of 8255.09 and 477,946 service professionals trained;
- Offline training: We conducted a total of 8,827 offline trainings, including 2,665 trainings for new employees, 1,939 upgrade trainings, 77 new product trainings, 429 package trainings, 2,019 failure training, and 905 delivery and installation training, with total training hours of 2,545,952 and 276,404 service professionals trained.



## Information security and privacy protection

In 2020, Haier Smart Home formed the Global Information Security Committee, which is made up of security heads from all domestic and overseas regions and is divided into a global standard group of information security, a global project group and a global audit group to jointly undertake the information security management of Haier Smart Home across the world.

We strictly observed relevant laws, regulations, standards and requirements for information security in all operating sites across the world, and invested more effort in building an information security management system around the world. This year, we passed the ISO 27001 information security management system certification, the APP of Haier Smart Home gained the Grade-3 certification of classified protection, and the IoT platform gained the EAL3+ encryption certification and PSA certification.

With the smart lifestyle getting more involved in users' life, there are more ways to input and output user information, so, the protection of users' privacy information has also become the focus of our work. We have, in line with the laws, regulations and policy requirements of all global operating sites, formulated sound personal information protection regulations and implemented them during the process of product R&D and operation to protect

the rights and interests of users. All Apps and applets of Haier Smart Home state the policies and measures for the acquisition, management and protection of users' personal information, and seek users' consent in advance for the collection and use of their information. Meanwhile, we adopt such technologies as strict control over data access authority, multi-identity authentication, data anonymization and encrypted transmission to protect personal information. This year, we carried out personal information compliance review of the information systems, APPs and applets collecting personal information, and implemented further improvement and remediation of security risks identified. We developed a sound contingency plan and response mechanism where we will immediately take remedial measures and timely follow up for handling in case of personal information leakage incidents or security risks in order to minimize the losses and impacts of such incidents.

Meanwhile, Haier Smart Home also attaches great importance to our partners' performance on privacy information management. We require our partners to protect strictly our users' privacy information by means of signing relevant confidentiality promise with partners and conducting security audit of partners.

## Innovation-led

### Innovation ecosystem

In order to provide users with a better life experience, Haier Smart Home has built a "10 + N" open innovation ecosystem and an open innovation platform. We have transformed the R&D pattern from traditional waterfall into iteration and continuously inject vitality into innovative R&D.

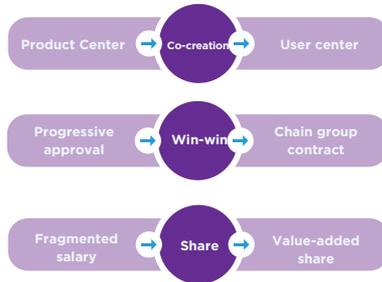
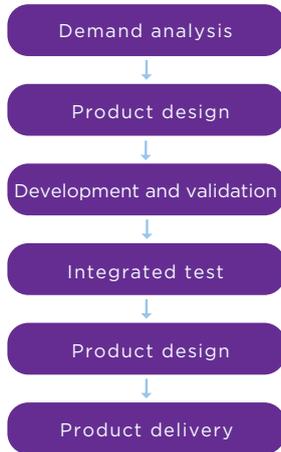
We have established innovation centers in places like China and Japan and pushed forward industry innovation together with the ecological parties. We have, via innovation centers, leveraged the ecological resource network to search for innovative technologies that can match requirements and speed up innovation transformation; we have carried out concept verification and connection management of innovative technologies and increased the efficiency of cooperation with ecological parties; we have held and taken part in the overseas innovation activities, maintained active overseas innovation, and attracted the participation of partners.

In recent years, Haier Smart Home has actively conducted patent

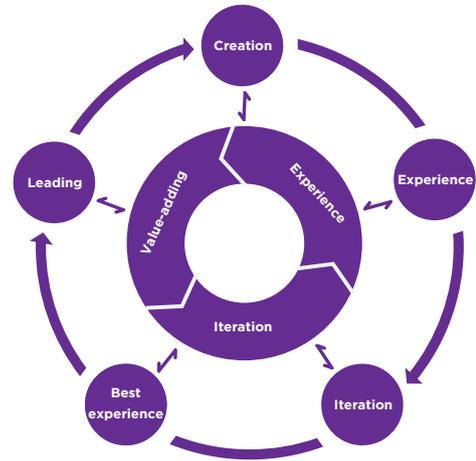
navigation in such technical fields as smart home scenario space, Internet of food and Internet of clothes, learned the technology development paths and competition dynamics of industries via patent navigation, realized early patent warning while strengthening its own patent layout of the smart ecosystem, built technical patent strengths, and continuously established a competitive position in the field of smart IoT.

Such awards as patent authorization award, patent achievement award and patent application award have been set up for the Invention Patent Incentive Platform of Haier to encourage high-quality invention and creation and guarantee the leadership of patent quality.

### Waterfall R&D



### Iterative R&D



## International patent layout

This year, Haier continuously optimized the global patent layout while seeking innovation, and make a global patent layout of original technologies by depending on its ten R&D centers around the world.

- **At the management level:** it established the Global Innovation Committee and Global Patent Management Committee for global synergy in innovation and joint global patent layout, and built a global patent management system for unified global patent business management, global patent risk management and control, and close patent-R&D connection;
- **At the technical level:** it centered around innovative technologies to provide comprehensive patent protection, and formed over one hundred patent portfolios with high value in such fields as environment protection, energy conservation, refrigerator preservation, separate washing of washing machines, self-cleaning air conditioners, smart IoT, and scenario ecosystem.



Global resource network layout of Haier

## Protection of intellectual property rights

As one of the earliest enterprises to set up an intellectual property management department in China, Haier Smart Home has always adhered to the intellectual property strategy of high-quality development as well as the patent principle of "non-infringement and infringement-free", strictly observed the applicable intellectual property laws and regulations in the operating sites across the world, established a patent management system and operating mechanism with high-value patents as the core, explored an innovation model characterized by linkage of "technologies, patents and standards", and actively pushed forward the creation, management, protection and application of patents. In 2020, Haier topped IPRdaily's Global Smart Home Patent Ranking, and harvested two gold awards in the 21st China Patent Awards.

- Product approval stage: Activate patent risk control, conduct a comprehensive search of the design scheme and patent status of the entire product, and identify possible infringement risk. If any risk is identified, the company will decisively suspend the project and take appropriate risk averse measures;
- Product R&D, production and marketing stages: Review the patent at each stage, confirm the risk level, and take measures to ensure the overall compliance of the product;
- Daily operation process: Haier Smart Home establishes multi-level intellectual property training system, provides targeted training courses for its employees at all levels, and continuously strengthens the intellectual property risk awareness of the employees.

In line with the principle of "independent ownership for independent inventions and shared ownership for shared invention", we have stimulated partners to create new technologies to the maximum extent, jointly assumed intellectual property risks, and shared the achievements of intellectual property rights. Meanwhile, we have respected the intellectual property rights of third parties, and are willing to form cooperation with right holders by agreed means like cross-licensing and package authorization under the FRAND principle, observe the principle of mutual industry benefits, and pressed ahead with rational competition in the industry.

