三翼鸟 | 海尔智家 Haier smart home

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WE SUPPORT
UN GLOBAL COMPACT

Haier Smart Home actively implements the principles of the United Nations Global Compact and provides strong support for the SDGs

2022

Environmental, Social and Governance Report

ABOUT THIS REPORT

Background

This report aims to objectively and fairly present environmental, social and governance (ESG) performance of Haier Smart Home Co., Ltd. and its subsidiaries (hereinafter referred to as "Haier Smart Home", the "Company", "Company", "we" or "us") in 2022. It is recommended that this report should be read in conjunction with the sections on *Corporate Governance Report (H Share)* or *Corporate Governance* (A Share) contained in the *2022 Annual Report of Haier Smart Home Co., Ltd.* (hereinafter referred to as the "2022 Annual Report").

Reporting scope

Unless otherwise specified, this report covers the period from January 1, 2022 to December 31, 2022. Some contents exceed this period. We have defined the scope of the report to cover all of the Company's principle businesses, including the Chinese smart home business, overseas home appliances and smart home business, in alignment with the annual report and previous ESG reports. We will review the scope of the report regularly to ensure its coverage on the material impact from the Company's business portfolio.

Report compilation basis

This report is primarily prepared in accordance with *Environmental, Social and Governance Reporting Guide* in the Appendix 27 of *Listing Rules* of the Stock Exchange of Hong Kong Limited (hereinafter referred to as "Hong Kong Stock Exchange") (hereinafter referred to as *ESG Reporting Guide*),with reference to the *GRI Sustainability Reporting Standards* (GRI Standards) issued by the Global Reporting Initiative (GRI), *Sustainability Accounting Standards* (SASB Standards) issued by Sustainability Accounting Standards Board, *No.1 Guideline on Self-Regulation of Listed Companies on the Shanghai Stock Exchange-Regulation of Operations* and the *Guidelines on Preparation of Corporate Social Responsibility Reports of Chinese Enterprises 4.0* (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences (CASS).

Reporting principles

The report has been prepared in accordance with four principles of "materiality", "quantitative", "balance" and "consistency".

Materiality: We have conducted our materiality assessment based on the *ESG Reporting Guide*, which involves: i) identifying relevant ESG issues, ii) assessing the materiality of the issues, and iii) reviewing and confirming the assessment process and findings by the Board. We report on ESG matters based on the materiality assessment results. For details of work of materiality assessment, please refer to the section headed "Materiality Issues Assessment" below.

Quantitative: This report has followed *ESG Reporting Guide* with reference to applicable quantification standards and practices, adopted a quantitative approach in measuring and disclosing applicable key performance indicators, and set out environmental targets including actual numbers and directional statements. The measurement criteria, methods, assumptions and/or calculation tools and the sources of conversion factors used in respect of the key performance indicators in this report, where applicable, are described accordingly. The relevant environmental targets have been disclosed in the sub-section headed "Our Goals" within the section "Safeguard the Planet, Explore a Green, Low-Carbon Future".

Balance: This report provides objective disclosure of both positive and negative information to ensure an unbiased presentation of the Company's ESG performance during the reporting period.

Consistency: This year's report has been prepared in a manner consistent with previous years. Where there are changes that may affect meaningful comparisons with previous reports, such changes have been noted accordingly.

Information source and reliability warranty

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 *2022 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 completeness 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

The report is published in both printed and electronic form, and the electronic edition is available on the Company's website (https://smart-home.haier.com/cn/), Hong Kong Stock Exchange website (www. hkexnews.hk) and Shanghai Stock Exchange (hereinafter referred to as "SSE") website (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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CATALOGUE

CHAIRMAN'S STATEMENT

Haier Smart Home delivered another year of record performance in 2022. Our global sales revenue grew 7.2% to RMB243.485 billion, net profit increased by 12.5% to RMB14.711 billion. Our products are gaining grounds in almost all markets around the world.

As one of the Fortune 500 companies, Haier Smart Home is committed to meeting the expectations of our stakeholders on ESG practices by lowering carbon emissions through the lifetime of our products, advocating diversity and inclusion, implementing responsible sourcing, creating value in the interest of the society, and promoting sustainable corporate governance. Haier Smart Home continued to be named "Most Admired Company" by Fortune in 2022, and our subsidiary GE Appliances was once again certified as Great Place to Work in the US.

In 2022, unprecedented inflationary pressure in the US and looming energy crisis in Europe caused retraction in demand for home appliances; while our supply chain, distribution network, logistic operation and fulfilment system in the Company's biggest market were disrupted by public health emergency in the fourth quarter. What we have achieved in an extraordinary year like 2022 was truly remarkable, and it could only be made possible with winning spirit, shared goal and decisive actions from the entire organization in fulfilling our commitment to always prioritize consumer experience.

In taking on the role of Chairman of Haier Smart Home in June 2022, I have spent a great deal of time with our customers, employees, partners as well as Haier Group, amongst other shareholders. What has been reinforced is our stakeholders' shared expectation for Haier Smart Home to become a long-standing leader with sustainability that transcends the ups and downs in the economy. This requires Haier Smart Home to continue outperforming the industry in the next three years, in order to attract and retain talents, while creating greater value for shareholders and employees. During this time, we must be more efficient and transparent not only in the way we interact with our users, in the product we make and in the service we provide, but also in the business operations and supply chain system; we ought to become the elephant that can dance by being agile and embrace the latest technological development. In the next three years, Haier Smart Home will strengthen the foundation of our sustainable development. As a responsible corporate citizen of global influence, we remain committed to reducing carbon emissions in product design, manufacturing and recycling; building a sustainable and ethical supply chain; creating a workplace for our people to fulfil their dreams and realize individual value; eliminating bureaucracy and avoiding disorientation in processes. Across the globe, we will enhance our commitment to local communities, and strengthen our ties with the places where we operate.