# PART 05



Since inception, Haier Smart Home has always been a passionate participant in public welfare activities that assumes corporate social responsibility and gives back to society. We have paid attention to the growth and education of youngsters and contributed to the Hope Project; we have actively responded to national policies and made every possible contribution to the rural revitalization; we have taken an extensive part in the disaster relief and continuously leveraged the power of enterprises for kindness.



“

**Give back to Society  
Build a Harmonious  
Society**

”



The Hope Project



Rural Revitalization



Disaster Relief

## The Hope Project

Over the years, Haier has been concerned about education, devote its sincerity, and closely watched the growth of youngsters and children as well as the development of the education enterprise. Since the inception of the Hope Project, Haier has walked alongside the whole journey.

Up to now, Haier has invested more than RMB116 million to build 325 Hope Primary Schools and one Hope Middle School in 26 provinces, cities and autonomous regions in China, helping tens of thousands of children go to school, and is the top enterprise building the most Hope Primary Schools in the Hope Project of the Central Committee of the Communist Youth League.

Haier has continuously deepened the public welfare scenario ecosystem of Hope Primary Schools from the breadth, warmth and depth of public welfare, built a platform for Haier's employees, SMEs in the chain groups and ecological resource parties to fulfill their corporate social responsibilities by creating a new IoT public welfare model characterized by "Three Networks in One", namely, the networks of Hope Primary Schools, public welfare contacts and public welfare social communities, and co-created a public welfare ecosystem. In 2020, Haier carried out a public benefit activity of revisiting its Hope Primary Schools with the theme of "Tell Me One Wish, and I'll Realize It for You" in a normalized manner, thus further consolidating the achievements made in the public welfare project of Hope Primary School.



## CASE Revisit to Haier's Hope Primary Schools

Since 2005, Haier has been building Haier Hope Primary School in Dacun Town, Huangdao District, Qingdao City, where there are over 100 students, of whom most are left-behind children.

On Children's Day in 2020, Haier visited Haier Hope Primary School in Dacun Town to provide precise care and assistance for students with financial difficulties.

Haier attracted more ecological resource parties to jointly take part in the long-term connection with and precise assistance for Haier Hope Primary School in Dacun Town, fueling and sowing hope for shared sound education for poor children and left-behind children in Haier Hope Primary School.



## CASE Young Dreamers

In 2020, Haier franchised stores across China worked together to carry out more than 100 public welfare activities including Young Dreamers-Health Public Welfare Journey and Young Dreamers-Youth Poverty Alleviation Action, built eight Hope Huts, constructed 27 caring laundries, helped over 10,000 teachers and students, and transmitted activities to 100,000 people.

On June 19, 2020, the first launching ceremony of Season IV "Young Dreamers"-Health Public Welfare Journey sponsored by Haier franchised stores was held at Haier Hope Primary School in Yunshan Town, Pingdu City. Haier donated to schools and children a number of cabinet antibacterial air conditioners, 100 health care packages and over 100 sets of sports equipment to improve school running conditions and sports facilities and optimize the studying environment. Meanwhile, Haier provided free cleaning services of air conditioners to Hope Primary Schools in demands.



On September 9, 2020, the School Opening Season of Young Dreamers, i.e. Haier Washing Machine Health Care Action, sponsored by Haier franchised stores, was formally activated, with the first stop being Qingdao Laixi Wubei Haier Hope Primary School, and donations and assistance were provided for local teachers and students. This was also where the public welfare enterprise of Haier Hope Primary School started off. In 1995, Haier donated RMB380,000 to build the first Haier Hope Primary School in Laixi.

Under the ecological model of IoT public welfare, the open public welfare platform built by Haier has successfully transformed from benefit for everyone, public welfare by everyone and vigorous promotion of public benefit to shared benefit. While exporting its own public welfare resources and actions, Haier has also driven ecological parties to participate in the public welfare activities of Haier Hope Primary School, thus displaying ecological synergy.

**CASE** 

**Charity ecosystem**

In May 2020, Adream Foundation, the charity ecosystem partner of Haier, visited Jinxing Haier Hope Primary School in Gansu to deliver classes and activities. In the funny and educational "Happy Farm" game, children became "farmers", learned knowledge about investment, wealth management, deposits and savings management, gained a correct view of money from games and developed financial management skills.

In June 2020, the Shandong Provincial Committee of the Communist Youth League, Shandong Youth Federation and Shandong Youth Development Foundation jointly launched the "Hope Hut" charity project to care about children. In the project, independent learning and living space will be built for children aged 8-14 from families with financial struggles. Haier made active responses and made use of its own advantages to support the building of "Hope Huts" and laundry rooms and facilitate student tracking and assistance.

From September 7, 2020 to September 30, 2020, Haier worked with the Shandong Youth Foundation and the Qingdao Youth Foundation to deliver health care packages, laundry rooms and hope huts to 37 Haier hope primary schools nationwide.

Haier's ecological partner, U-YUNSH, launched the "Clothes Dream" campaign. After the outlets collected the clothes donated from the society, the clothes were carefully sorted, washed and disinfected by the volunteers from U-YUNSH and Haier Washing Machines, and then delivered to children in 13 hope primary schools.

In terms of the overseas business sector, Haier continues to carry out educational charity projects to help local youth develop themselves according to the needs for public benefits in different regions.

**CASE** 

**Maurice Paykel Scholarship**

Fisher & Paykel grants the Maurice Paykel (MP) Scholarship to selected Callaghan Innovation Summer interns each year to support students majoring in engineering or science studies in higher education institutions. Fisher & Paykel grants the scholarships to outstanding students based on the evaluation of their academic achievement, leadership, communication skills, community involvement and other relevant indicators. In 2020, Fisher & Paykel awarded three students USD3,000 each.



### School-Enterprise Cooperation

GEA has developed partnership with Jefferson County Public Schools to donate smart equipment, set up labs, offer technology courses and other related courses, and reimburse learning expenses. 100,000 local students have benefited from this program accumulatively and obtained the opportunity to receive advanced technological education.



## Rural revitalization

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**Haier actively responds to the national rural revitalization strategy and makes efforts to create a better life for rural areas.**

### **Thousands of Towns and Villages**

Haier Shaanxi Branch vigorously carries out the project of "Thousands of Towns and Villages", to approach villages and provide users with free services such as appliance cleaning, knife sharpening, water quality testing and small appliance repair. So far, 508 towns and 1,968 villages have been included in the project, and 156 service stations have been established.



## Disaster relief

**Facing relentless natural disasters, Haier builds bridges with sincerity to deliver our care and warmth.**

### China

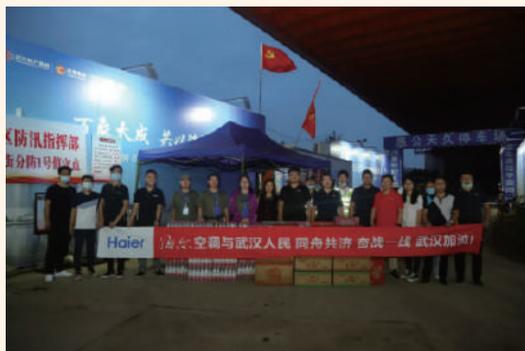


In view of constant rainstorms and floods in south China in 2020, Haier took practical action to facilitate flood control and practice its corporate responsibility. Haier employees in different regions actively assisted the front line in flood fighting and supported people in the disaster areas through the hardships.