Looking ahead, the abrupt reversal in globalisation and increasing financial volatility remain source of uncertainty during Haier Smart Home's global brand portfolio building. The way to success lies with placing users experience at the heart of our business while transforming ourselves by accelerating digitalisation and innovation.

The pandemic appears to be over, however lingering aftereffects such as lower labour participation rate and supply chain fragmentation will inevitably impact demand in home appliance and HVAC sectors, against this backdrop, quality growth is only made possible in countries with substantial domestic market, manufacturing scales and ample supply of engineering talents; and businesses that can achieve rapid profit growth are those with engaged workforce, production efficiency and consumer goodwill. Capitalising on our advantages in the world's largest home appliance market, efficient supply chain and engineering expertise in China, Haier Smart Home is in the best position to strengthen our global competitiveness as long as we drive innovation with technology, redefine experience with digitalization and manage the business with start-up sensibility.

The Internet of Things (IoT) and advancements in energy efficiency are two driving forces that will transform the industry. Harnessing these technologies is the focus of Haier Smart Home's future R&D. IoT technology gives home appliance businesses better consumer insights via interactive experience. After the initial configuration, home appliance businesses can accelerate product upgrades and improve algorithm to enhance user recognition based on feedback on product quality, functionality and scenario applications utilising sensors, user behaviour analysis and big data applications. In addition to the breakthrough in consumer robotics and smart lighting we made in 2022, future IoT development will focus on appliances for elderly, cleaning robots and whole house smart management systems.

In January 2023, the Company established a rotary compressor joint venture with Shanghai Highly, a leading manufacturer of residential compressors, to facilitate integrated R&D of our home air conditioning products. In addition, we consolidated leadership with air-sourced heat pump & solar water heater solutions designed to provide efficient alternative heating solutions for hotels, campuses and hospitals. Since 2006, we have been developing magnetic centrifugal chiller in Chinese market since 2006. Compared to MRV systems, this technology could increase COP/IPLV by 100% and we have been number one globally in magnetic chillers for five consecutive years. The Company has also developed air levitation centrifugal chiller and integrated energy management solutions, which will become solid foundation facilitating innovations in our global commercial HVAC business.

Aspired to be the global leader like refrigerator and washing machine businesses, our home and central air conditioner businesses ought to become the new pillar of future growth, while investments must continue in small appliance and kitchen appliance to grow R&D and supply chain competitiveness. We have established leadership in the more significant markets of China and the US, but our position and profitability demand further progress in other regions. The way forward is through relentless product innovation and brand building, during which process Haier Smart Home must remain committed to designing high quality and creative appliances that deliver user-centric experience. We must stay attuned to local markets and build a solid reputation with reliable and attentive services. This strategy also requires us to allocate our supply chain and distribution resource to cater for the characteristics of each product category, for instance, we do not necessarily have to make all of the small appliances in our own factories and digital applications online could be playing a more important role in marketing our small appliance.

The new generation of consumers is demanding personalised and customised scenarios that integrate appliances with home furnishings, thus unlocking significant business opportunities that inspired us to create scenario-based project of Three-Winged Bird, specializing in redefining in-store experience by creating immersive display of smart lighting, smart kitchen, smart air & temperature solution as well as water management, all of which could be mixed & matched to suit personal taste. More importantly, we would like this entire process to be efficient and transparent, and we are committed to being their trustworthy partner in creating the smart home experience right from the beginning.

It is rather lamentable that as companies grow bigger, they often lose touch with the latest trends and technological breakthroughs when the organization becomes too entwined with bureaucracy. In order to achieve long-standing prosperity, our next step is to make Haier a place that inspires young generation Z with dreams, to take pride in creating amazing value for our users, instead of burying their passion with frivolous details. Adopting a 'start-up' mindset is fundamental to the vitality of our organisation. We have initiated an internal debate trying to encourage practices that lead to operational excellence and eliminate those who

don't. I would like our marketing department to look beyond sales figures, and spend more time with our customers and focus on their future prospects in Haier's ecosystem. I have tasked our product and scenario designers to better understand what end-users think of our products, and draw inspirations through user engagement. Decisions should be made based on critical consumer insights generated from sharing of market demand in a boundaryless organization. The next three years will see a determined drive to re-engineer the organisation, not only to improve operational efficiency, but to free up financial resources that will fuel investments in talents and technologies for the future.

I feel a great sense of responsibility during this turbulent time, a bold transformation is what will position Haier Smart Home better in value creation. Motivated by our winning spirit and guided by our goals, we look forward to embarking upon this exciting journey to a brighter future.

Once again, I would like to thank all our shareholders for your trust and support as we embrace a sustainable future together!

STATEMENT OF THE BOARD

The Board of Directors is the highest responsible and decision-making body for ESG matters of Haier Smart Home. The Board has a professional committee - Environmental, Social and Governance Committee, to assist the Board of Directors with ESG governance and information disclosure issues.

The Company regularly assesses, prioritizes and manages ESG issues (including risks and materiality to the Company's business), and the Board regularly reviews the results of the assessment, identifies ESG issues material to the Company's development,be aware of management actions taken and makes recommendations. For details on the risk management and materiality assessment work, please refer to the section headed *Corporate Governance Report* (H Share) or *Corporate Governance* (A Share) of the *2022 Annual Report* and the section headed "Materiality Issues Assessment" of this report.

The Environmental, Social and Governance Committee is responsible for developing an effective ESG strategy that aligns the Company's ESG objectives with its business objectives,

and for continuously reviewing and improving the Company's ESG performance. The Board of Directors reviews the strategy on a regular basis to verify and ensure its alignment with the Company's growth strategy. For more information on our ESG strategy, please refer to the section headed "ESG strategy system ". The ESG Executive Leadership Team, comprising senior executives from various departments, reports regularly to the ESG Committee on ESG issues within the Company. The Team is responsible for implementing the Company's ESG policy and reporting to and advising the ESG Committee.

The Company has established ESG goals related to its business operations, and the Board has reviewed and discussed the establishment and progress of these goals. We have made progress in stages for each ESG work target as planned.

The above ESG matters have been fully disclosed in this report, which was reviewed and approved by the Board on March 30, 2023.

ABOUT HAIER SMART HOME

As the Company's predecessor, Qingdao Refrigerator General Factory was founded in 1984, with its headquarter located in Qingdao, China, which was officially renamed as Haier Smart Home Co., Ltd. (hereinafter referred to as "Haier Smart Home") in June 2019. The Company is a smart home ecological brand that provides 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, we create a full scenario of intelligent life experience to meet the needs of users to customize a better life.

The Company was listed on the SSE in 1993 (stock code: 600690. SH), which was one of the first listed companies in China. In 2018 and 2020, the Company was successively listed on the Frankfurt Stock Exchange in Germany (stock code: 690D.DF) and the Hong Kong Stock Exchange (stock code: 06690.HK). Thereafter, the Company has built the "A+D+H" global capital market layout.

The Company owns a global cluster of home appliance brands, including Haier, Casarte, Leader, GE Appliances (hereinafter referred to "GEA"), Candy, Fisher & Paykel (hereinafter referred to "FPA") and AQUA. According to research data of global retail sales for large home appliance from Euromonitor International as an authoritative global market research firm, as of 2022, the retail sales volume of Haier brand refrigerator equipment and laundry equipment has ranked No.1 among global major appliance brands for 15 consecutive years and 14 Consecutive years, respectively. Relying on its strengths in all categories and sets of home appliances, the Company has launched and iterated on smart home solutions. The Company leverages its interconnected home appliance products and cooperation resources, Haier Smart Home APP, Three-Winged Bird APP and Haier Smart Home Experiential Cloud Platform, in conjunction with offline experience centers and specialty stores, to provide users with smart home solutions for different living scenarios.

After years of development, the Company has formed three major business layouts, including smart home business in both China and overseas and other businesses.

Seven Brands and Global Layout

Corporate strategy

"A successful company simply capitalizes on the times we're in." Haier Smart Home ushers in the new wave in the era of IoT, and commits to becoming a user-centric digital enterprise in the era of IoT for realizing the leadership of the world's first IoT smart home ecological brand. The Company has started its 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 high-end brands, scenario brands and ecosystem brands.

01
Stage of the famous brand strategy
1984- 1991
Creating China's first refrigerator brand name with "smashing the refrigerator"

02
Stage of the diversification strategy
1991- 1998
Creating No.1 brand of China's home appliances by activating the "shock fish" model with Haier culture

03
Stage of the internationalization strategy
1998- 2005
Creating a world famous brand of China, and becoming the representative of brands from China

04
Stage of the global brand strategy
2005- 2012
Creating the largest global cluster of home appliance brands by integrating Sanyo Appliances, Fisher & Paykel, GE Appliances and Candy

05
Stage of the networking strategy
2012- 2019
Transformation from "Manufacturing products" to "Incubating makers", becoming a node on the network

06
Stage of the ecosystem brand strategy
2019-
Transform from product brand in the traditional era to platform brand in the Internet era, then to ecosystem brand in the Internet of Things era

With the continuous promotion of high-end brand strategy and globalization strategy, the brand influence of Haier Smart Home has been gradually increased. We have become a representative of famous household appliance brands and ranked among the top 500 brands in the world. From 2020 to 2022, Haier Smart Home has been listed "One of World's Most Admired Companies" of Fortune, fully demonstrating that we are continuing to lead in the IoT ecosystem. In this era of "Internet of Everything", Haier's ecological brand will bring a better living experience to global users and become the leader of global ecological brands.

From philosophy leading to organizational structure, and from top-level design to implementation, Haier Smart Home has treated ESG as an important component of its corporate strategy. We have published ESG Report (called "Social Responsibility Report" until 2021) for over 10 consecutive years, continuously acting as a pioneer in ESG practices in promoting a green and low-carbon future, promoting diversity and integration, practicing responsible procurement, giving back to social values, and promoting sustainable governance.

Participation by stakeholders

Through various communication channels, Haier Smart Home identified major stakeholders, understood and responded to the ESG issues they were concerned about.