### Hubei



On July 14, 2020, Haier's air conditioning team sent mineral water, bread and other support supplies to the front-line flood-fighting heroes stationed in the Gutian duty section of Han River and the Baishazhou duty section of Yangtze River to facilitate the flood control.



In Huanggang City of Hubei, Haier employees of Wuhan risked being caught in mudslides to help users transfer their appliances and recover their losses as far as possible.

## Jiangxi



As the flood control entered a crucial stage, the pressure on the patrol duty stations intensified. The Haier micro-enterprise unit of Nanchang took the initiative to contact the local community to provide supplies as much as they can. The Haier micro-enterprise unit of Nanchang arranged flood control supplies and tools, including shovels, sandbags, rain boots, mineral water and instant noodles. On July 15, 2020, personnel from the Haier micro-enterprise unit of Nanchang came to the flood control section of Bali Lake, a tributary of the Yangtze River in Jiujiang City, to support and donate to flood control.



## Anhui



The Haier micro-enterprise outlet of Hefei organized Haier service soldiers from Wuwei City to donate a variety of living materials to the local area and send caring lunches to flood control personnel. The Haier washing machine team urgently sent clothes dryers to the front-line flood fighters. It took one and a half hours to go through the whole procedures from warehouse pickup to installation. The problem of clothes drying was timely solved for flood fighters.



On July 16, 2020, in the Haier Smart Home Haier (Wuhan) Air Conditioner Team Cares about the Front-line Flood Fighters and Provides Solid Support and Company during the Hard Period released by the China Household Electrical Appliances Association, the Association commended Haier for its positive energy.

## Japan



Since July 4, 2020, Kumamoto Prefecture of Kyushu, Japan suffered constant rainstorms which triggered floods, mudslides and other disasters. According to relevant data, about 1,400 people in Kumamoto Prefecture had to live in temporary shelters due to the rainstorms. Owing to the prolonged rainfall and recurring pandemic, the user demand in the disaster areas for food storage and freezing and clean laundry intensified. Haier Japan immediately donated a total of 40 appliances such as refrigerators, freezers and washing machines to the shelters and volunteer centers to promptly tackle the pain points of victims and support post-disaster recovery.



## The US



GEA has cooperated with the American Red Cross for many years. An online donation portal was established to encourage company employees to make charitable donations. After the hurricane hit Lafayette, Indiana, GEA donated necessary living supplies to local residents, including flashlights, generators, mobile phone chargers and refrigerators, so as to support the post-disaster recovery.





**Third-party Evaluation  
made by the China  
Household Electrical  
Appliances Association**

Since the reform and opening up, China's home appliance industry has developed from small-sized to large-sized and from weak to strong. Through introduction, learning, imitation and persistence, we have made innovations and even somehow outperformed foreign brands. China's home appliance industry is moving forward at a solid and powerful pace. 2020 marks the final year of the 13th Five-Year Plan. In the past five years, China's home appliance industry developed steadily. In addition to maintaining the world's largest industrial scale, we further improved our innovation capability and comprehensive capacity, and basically realized the goal of developing "from a large home appliance country to a strong home appliance country" that was proposed in the 13th Five-Year Plan.

The development journey of China's home appliance industry is an epitome of China's manufacturing industry. Haier, as a leading enterprise in China's home appliance industry, has always progressed with the times by constantly conducting bold innovation and reform under the tide of the era. 36 years ago, as Zhang Ruimin, the founder of Haier Group, smashed the refrigerator with a hammer in his hand, he also smashed the traditional management model, so that Haier could develop its own brand awareness and create brand value. 36 years later, after five strategic development stages including the famous brand, diversification, internationalization, globalization and networking, Haier launched the eco-brand strategy to constantly surpass the original image, reshape a new image and lead the trend by virtue of self-breakthrough, self-subversion and self-challenge.

In the first half of 2020, China's home appliance industry bucked the trend in spite of the COVID-19 outbreak and the impact of the changing international landscape. It recorded exports of over USD80 billion for the first time, the highest growth rate in the past decade. Undoubtedly, this is the best recognition and commendation for the international development of China's home appliance industry. Haier, as a leader in the home appliance industry, started from the Chinese market and has kept developing its global business layout to become a leader of global ecological brands. So far, Haier home appliances have been sold to every corner of the world, including Asia, Africa, Europe, North America and the Middle East. Haier has 10 R&D centers, 25 industrial parks, 108 marketing centers and 122 manufacturing plants worldwide. Haier has maintained the position as the No. 1 retailer of large home appliances 12 consecutive times. It always stands at the forefront of technological revolution and development of the times, and leads the development trend of the global home appliance industry.

In this era of "Internet of Everything", the world is gradually becoming an integral whole. Home appliance enterprises have to face the challenges in integrating new technologies and

achieving self-iteration. Based on new technologies such as IoT, big data, cloud computing, 5G and AI, Haier continuously evolves itself by virtue of the three value support: Scenarios, ecology and users. Guided by smart homes, it brings a better living experience to global users. This year, Haier removed its home appliance label which has been attached to it for 36 years, and released the world's first scenario brand "Sanyiniao", becoming the first enterprise transforming from a home appliance manufacturer to a scenario solution provider. A new track of scenario brands in the IoT era has been created.

In 2020, the COVID-19 outbreak brought misery to the whole world. Haier fully fulfilled its corporate responsibilities, capitalized on its global resource advantages, and took rapid and active actions to fight the pandemic. Moreover, it directed the whole industry chain and cluster to create mutual benefits and promote economic recovery, making prominent contributions to win this battle without gunpowder.

Haier has embarked on a new journey to forge ahead across obstacles day and night. We look forward to seeing Haier, a fully-developed enterprise and a pioneer of the times, continuously play the role of an industry leader, firmly uphold the sense of mission and responsibility, make constant innovations and active reforms, and guide the steady development of the home appliance industry.

*Executive President of China Household Electrical Appliances Association*





# Enterprise Honor



## Social responsibility honor/ESG honor



### "100 Excellent Corporate Social Responsibility Report" from the Forum on Corporate Social Responsibility of Industry and Information Technology

On 6 November 2020

"Haier Smart Home 2019 Social Responsibility Report" was selected as one of the "100 Excellent Corporate Social Responsibility Report" at the Launch Event of the 2020 Sustainable Development Report of China's Industry and Information Technology in the International Forum on Corporate Social Responsibility of Industry and Information Technology.



### "Theme Award" from BDO ESG Awards 2021

On 23 February 2021

Haier Electronics won the "Theme Award" of the BDO ESG Awards 2021 granted by BDO Limited.



### 2020 Qingdao Charity Work Award

On 7 January 2021

Haier Group won the "2020 Qingdao Charity Work Award" for its outstanding contributions to social responsibility and public welfare ecology at the "2020 Qingdao Charity Top Ten" awards party hosted by Qingdao Charity Federation.



### The Fifth Golden Hong Kong Stock Award: Best Large Consumer and Service Company

On 7 January 2021

Haier Electronics was awarded the "Fifth Golden Hong Kong Stock Award: Best Large Consumer and Service Company" by Zhitong-Finance and RoyalFlush Finance.



### Honor Award - The Most Influential Brand of Social Responsibility in 2020

On 29 December 2020

The 2020 (3rd) Social Responsibility Conference was successfully held in Beijing. Haier Group won the "Honor Award - The Most Influential Brand of Social Responsibility in 2020".



### People's Corporate Social Responsibility Award - Annual Enterprise Award

On 12 December 2020

The 2020 People's Corporate Social Responsibility Summit Forum and the 15th People's Corporate Social Responsibility Award Ceremony sponsored by People's Daily Online were held in Beijing. Haier Group won the 15th "People's Corporate Social Responsibility Award-Annual Enterprise Award" for its innovative practices in social responsibility and public welfare ecology.

### **Special Contribution Enterprise Award**

On 1 December 2020

The "Action League 2020 Charity Ceremony" sponsored by IFNG.COM was held in Beijing, which announced four major charity awards for the year and initiated the "Special Award for Anti-epidemic". Haier Group won the "Special Contribution Enterprise Award".

### **"Excellent Social Performance -Grand Award" and "Best ESG Report (Large Cap)-Commendation Award"**

On 8 December 2020

Haier Electronics won the "Excellent Social Performance -Grand Award" and "Best ESG Report (Large Cap)-Commendation Award" in the "Hong Kong Environmental, Social and Governance Reporting Awards 2020" granted by Zongheng Finance.

### **InnoESG Prize 2020**

On 11 November 2020

Haier Electronics won the InnoESG Prize 2020 granted by SocietyNext Foundation.

### **"World-renowned National Business Card" and "Brand Enterprise Award for Fighting the Epidemic"**

On 8 August 2020

Haier was awarded the title of "World-renowned National Business Card" at the 14th China Brand Festival hosted by the Brand China Industry Union and the Wuhan Municipal Party Committee and Municipal Government. This is the 11th time that Haier has won the honor. At the same time, Haier also won the "Brand Enterprise Award for Fighting the Epidemic" for its active and comprehensive anti-epidemic actions during the COVID-19 epidemic period.



## Leadership honor

### **List of the top 50 Global Most Influential Founders for 2020**

On 8 January 2021

IAsk released the list of the top 50 "Global Most Influential Founders" for 2020 and Zhang Ruimin, chairman of the Board and CEO of Haier Group, was selected.

### **15 Years of China Brands (2006-2020) - Outstanding Influential Person**

On 20 December 2020

The "2020 China Brand Annual Conference" sponsored by the China Council for Brand Development under the State Administration for Market Regulation and the China Brand magazine was held in Beijing. Zhang Ruimin, chairman of the Board and CEO of Haier Group, was awarded "15 Years of China Brands (2006-2020) - Outstanding Influential Person".

## **The 7th Management Science Special Contribution Respectable Award**

On 27 September 2020

The 2020 China Management Science Conference and the 7th Management Science Award Ceremony sponsored by the China Management Science Society was held. Zhang Ruimin, chairman of the Board and CEO of Haier Group, was awarded the 7th Management Science Special Contribution Respectable Award.

## **2020 China's 50 Most Influential Business Leaders**

On 13 April 2020

The Chinese version of FORTUNE released the ranking of "2020 China's 50 Most Influential Business Leaders" and Zhang Ruimin, the chairman of Board and CEO of Haier Group, was also on the list.



# Brand Honor

## **2020 World's Most Admired Company**

On 21 January 2021

FORTUNE, an American magazine, released its lists of "2020 World's Most Admired Company", which included Haier Smart Home again. In terms of home appliances, Haier Smart Home is the only company selected in Europe, Asia and outside the US.

## **"Seamless Execution" Award**

On 17 January 2021

Haier India was awarded the 2020 Flipkart "Seamless Execution Award" by Flipkart, an Indian e-commerce giant, which is the second consecutive time that Haier India has won the award since last year.

## **Global No.1 by Euromonitor**

On 11 January 2021

According to the data from Euromonitor, the World's Leading Market Research Agency, Haier ranks first in the global retail volume of large home appliances brands in 2020, which is also the 12th consecutive time that Haier has ranked No.1 in this field.

## **"Consumer Favorite Washing Machine" Award**

On 8 January 2021

VnExpress, Vietnam's largest news portal, selected Vietnam's most influential consumer electronics brands in 2020, among which, the AQUA washing machine brand under Haier Smart Home was awarded the "Consumer Favorite Washing Machine" Award for its newly-launched FT platform front loading machine.

## **First Prize in Technological Advancement from the Federation of Light Industry**

On 30 December 2020

The Science and Technology Award Committee of China's Federation of Light Industry approved the lists of 2020 Innovation and Technological Advancement awards issued by China's Federation of Light Industry. Haier Smart Home won three First prizes for its advancement, with the projects covering food preservation, smart homes, healthy living and other fields.

## **2020 China Leading Overseas Brands List of Twitter**

On 28 December 2020

Twitter, the world's largest public dialogue platform, and BrandConnect, a subsidiary of The Economist Group in the UK, released "Going Global: Report on 2020 China Leading Overseas Brands of Twitter" and Haier Group was successfully selected in the "2020 China Leading Overseas Brands List of Twitter".

## **Germany ROI-EFESO Industry 4.0 Award**

On 23 December 2020

ROI and EFESO announced the final list of winners in 2020 on the official website of the Germany Industry 4.0 Award. As one of the winners again, Haier Smart Home became the only Chinese company to win the award.

## **The Third Prize of Scientific and Technological Advancement Award of Qingdao Municipal**

On 22 December 2020

Haier Refrigerator won the third prize of Scientific and Technological Advancement Award of Qingdao Municipal at the Qingdao Science and Technology Award Conference for the "application of multimodal fusion of intelligent interaction technology in refrigerator products", leading the technological progress and industrial development of the refrigerator industry.

## **The Annual List of "Good Product" of China's Home Appliances**

On 17 December 2020

The Smart Refrigerator iCase Series under Haier Leader won the honorary title of "Good Product" by virtue of its personalized and customized innovative design at the 2020 China Home Appliance Industry Annual Summit and "Good Product" Release Ceremony.

## **Red Top Award**

On 16 December 2020

At the 12th "China High-end Home Appliance Trend Release and Red Top Award Ceremony", Haier Casarte Refrigerator Ice Bar Set won the "Red Top Award", becoming the first winner of the refrigerator ice bar combination set category.

## **Top 500 World Brands**

On 16 December 2020

The 17th ranking list of Top 500 World Brands (2020) compiled exclusively by World Brand Lab was officially announced in New York, USA. Haier was once again selected as the world's only IoT eco-brand, moving up to 39th place and ranking third among Chinese brands. This is the 17th consecutive year that Haier has been selected as one of the top 500 world brands, and the fourth consecutive year that Haier has ranked among the top three Chinese brands on the list.