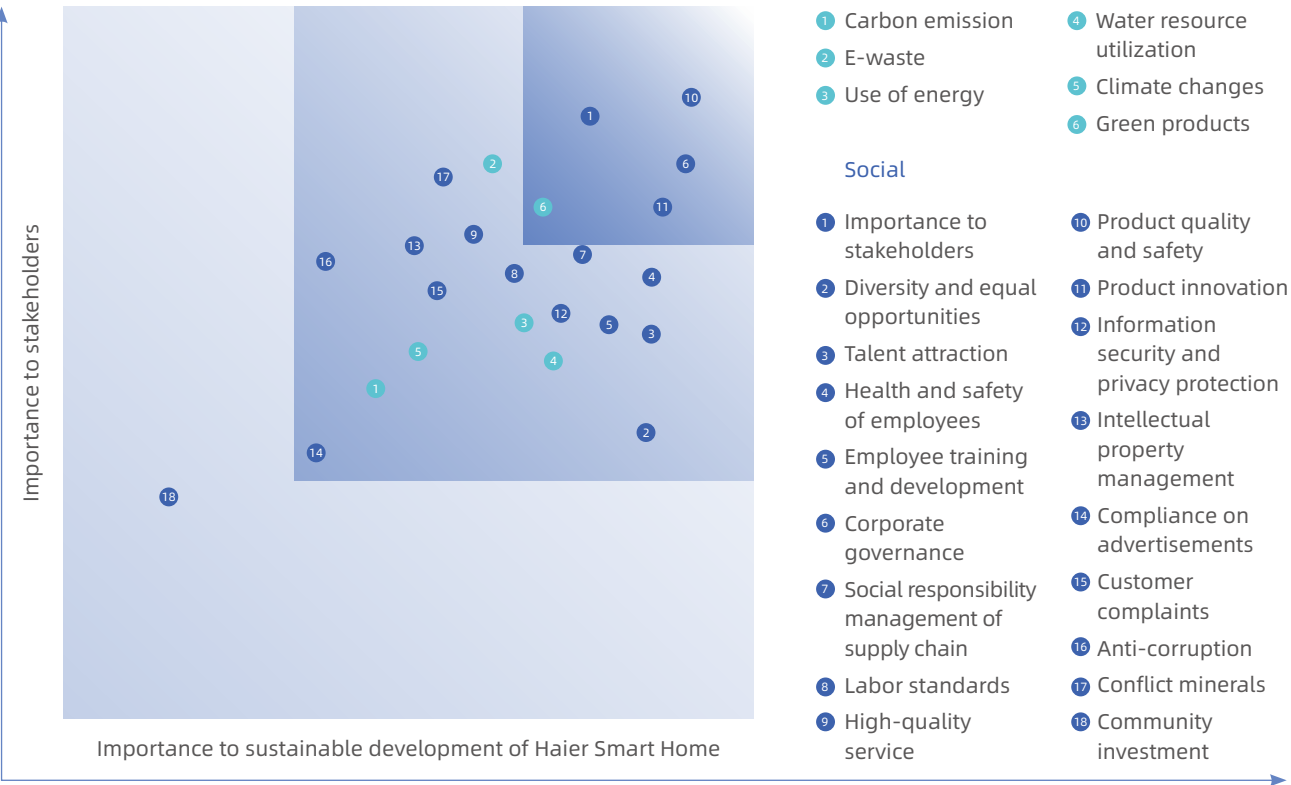| Major stakeholders	ESG issues		Major communication channels
Government and other regulators	▪ Corporate governance ▪ Labor standards ▪ Product responsibility	▪ Anti-corruption ▪ Community investment ▪ Climate change	▪ Policy consultation ▪ Event reporting ▪ Information disclosure
Shareholders and investors	▪ Corporate governance ▪ Product responsibility ▪ Anti-corruption		▪ General meetings of shareholders ▪ Investor meetings ▪ Report disclosures ▪ Official website
Employees	▪ Employment ▪ Health and safety ▪ Development and training ▪ Labor standards		▪ Employee congress ▪ Face-to-face communication ▪ Telephone and email ▪ Internal application softwares
Users	▪ Product responsibility		▪ Real-time communication software ▪ Social media ▪ Customer service channels
Suppliers, dealers and partners	▪ Supply chain management ▪ Product responsibility ▪ Anti-corruption		▪ Meetings ▪ On-site research ▪ Exhibitions ▪ Real-time communication softwares
Industry counterparts	▪ Product responsibility		▪ Meetings ▪ Industrial activities ▪ Telephone and emails
Media and non-governmental organizations	▪ Emissions ▪ Use of resources ▪ Environment and natural resources	▪ Employment ▪ Supply chain management ▪ Product responsibility ▪ Climate change	▪ Press conferences and seminars ▪ Social media ▪ Official website ▪ On-site visits ▪ Interviews
Non-governmental organizations and the public	▪ Emissions ▪ Community investments		▪ On-site visits ▪ Meetings ▪ Charitable activities ▪ Social media

Materiality Issues Assessment

Based on the identification and communication of key stakeholders, and taking into account the operational characteristics of the Company, we further refine and analyze the material issues of concerns to stakeholders. The result is an important reference for the Company's ESG management and information disclosure.