## **The Most Respected Company of China**

On 14 December 2020

Haier Group was honored as the "Most Respected Company of China" at the "Annual Respected Companies Conference" organized by the Economic Observer for the 20th consecutive year.

## **"Smart Home New Specie of the Year"**

On 8 December 2020

The "WISE2020 Future City Summit" launched the "Annual Scenario New Species" competition for the first time, awarding Haier Three-Winged Bird the "Smart Home New Specie of the Year". The award recognized Haier's innovative contributions in the areas of scenario and services.

## **"Customer's Most Trusted Brand" in the Field of Home Appliance**

On 7 December 2020

IMWF held its fourth research conference in Munich on the theme of "Customer's Most Trusted Brand". In the category of "Home Appliances", Haier Smart Home was the only selected Chinese brand.

## **2020 "GOLDEN CHOICE AWARDS"**

On 26 November 2020

At the 6th China Smart Home Conference themed by "TECHMORE@2021", Haier Smart Home won the special award for "Smart Home Brand Recommendation". Three-Winged Bird won the special award for "Smart Ecological Scenario Leadership", and Leader Refrigerator, Haier Refrigerator Products and whole space freshness preservation technology were awarded the "GOLDEN CHOICE AWARDS", becoming the only brand with the most awards in the refrigerator industry.

## **2020 Pioneer Award for Smart Kitchen and Living Integration in Refrigerator Industry** **2020 Pioneer Award for Borderless Built-in Aesthetics in Refrigerator Industry**

On 25 November 2020

Safeguard Healthy Life with Fresh Food - 2020 China Refrigerator Industry Summit Forum was held in Guiyang. Haier refrigerator BCD-500WDIGU1 and Casarte refrigerator BCD-400WDYBU1 won two awards of the 2020 Pioneer Award for Smart Kitchen and Living Integration in Refrigerator Industry, 2020 Pioneer Award for Borderless Built-in Aesthetics in Refrigerator Industry.

## **The Home Appliance Award 2020**

On 7 November 2020

The Japanese magazine MonoMax released the list of winners of the "Home Appliance Award 2020", and the Prette series: 14kg ultrasonic washing machine under Haier Smart Home's AQUA brand, won the top prize under the keyword "clean".

## **Top 20 Chinese Enterprises Global Image**

On 3 November 2020

Haier was selected as one of the top five in the list of "Top 20 Chinese Enterprises Global Image 2020" and one of the "Excellent Stories of Chinese Enterprises Global Image" at the 2020 Chinese Enterprise Global Image Summit.

## **The Outstanding Innovation Award of the Year, the Product Innovation Award of the Year and the Technical Innovation Award of the Year**

On 22 October 2020

With the theme of "Create New Life for Future", the 16th China Household Appliances Innovation Awards was held in Beijing. Haier Water Heater, Haier Refrigerator, Haier Water Purification won a number of awards including "Outstanding Innovation", "Technical Innovation" and "Product Innovation" with a variety of innovative products.

## **"Mother and Infant · Best Appliances" Certificate**

On 29 October 2020

At the meeting of the Launch of Technical Specification of Home Appliances for Mother and Infant and the 2020 Best Appliances for Mother and Infant Evaluation Results hosted by China Household Electric Appliance Research Institute, Casarte refrigerator products won "Mother and Infant · Best Appliances" certificate, and became the first batch products passed the "Group Standards for Mother and Infant" evaluation.

## **2020 BrandZ™ Top 100 Most Valuable Chinese Brands**

On 15 October 2020

The release conference of 2020 BrandZ Top 100 Most Valuable Chinese Brands and 10th anniversary special celebration was held in Shanghai. In this 10th anniversary special celebration, Haier won the "World's First IoT Eco-brand Award" offered by Kantar, and was ranked top 1 of the BrandZ 2011-2020 Top 10 Brand Value Growth List.

## **Extraordinary Smart Factory for the Year**

On 27 September 2020

"2020 (5th) China Smart Manufacturing Annual Summit" organized by 21st Century Business Herald was held in Guangzhou, at which Haier Refrigerator was honored "Extraordinary Smart Factory for the Year".

## **Golden Intelligent Award**

From 23-24 September 2020

2020 China HVAC Industry Development Summit and China "Cooling & Heating Intelligent Manufacturing" Awards Ceremony was held in Shanghai. Haier Air Energy was honored the Golden Intelligent Award, the most prestigious award, which became the only brand in Heating and Ventilation that has won the award for four consecutive years.

## The First Prize for “Quality and Technology Innovation”

On 22 September 2020

China Quality magazine formally released 2020 Winners of China Quality and Technology Innovation Result Republication. 5G NB-IoT self-cleaning air-conditioners scenario resolution firstly implemented by Haier Air Conditioner in Thailand was selected as the First Prize for China Quality and Technology Innovation (Model).

## Science and Technology Award of Shandong Province

On 21 September 2020

2020 Recommended Award Project (Candidate) for Science and Technology Award of Shandong Province was released. Haier Smart Home won the first prize with project of Major Technology Research and Industrialization for Single Barrel Full-automatic Washing Machine. Industries including television, water heater, air conditioner and kitchen appliance won 3 Second Prizes and 3 Third Prizes.

## Global Lighthouse Factories

From 17-18 September 2020

The World Economic Forum Global Lighthouse Network held 2020 annual meeting online, Haier became the first group of enterprises included in the “Lighthouse Factories” and carried out the “cloud show” as one of the model enterprises in the “Lighthouse Factory”.

## “Best Household Products” Award

On 16 September 2020

Real Homes, a British magazine, published the lists of winners of Best Products Awards in 2020 selected by users. Haier Smart Home’ s products Haier high-end refrigerators and high-end washing machines, Hoover vacuum cleaners and multi-purpose ovens are on the “Best Household Products” list of Real Homes.

## Top 10 Innovative Brands of Chinese Enterprise in 2020

From 27-29 August 2020

Haier Group won the “Top 10 Innovative Brands of Chinese Enterprise” in the “2020 (4th) China Brand Development Summit Forum and China Brand Person Summit” with the theme of “Post-epidemic Era Actions of Chinese Brands” co-sponsored by China business press and Enterprise Research Institute of China Academy of Management Sciences.

## BUSINESS + Innovative Product Award

On 25 August 2020

The list of BUSINESS+ Award organized and selected by the authoritative Thai magazine BUSINESS+ was released and Haier Thailand Navi cooling refrigerators and self-purifying air conditioners won the “Innovative Product Award”.

### 2020 FORTUNE Global 500

On 10 August 2020

On the list of 2020 FORTUNE Global 500 released by the FORTUNE magazine, Haier Smart Home Co., Ltd. was included in the list again with its ranking moved up 13 places.

### 2020 BrandZ™ Top 50 Globalised Chinese Brands

On 16 July 2020

Google and Kantar jointly issued the “2020 BrandZ™ Top 50 Globalised Chinese Brands” online, among which Haier ranked at No.6, and consistently ranked the first in its industry.