Analysis of material topics

Importance to stakeholders

Importance to sustainable development of Haier Smart Home

Environment

1. Carbon emission
2. E-waste
3. Use of energy
4. Water resource utilization
5. Climate changes
6. Green products

Social

1. Importance to stakeholders
2. Diversity and equal opportunities
3. Talent attraction
4. Health and safety of employees
5. Employee training and development
6. Corporate governance
7. Social responsibility management of supply chain
8. Labor standards
9. High-quality service
10. Product quality and safety
11. Product innovation
12. Information security and privacy protection
13. Intellectual property management
14. Compliance on advertisements
15. Customer complaints
16. Anti-corruption
17. Conflict minerals
18. Community investment

We identified highly important issues

- product quality and safety
- corporate governance
- employees' rights and interests
- health and safety of employees
- product innovation
- electronic waste
- carbon emission
- climate changes
- green product
- social responsibility management of supply chain
- conflict minerals
- high-quality service
- labor standards
- employee training and development
- talent attraction
- information security and privacy protection

generally important issues

- intellectual property management
- customer complaint
- use of energy
- water resource utilization
- anti-corruption
- diversity and equal opportunities
- advertising compliance, and community investment

We will discuss the contents of all issues respectively in this report.

ESG strategy system

For Haier Smart Home, ESG is an important guide for achieving its own high-quality and sustainable development. In 2022, the Company further enhanced the ESG brand image and formulated the ESG strategy system. The ESG strategy system clarified six core directions and future actions. Based on this guidance, sustainable development practice would be actively implemented . We have taken the opportunity of joining the United Nations Global Compact (UNGC) to closely integrate our development with our ESG strategy and the practice of the United Nations 2030 Sustainable Development Goals (SDGs). We are committed to the ten principles of the Global Compact, which cover the human rights, labor standards, environment and anti-corruption based on United Nation Convention, to achieve sustainable leadership in ESG.

Focus on exploration and innovation of whole life cycle of green products, assist in the national "dual-carbon" strategy and strengthen the resource management.

- Whole life cycle carbon reduction action
- Climate-change risk management

The Company pursued the establishment of workspace with more diversification and inclusiveness, in collaboration with employees to create and share the value.

- Diversification and inclusiveness
- Health and safety
- Development and cultivating

Strengthened the ability of corporate governance and promoted the management level of ESG to accelerate corporate sustainable developmen

- Corporate governance
- Commercial ethics
- Safety of network and information

The Company refined the risk management and control of supply chain and actively practiced sustainable procurements leading industry sustainable development.

- Risk management and control of supply chain
- Conflict minerals

Paying attention to creating social value, the Company actively practiced social responsibility returning to society with its energy.

- Education
- Disaster relief
- Rural revitalization

Taking the user experience as the core, the Company continuously improved the quality of product and service.

- Quality control
- Research, development and innovation
- Customer service

ESG strategy system and action directions

Based on core action directions identified in the ESG strategy system, we have set strategic ESG goals for 1-3 years and are actively taking steps to achieve them.

Global synergy with sustainable governance ecology

Goals for 1–3 years

Corporate governance:

- Increasing board independence and diversity share

Business ethics:

- Create a "1+1" professional and technical internal control organization, and an anti-fraud model that combines professionalism and audit capability
- Realize the visualization of an anti-fraud complaint and reporting system, regularly sort out and analyze the complaint reporting situation
- Strengthen anti-corruption training and enrich online training and online course content

Internet and information security:

- Establish data privacy protection center, set up vulnerability management platform, security monitoring and event management platform and industrial control information security management platform
- Improve the construction of IoT security management system and establish IoT security testing center
- Obtain ISO27001, ISO27701, ISO27018 and more privacy management certifications

Safeguard the planet, explore a green, low–carbon future

Goals for 1–3 years

Domestic manufacturing:

- With 2022 as the base year, we will strive to reduce greenhouse gas emissions (Scope I and Scope II) per 10,000 yuan of output by 3% in 2023, while maintaining an increase in output value
- With 2022 as the base year, we will strive to reduce energy consumption per 10,000 yuan of output by 3% in 2023, while maintaining an increase in output value
- With 2022 as the base year, we will strive to reduce water consumption per 10,000 yuan of output by 3% in 2023, while maintaining an increase in output value
- With 2022 as the base year, we will strive to reduce the amount of non-hazardous waste disposal per unit of product by 3% in 2023
- With 2022 as the base year, we will strive to reduce hazardous waste disposal per 10,000 yuan of output by 3% in 2023 while maintaining an increase in output value, and dispose of all hazardous waste in a 100% compliant manner
- The recycling industry will achieve a recycling volume of 6.6 million units and produce 20,000 tons of recycled plastic particles in 2023

Candy：

- By 2025, 100% of factories obtain ISO 50001 certification
- By 2025, 100% of factories obtain ISO 14001 certification
- By 2025, 96% waste recycling rate is ahieved

FPA:

- By 2050, net zero carbon emissions is ahieved

Rendanheyi to promote diversity and communion development

Goals for 1–3 years

- Flexible and diversified incentive mechanism to facilitate rapid development of staff
- Customized care to enhance employees' work happiness and sense of achievement, committed to achieving a 100% response rate of employee complaints and 100% employee satisfaction
- Make effort to achieve "zero" safety incident and ensure the health and safety of employees
- 100% of employee training and care programs on the platform, creating multiple learning scenarios and enabling intelligent pushing of learning resources
- Focus on employee experience improvement, create a diversified and open talent system to maximize human value
- Deepen performance reform to motivate and inspire employees to maximize their value
- Continue to promote diversity and inclusion, development and protection of the rights of female employees

GEA:

- By 2025, GEA will achieve a female workforce of 40% and a colored workforce of 40%