### The 21st China Patent Award

On 14 July 2020

The SIPO announced the winners of the 21st China Patent Award. Chinese household appliance enterprises won 3 golden awards altogether, of which Haier Smart Home swept the two golden awards, namely China Patent Golden Award and China Outlook Design Gold Award. The number of golden awards Haier Smart Home obtained is the first in the industry this time and the industry's first in the cumulative total over the years.

### 2020 BrandZ™ Top 100 Most Valuable Global Brand

On 30 June 2020

WPP (the largest media group in the world) and its affiliate Kantar jointly released the list of “2020 BrandZ™ Top 100 Most Valuable Global Brand” online. As the only “IoT Ecology” brand for two consecutive years, Haier has been selected as one of BrandZ™ Top 100 Most Valuable Global Brand. Its global ranking has risen from the 89th last year to the 68th, jumping up 21 places.

### T3 Awards of “Best Refrigerator Awards”

On 11 June 2020

The Fisher & Paykel multi-door refrigerator of Haier Smart Home won the 2020 T3 Awards of “Best Refrigerator Awards” by virtue of its large capacity and fashionable design. T3 Awards is selected by a famous English magazine T3, which will select one best product among scientific and technological products from different fields and is known as the “Oscar in Science and Technology”.

### Golden-level IoT Security Ratings

On 11 May 2020

GE Appliances, an affiliate of Haier Smart Home, obtained the recognition from UL which is a global leading security science company, and was rated as Golden-level IoT Security Appliance Company.

### The AWE Outstanding Product Award

On 16 April 2020

Haier Huayan Refrigerator BCD-500WDIGU1 refrigerator won the “AWE Outstanding Product Award”, the annual award in the home appliance industry, for its healthy preservation scenario and the fully embedded scenario of the refrigerator.

### **Germany Red Dot Design Award**

On 10 March 2020

The winners of the Germany red dot product design award were released. Haier Smart Home' s products have won the Germany Red Dot Design Award, which is known as the "Oscar Award for Global Industrial Design".

### **Excellent Supplier Award of the Year**

On 10 March 2020

Fisher & Paykel, a brand of Haier Smart Home, won the Excellent Supplier Award of the Year from New Zealand real estate company Versatile, affirming Fisher & Paykel's complete and customized kitchen and laundry solutions.

### **Germany iF Design Award**

On 5 February 2020

The winners of the Germany iF Design Award were announced. Haier has won five product awards, ranking first in the global industry.

### **The Science and Technology Improvement Award (Second Class)**

On 10 January 2020

Haier' s project, "Development and Application of Refrigerators Based on MSA Oxygen-Control Fresh-keeping Technology" , won the "Science and Technology Improvement Award (Second Class)" from the China Light Industry Federation.

# Appendix:



**“ GEA Corporate  
Citizenship  
Report 2020 ”**

*Good Things  
For Life*

# Let's Begin With 2020

*Highlights*





**GE APPLIANCES**  
*a Haier company*

Corporate  
**Citizenship**

# Powered by Principles

*How 2020 changed us for the better.*

From navigating a global pandemic to being a part of the social justice movement, 2020 challenged us all to take a closer look at who we are, what we stand for and how we can drive lasting change in the communities we call home. As businesses around the world were tested by extraordinary challenges, at GE Appliances, we were guided by three principles: protecting the health and safety of our employees, serving our customers, and supporting our communities.

Let's take a look at the unprecedented year that brought us together when it mattered the most.





# Our COVID-19 Response

When COVID-19 arrived, we knew we had to take assertive, steady action to help ensure the health and safety of our employees, serve our customers, and support the communities where we live and work.

This meant taking bold and proactive steps that brought us together and made us stronger as a company.

## Our Three Key Focuses

- 01 Protecting the Health and Safety of Our Employees
- 02 Serving Our Customers
- 03 Supporting Our Communities

### *GE Appliances: 2020 Business Impact Award Recipient*



GE Appliances was awarded a 2020 Business Impact Award by Louisville Business First in recognition of the specific steps we took to support our employees and our community during the COVID-19 crisis, as well as supporting the social justice movement.

## Protecting the Health and Safety of Employees

While making sure our customers and owners had the products they need to keep their homes clean and their food and medicines safe, promoting the health and safety of our employees has always been our number one priority.

To help ensure the safest possible work environment, we took unprecedented steps to modify our factories and how work is done to align with state and federal guidelines

*Here are a few of the ways we adapted, which made GE Appliances a national model for COVID-19 response efforts:*



Rolled out safeguards, including temperature screening for every person entering a GEA manufacturing facility



Overhauled cleaning and sanitization processes in all of our facilities



Mandated that every employee who can do their jobs remotely work from home



Mandated that every employee who can do their jobs remotely work from home



Allowed flexibility for employees with underlying health conditions



Provided leave for individuals with family obligations



At a time when millions of Americans were laid off, we did not furlough employees and added hundreds of domestic jobs

## Serving Our Customers

During a time when more than 300 million Americans sheltered in place, our essential mission was clear: to help families live in clean and sanitary environments at home.

Our appliances are essential in ensuring that Americans can store foods and medicines, make meals for their families, and fight germs on their clothes and dishes. With families across the country relying on us to continue making and repairing the appliances they use every day, we knew we had to come together to protect our employees, serve our customers, and support our communities.

And when more people were needed to keep our manufacturing facilities operational because the business allowed employees to take leaves of absence to care for sick or vulnerable family members, 900 of our salaried employees volunteered on our factory assembly lines to make essential appliances for our GEA customers and owners at a time when they needed us the most.

[SEE EXAMPLES ON NEXT PAGE >](#)

## Supporting Our Communities

During these challenging times, GE Appliances banded together with the local communities where we live and work to help protect those on the front lines battling the COVID-19 pandemic.

We stepped up to lead initiatives and formed partnerships aimed at building stronger and healthier communities.



[Learn more about our response to COVID-19 here.](#)

## Nearly \$1 million worth of appliances donated to American heroes

We teamed up with the United Way Worldwide to create GEA4Heroes, a program that enabled us to donate a significant portion of our U.S. appliance production to first responders and healthcare workers. Almost \$1 million worth of appliances were donated across the country to the men and women who worked around the clock to keep us safe during the fight against COVID-19.



## Nearly 10,000 face shields manufactured for healthcare workers & first responders

Utilizing our Appliance Park 3-D printing operations and our FirstBuild microfactory, which connects GE Appliances directly with the maker community, we manufactured nearly 10,000 face shields.

## \$100,000 contributed to the One Louisville Fund

As a founding member of the Louisville Metro Government's One Louisville Fund, we contributed \$100,000 to provide aid to those financially impacted by COVID-19. From child-care assistance to transportation aid and food access, the One Louisville Fund provides flexible funding resources to eligible households in the community.



## 250,000+ masks and 125,000+ gloves donated to healthcare facilities

Utilizing our Appliance Park 3-D printing operations and our FirstBuild microfactory, which connects GE Appliances directly with the maker community, we manufactured nearly 10,000 face shields.



## 500+ intubation shields designed, produced & donated

Working together, our GEA and FirstBuild engineers designed intubation shields to protect healthcare providers. More than 500 intubation shields were donated to healthcare facilities throughout Kentucky, including Norton Hospital in our hometown of Louisville.

## \$3,000 donated to WaterStep, providing bleach-making kits to the community

We also donated \$3,000 to WaterStep, which provided bleach-making kits to community organizations and healthcare facilities to assist in cleaning and sanitizing.



# Engaged in the Social Justice Movement

*Listening every day.  
Valuing every voice.*

While GE Appliances has long held a focus on inclusion and diversity, 2020 compelled us to take a deeper look at the racial disparities that still exist in our country today.

The realities that people of color face on a daily basis are poignant reminders of how much work we have left to do as a country and as a company.

Together, we're working to confront complex issues and build a better future that is inclusive, diverse, and values every voice.



## Our Three Key Focuses

**01** Making Change From the Ground Up

**02** Increasing Equity in Our Community

**03** Building a More Inclusive Society

**\$50 Million+ Invested**

*to date, in public schools, non-profits and community organizations that break down barriers.*



Student at W.E.B. DuBois Academy. Photo taken pre-COVID-19.

## Making Change from the Ground Up

Louisville, Ky., has been our home for over 65 years, and it is the heartbeat of our company. As our city made international headlines in 2020 with people taking to the streets, crying out for their voices to be heard, our role was clear. We must come together to listen and help build a stronger, more resilient and equitable future in which every voice is heard and all people are valued.

## Increasing Equity in Our Community

Over the years, we've invested more than \$50 million to affect change by partnering with public schools, non-profits and community organizations to break down barriers, increase equitable educational access to opportunities, and connect people with the resources they need to be successful.

*Here's a look at a few of the schools and organizations we partnered with in 2020:*

**Grace M. James Academy of Excellence**, a Jefferson County public school that empowers middle school girls through an Afrocentric, STEAM (Science, Technology, Engineering, Arts and Mathematics) curriculum.

**W.E.B. DuBois Academy**, a Jefferson County public school teaching Afrocentric curriculum in an innovative learning environment. Drawing from evidence-based research and culturally responsive teaching, W.E.B. DuBois Academy actively engages students to grow as learners and self-aware young men.

**The Louisville Urban League**, a non-profit organization dedicated to the elimination of racism and its effects in our community. By empowering community members and helping them gain control of their lives and futures, Louisville Urban League is improving access to jobs, justice, education, health and housing.

**Evolve502 Scholarship Fund** will give every Jefferson County Public Schools graduate the opportunity for a tuition-free, two-year college degree, certificate or training. By expanding educational opportunities and reducing systemic barriers, Evolve502 is helping ensure that children reach their full potential and enjoy successful, productive and fulfilling lives.

## Building a More Inclusive Society

At GE Appliances, we're actively taking steps to recruit, hire, and retain diverse talent that is reflective of our owners and our inclusive culture. The very best innovations across every function of a company come from diverse teams. Our commitment to ensuring a safe and inclusive workplace where everyone is valued allows employees to perform at their best, every day. Diversity helps us achieve zero distance to our owners, innovate smartly, and connect to the communities and customers we serve.

*As we continue making strides, we're dedicated to:*

- 
**Building a workforce that's more representative** of the customers and communities we serve. This means driving equity throughout our hiring, promotion and pipeline development processes.
- 
**Upholding inclusion and diversity as companywide priorities**, sharing regular updates and metrics with the entire organization.
- 
**Requiring training for leaders and employees** on topics like unconscious bias and cultural competency.
- 
**Enabling our affinity networks** to be a voice for our employees, partner with the community and collaborate with the business on strategic inclusion and diversity initiatives.
- 
**Reaching our goal of 40% female representation and 40% people of color** representation by the end of 2025.
- 
**Holding all leaders accountable** for participation and team engagement in inclusion and diversity activities and training.
- 
**Building a diverse supplier base** by ensuring at least 10% of our purchases come from diverse suppliers, and growing that number every year.



Learn more about our commitment to Inclusion & Diversity on page 86.



A modern kitchen with stainless steel appliances, including a microwave and oven. A person is sitting at a table in the foreground, with their hands clasped. The background is slightly blurred, focusing attention on the text.

# Our Products. Our People. Our Planet.

*About GEA*



*Our journey:*

## **Help Protect the Planet, Strengthen Communities and Drive Business Value**

GE Appliances is powered by inspiration, innovation, and a vision to not just build the world's best appliances, but to build stronger communities. Through our Corporate Citizenship efforts, we come together to make and deliver good things that people need in the places where our employees live and work. Whether we're providing frontline healthcare workers with new washers and dryers to clean and sanitize uniforms, helping outfit new homes for homeless veterans, offering a vast array of ENERGY STAR® appliances, or creating a more sustainable supply chain, our values at GE Appliances demonstrate and reflect our desire to protect our planet and strengthen communities.

# Who We Are

Born in the U.S. and backed by the world's largest appliance brand, we're the fastest growing appliance manufacturing company in the country, with more than a century of industry experience. We build the world's best appliances that are in half of all U.S. homes, and we contribute to local economies in every state. With our global headquarters located in Louisville, Ky., our 13,600 U.S. employees in 46 states create, design, build, deliver, and service the most trusted and innovative products that make life better for the owners, customers, and communities we serve.

**13,600  
Employees**

across 46 states create, design, build, deliver, and service the most trusted and innovative products.



Our appliances are in half of all U.S. homes.



Louisville, KY

7,100

LaFayette, GA

2,050

Decatur, AL

1,300

Selmer, TN

350

Camden, SC

110

With manufacturing, research and development (R&D), sales, distribution and support operations across the country, GEA is positively impacting communities nationwide.

# What We Do

We design products with our owners and our planet in mind. Our focus at GE Appliances is how to make life easier at home by creating innovative, trusted products that provide exciting ownership experiences. We sell products under the Monogram®, Café™, GE Profile™, GE®, Haier, and Hotpoint® brands.

## *Our products include:*



*Refrigerators*

*Freezers*

*Cooking Products*

*Dishwashers*

*Washers*

*Dryers*

*Air Conditioners*

*Small Appliances*

*Water Filtration Systems*

*Water Heaters (Coming 2021)*



## Zero Distance

In a time of social distancing, we've embraced a concept called zero distance—it's our commitment to grow even closer to our customers and owners so we can invent and make products that provide real-life solutions and exciting ownership experiences. GE Appliances also believes that in order to build great appliances, we must build stronger communities. This philosophy is what's bringing us closer than ever before to our customers, our communities, our industry, and each other.