Responsible procurement for a sustainable supply chain

Goals for 1–3 years

- Increase the percentage of social responsibility audits to 90% for suppliers in the top 80% of procurement volume;
- Achieve 100% recall of supplier integrity reminder letters and conduct integrity training for them;
- Actively carry out dual carbon projects for the top 80% of suppliers in terms of purchasing volume and share the dual carbon projects for green suppliers
- Conflict minerals due diligence of existing suppliers in the top 80% of procurement volume

Smart experience to lead a better life with innovation

Goals for 1–3 years

- Declining product defect rate
- Striving to achieve zero product recalls
- Construct a unified digital quality management platform
- Create a core patent package and increase the number of patent applications year after year

Gathering power for fair development of community

Goals for 1–3 years

- Empowerment with regard to education development to upgrade the aid model of Hope Project and build 20+ Hope Primary Schools nationwide
- Response to the call of "common prosperity" to help rural revitalization and construction
- Insist on helping those in poor and in distress to show responsibility

ESG highlights

Global synergy with sustainable governance ecology

Corporate governance

Convene 4 general meetings of shareholders

Convene 6 board meetings

Convene 6 meetings of the Board of Supervisors

Convene 2 ESG committee meetings

Diversity of the Board

22.2% female directors on the Board

Independent directors account for 44.4% of the Board

Integrity compliance

9 sessions of anti-corruption and anti-fraud training

Issue 12 e-publications

Over 12 hours of anti-corruption training per capita

100% employee coverage of anti-corruption and anti-fraud alert training

Send integrity reminder letters for 100% of suppliers

Information security

Bimonthly information security meeting

Acquire ISO/IEC 27001, ISO/IEC27701, ISO/IEC27018 information security certification

Responsible procurement for a sustainable supply chain

3,831 suppliers worldwide, 165 new suppliers introduced

1,086 suppliers received ISO 9000 certification, 629 received ISO 14000 certification, 112 received ISO TS16949 certification, 21 received OHSAS 18001 certification, and 20 received ISO45001 certification

100% signing rate of the Supplier Integrity Reminder Letter

Conduct research on conflict minerals with 1,401 suppliers

Conduct dual carbon research on over 200 suppliers

Social responsibility audit of 221 suppliers, with two-year audits accounting for 59% of procurement value

100% of our supply chain factories obtained ISO14001 environmental management system certification

Safeguard the planet, explore a green, low-carbon future

Green certification

18 green and low-carbon home appliance certifications, and a total of 80 global certifications for energy conservation, environmental protection, green and low-carbon, and health and safety

Carbon footprint certificates for 6 categories and 10 models of products

Carbon emissions audit conducted on 43 domestic manufacturers

5 lighthouse factories, 2 factories listed on the "Green Factory", and 1 factory selected as the global "Sustainable Lighthouse Factory"

led/participated in drafting the list of over 10 standards related to de-carbonization/low-carbon

100% domestic factories obtained ISO14001 environmental management system certification.

Energy saving and emission reduction

Over 10 million kWh of green power purchased and used

Zero environmental accidents

Recycle

Recycle 6.13 million units of used appliances

More than 40 dismantling factories with strategic cooperation

More than 1,300 recyclers with strategic cooperation

2,624 recyclers in the district and county recycling network

Smart experience to lead a better life with innovation

Product quality

All factories in the domestic operation obtained ISO9001 environmental management system certification

0% product recall rate

25% decrease in product defect rate compared to last year

Customer service channels

0.17% user complaint rate

100% complaint closure rate and satisfaction rate of resolution

6,466 online training sessions for improvement of service quality and 20,010 offline training sessions were conducted, involving 178,427 service employees.

Intellectual property

Apply for a total of over 92,000 new patents, including over 59,000 invention patents and over 16,000 invention overseas patents

11 national patent gold awards in total

10,441 patents granted in the reporting period, including 3,963 invention patents

A total of 40,391 patents, including 16,738 invention patents

Rendanheyi to promote diversity and communion development

Employees' development and training

Employees from 53 countries worldwide

Attract a total of 1,085 technology talents from outside

100% coverage of staff training

70.5 hours of training per employee

100% coverage of labor union

100% percentages of signing rate of special collective contracts for female employee

Zero incidents of illegal and irregular employment

Health and safety of employees

Organize 697 emergency drills in factories, with a total of 132,000 persons

Organize 721 emergency drills in parks, with a total of 7,882 persons

A total of 59,887 persons participated in the Safety Production Month activities

Completed 14,000 medical examinations for operators in occupational hazard positions

Caring employees

Provide psychological consultation for 720 persons

Labor union organized more than 1,000 activities for employees

100% employee complaint resolution rate

Gathering power for fair development of community

A total of RMB128 million invested in Hope Project

Build 366 Hope Schools in total

Over RMB19 million of annual charity donation in total

GLOBAL SYNERGY WITH SUSTAINABLE GOVERNANCE ECOLOGY

01

Haier Smart Home adheres to the core philosophy of "honest operation, standardized governance, and information transparency", and is committed to the stable operation and sustainable development of the Company through high standards of corporate governance, improved internal control, and the creation of an honest ecology.