We envision a future where there's no distance between:

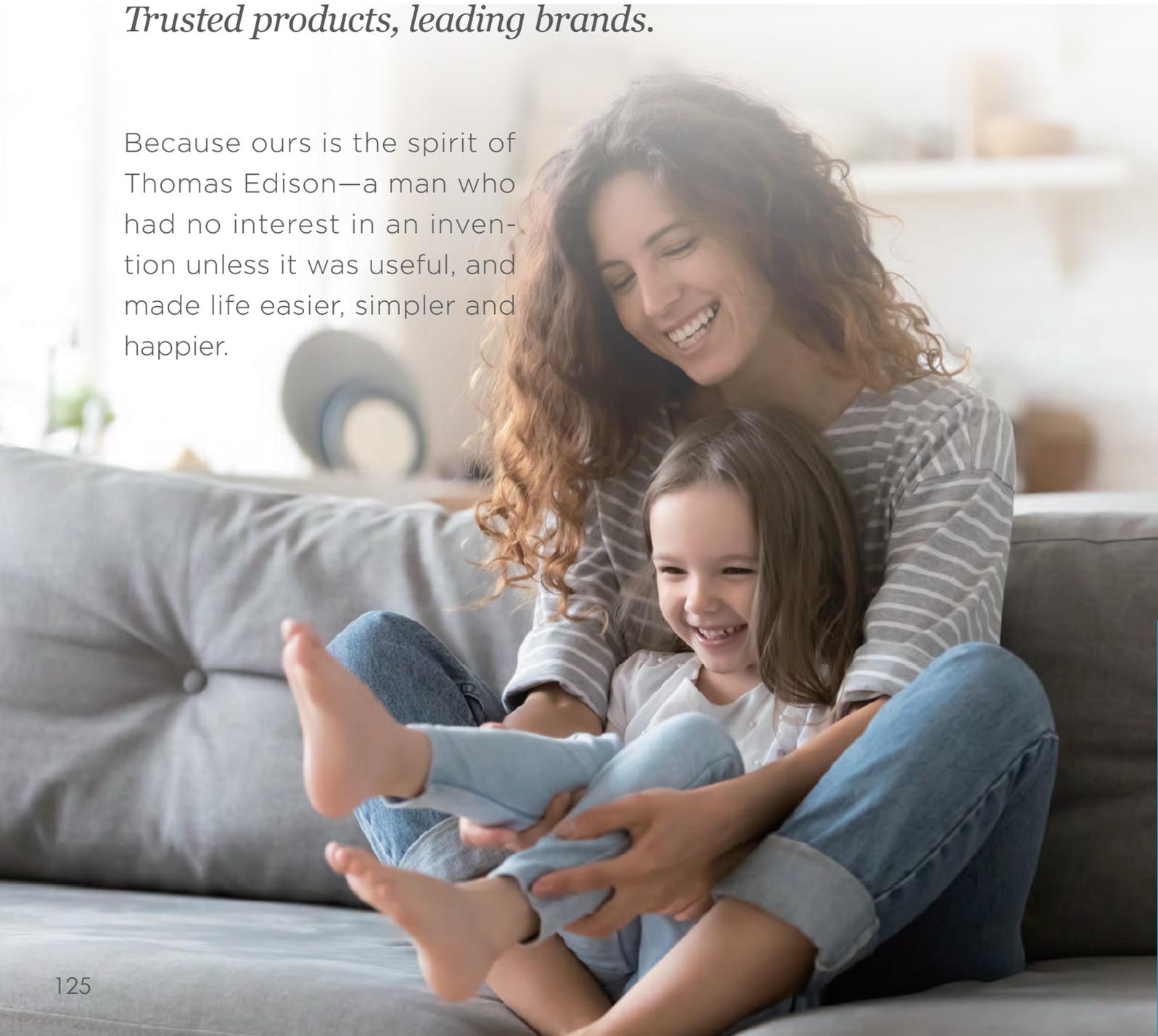
- ✓ Our company and our owners who trust us to make life better at home.
- ✓ One person's idea and a whole team's groundbreaking innovation.
- ✓ The people who make a company great and the communities we call home.

Achieving zero distance is no easy feat, but it's the aspiration that's driving the transformation of our company.

# Happiness and well-being are at the heart of our story.

*Trusted products, leading brands.*

Because ours is the spirit of Thomas Edison—a man who had no interest in an invention unless it was useful, and made life easier, simpler and happier.





We keep homes clean and **food safe.**



We provide the **spark** that inspires a meal.



We keep **clothes fresh** and dishes dry.



We **purify water** that quenches a thirst.



We never stop looking for a way to be better.  
**To make your life better.**



**GE APPLIANCES**  
*a Haier company*

# We challenge ourselves to keep asking “*what if?*”

---

## *What if*

your kitchen loved the  
sound of your voice?

## *What if*

the washer and dryer  
knew your clothes so they  
no longer need an introduction?

## *What if*

time spent cleaning or cooking or  
washing could be spent laughing  
and learning and bonding?

## *What if*

the distance between  
what you need and  
what we do was zero?



These are the questions that inspire  
the things we imagine and make right  
here in America, every single day.

This is what drives our shared ambition:

*We come together*  
**to make good things, for life.**

# Meet Our Corporate Citizenship Leaders

Our commitment to advancing Corporate Citizenship at GE Appliances begins with our President & Chief Executive Officer Kevin Nolan and ripples throughout every facet of our business. We've created a clear path of responsibility that starts at the top, enabling us to increase the value of our business while adhering to high ethical and environmental standards.



## Citizenship Advisory Board



**Kevin Nolan**  
President & CEO



**Melanie Cook**  
Chief Operating Officer



**Rick Hasselbeck**  
President & CEO



**Jason L. Brown**  
VP of Legal



**Tom Quick**  
VP of Human Resources



**Antonio Boadas**  
VP of Communications



**Marc Charnas**  
VP of Finance

## Senior Director of Citizenship



**Allison Martin**  
Senior Director of Citizenship & Digital Communications

## Citizenship Pillar Leaders



**Katina Whitlock**  
Senior Manager of Community Engagement



**A.J. Hubbard**  
Global Senior Director, Inclusion & Diversity and Human Resources



**Catherine Werner**  
Senior Director, Global Environmental, Health, and Safety



**Kyran Hoff**  
Executive Director, Chief Engineer



**Michael Del Negro**  
Associate General Counsel & Chief Compliance Office

# About This Report

## Scope

At GE Appliances, we're transforming our legacy and supporting our business strategy by focusing on five key pillars that serve as a foundation for our work: Community Engagement, Inclusion & Diversity, Operations Sustainability, Product Sustainability, and Compliance & Ethics.

Through these five pillars, which align with our materiality assessment and the wants and needs of our stakeholders, we're on a journey to positively impact our people, our customers, our owners, our business, our communities, and our planet. This report highlights how GE Appliances integrates these five pillars of Corporate Citizenship in our business practices.

To provide further information on our Corporate Citizenship commitments, we've also included links to resources that are publicly available on our website and elsewhere.

GE Appliances' sustainability strategy is informed by the United Nations (UN) Global Compact Principles and the UN Sustainable Development Goals .

## Reporting Year

Unless otherwise specified, the reporting period for the majority of our targets is fiscal year 2019, with additional business highlights from 2020.

## Future Reports

We set a goal to release our first Citizenship Report by year-end 2020 and have delivered. In coming years, we will have a spring release to allow for inclusion of a full operating year of data. We'll publish full reports biennially and progress checks in the off years when a full report is not published.

### *How to get the report*

*The above is an excerpt from our corporate citizenship report this year.*

### *Full version access*

*<https://geappliancesco.com/corporate-citizenship/>*



ALM20  
JM (Jung-Man) Nam



海尔智家

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