◆ **Response to major issues:** corporate governance, information security and privacy protection, advertising compliance, anti-corruption

◆ **Response to ESG Indicators of Hong Kong Stock Exchange:** B6 Product Responsibility, B7 Anti-Corruption

◆ Response to SDGs:

10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS

Our goals

Goals for 1–3 years	Achievement of 2022 goals
Internet and information security	
Establish data privacy protection center, set up vulnerability management platform, security monitoring and event management platform and industrial control information security management platform	There is already a corresponding process and a vulnerability management platform has been procured, and the platform mechanism will be continuously established in the future.
Improve the construction of IoT security management system and establish IoT security testing center	The IoT security system management program was revised this year, and security specifications such as *Haier Zigbee Security Development Guide* and *Haier Key Management Security Requirements* were released.
	For IoT security detection, platforms and tools such as code security and application vulnerability scanning have been established.
Obtained ISO27001, ISO27701, ISO27018 and more privacy management certifications	We have completed the assessment and certification of safety systems of Haier Smart Home and its 5 subsidiaries, including ISO/IEC27001, ISO/IEC27701, ISO/IEC27018.

Improve governance structure

In accordance with the *Company Law of the People's Republic of China,* the *Securities Law of the People's Republic of China,* the *Code of Corporate Governance for Listed Companies,* the R*ules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited,* and other relevant regulations in the place of stock listing, the Company has set up a standardized and orderly corporate governance structure. We have established a governance mechanism with clear lines of authority and responsibility, mutual coordination and checks and balances, which has guaranteed efficient and compliant corporate governance.

In 2022, the Company convened 4 general meetings of shareholders, 6 board meetings, 6 meetings of the Board of Supervisors, 2 meetings of Strategy Committee, 6 meetings of Audit Committee, 2 meetings of Compensation and Evaluation Committee, 2 meetings of Nomination Committee, 2 meetings of ESG Committee, 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. These laid a solid foundation for the Company's standardized operation.
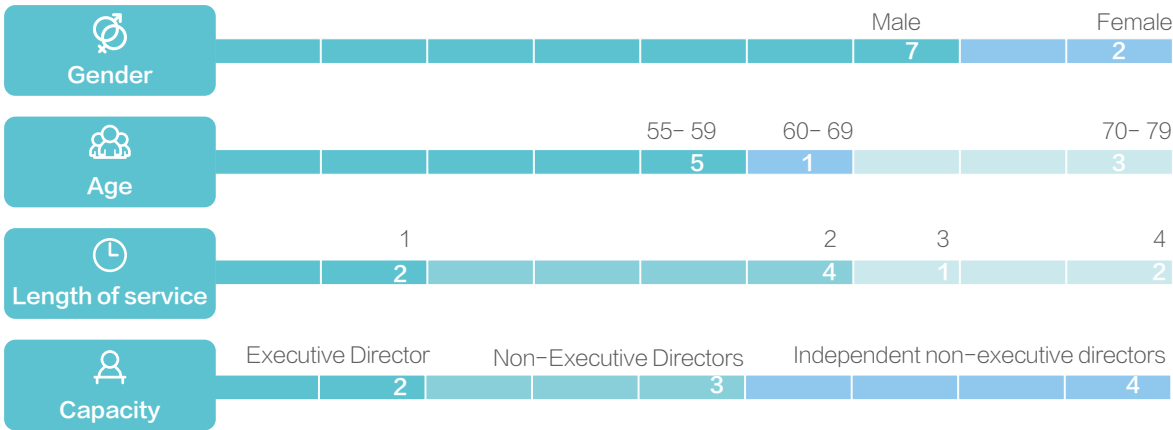
Governance Structure

General Meeting	the Board of Supervisors	ESG Committee
4	6	2

Board of Directors	Strategy Committee	
6	2	
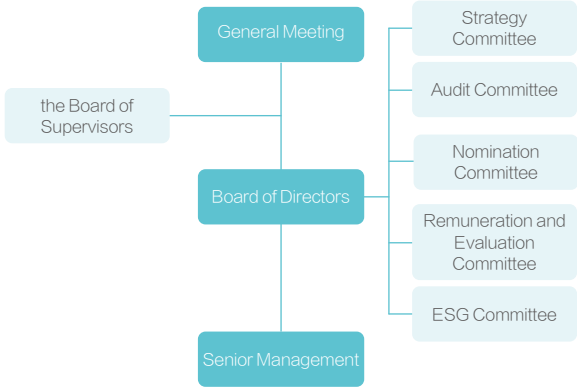
The Board of Directors

Diversity

Haier Smart Home recognizes that a diverse board of directors can help improve its efficiency, reduce management risks, and make better decisions, and has established the *Diversity Policy for Board Members* in accordance with the Listing Rules. The selection of candidates for the Company's Board of Directors is based on a variety of indicators, including, but not limited to, gender, age, culture, education background, industry experience, professional skills, knowledge, length of service and other relevant factors. The Nomination Committee is responsible for reviewing the effectiveness and implementation of the Board's diversity policy and conducting regular diversity assessments each year.

During the reporting period, the Company completed the re-election of the Board of Directors, and the new board consists of nine directors, including 2 executive directors, 3 non-executive directors, and four independent directors. Independent directors accounted for 44.4%, and female directors accounted for 22.2% of the new board. Compared with the previous Board of Directors, the proportion of female directors increased by 13.2% (namely 22.2%), and the proportion of independent directors increased by 8.1%. The new board members have rich knowledge and experience in industry experience, the Internet of Things, corporate governance, global market experience, financial management, risk control, etc. This will help the board of directors make optimal decisions and promote the sustainable and healthy development of the Company. For details on the professional skills of the board members, please refer to the *Corporate Governance Report* (H Share) or the *Corporate Governance* (A Share) in the 2022 Annual Report.

Board Composition and Diversity

				Male	Female
Gender				7	2

	55- 59	60- 69		70- 79
Age	5	1		3

	1		2	3	4
Length of service	2		4	1	2

	Executive Director	Non-Executive Directors	Independent non-executive directors
Capacity	2	3	4

Independence

The independent directors of the Company are all senior professionals with expertise in accounting, finance, and business management. In order to strengthen the independence of the Board of Directors, the chairpersons of all special committees of the Company (excluding the Strategy Committee and the ESG Committee) are independent directors. The proportion of independent directors on the Audit Committee, Remuneration and Evaluation Committee, Nomination Committee, and Strategy Committee is more than half (inclusive).

ESG governance structure

The good ESG governance is important for ensuring stable operations, responding to unexpected crises and seizing development opportunities, etc. The Company has formed an ESG governance structure covering overseas systems consisting of governance, management and executive levels. The ESG Committee has been established by the Board of Directors of the Company to represent the Board of Directors in the overall supervision of relevant ESG matters of the Company and to perform relevant ESG governance duties, whose composition, responsibilities and authority and rules of procedure are set forth in the *Implementation Rules of the Environment, Social and Governance Committee of the Board of Directors of Haier Smart Home Co., Ltd.* The ESG Committee has set up an ESG Executive Office and Executive Team, which is responsible for the specific ESG work of the Company.

Chief Governance	**Board of Directors**	
	Review and oversee ESG work	Work report
Governance	**ESG Committee**	
	Guide and manage ESG work	Work report
Management	**ESG Executive Office**	
	Promote and coordinate ESG work	Work report
	ESG Executive Team	
Executive	Domestic Headquarters Executive Team · GEA Executive Team · FPA Executive Team · Candy Executive Team · India Executive Team	

ESG Executive Office

It was formed by relevant employees from the Securities Department, Overseas Strategy Department, Strategy Department, Research and Development Department, Internal Control Department, Human Resources Department, Legal Department, Energy Department, Values Department and other functional departments, and was responsible for guiding and managing work related to ESG and reporting work progress to the ESG Committee on a regular basis.

ESG Executive Team

The top managers of each ESG function and business segment formed an ESG Executive Team to promote the effective implementation of ESG work and report regularly on the work progress. Among them, the overseas subsidiaries, namely GEA, FPA, Candy, and the India subsidiary have also established sustainable development management structures to promote ESG-related work in accordance with the applicable laws and regulations, including formulating ESG work objectives, directions and plans, monitoring and reviewing ESG commitments and related matters, preparing and publishing annual ESG reports, and disseminating and promoting a culture of sustainability among their teams and sharing best practices.

Information disclosure

To protect the rights and interests of investors and other stakeholders, especially the small and medium-sized shareholders, Haier Smart Home strictly complies with the regulatory requirements on domestic and international information disclosure and fulfills its information disclosure obligations. During the reporting period, on the basis of high-quality mandatory information disclosure, the Company increased voluntary disclosure on matters of key concern to domestic and foreign investors and the capital market, such as corporate strategy, corporate governance, green operations, employees' rights and interests, and supply chain management, and continuously improved the quality and transparency of disclosure. In 2022, the Company received an A grade (excellent) rating from the SSE for information disclosure.

Sustainable incentive mechanism

In order to provide motivation for the management to innovate, Haier Smart Home established a perfect remuneration assessment and incentive system for senior managers. The remuneration of senior managers is composed of monthly salary and value-added sharing, and is subject to annual evaluation of performance throughout the year, which is the key factor to determine performance bonus and development, mainly by "strategic undertaking", "market leading target competitiveness", "small and micro leading, platform leading", "ecological achievement" and other elements, in order to guide senior managers to take the initiative to undertake the Company's strategy and achieve higher market goals. At the same time, we incorporated sustainability performance into the senior management performance appraisal rating system and added assessment indicators for enhancing ESG performance, in order to reflect the importance that the Company's management places on sustainability issues.

Strengthen internal control

To 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* issued by the SSE, 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 accounting standards 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 websites of stock exchanges for disclosure to be reviewed and supervised by stakeholders. In 2022, the total amount of corporate assets and the revenues that were included by Haier Smart Home in our internal control assessment range either accounted for 90% and 91% of the corresponding items in the Company's financial statements, respectively. 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 2022.

Create ecology of integrity

We understand the importance of adhering to commercial moral standards in current global commercial environment which instant changes, and promise to perform operation activities according to the highest commercial moral standards.

Honest operation

Haier Smart Home strictly complies with the *Law of the People's Republic of China for Countering Unfair Competition,* the *Law On the Prevention of Money Laundering of the People's Republic of China ,* the *Anti-monopoly Law of the People's Republic of China* and other laws and regulations of overseas places where we operate related to anti-bribery, anti-fraud, anti-extortion and anti-money laundering. We have formulated and strictly implemented the *Code of Commercial Conduct of Haier Group, the Anti-fraud Regulations,* the *Employee Code of Conduct of Haier Smart Home,* the *Management Policy of Supplier Black List* and other policies in the world. 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.

In 2022, we have set up an anti-fraud committee, covering nine people including internal control, legal affairs, and employees from various business lines, to perform anti-corruption and anti-malpractice tasks, actively promoted the development and implementation of anti-corruption, anti-money laundering and other systems related to commercial ethics. We regularly identify commercial ethics risks, conduct specialized anti-corruption audits and report to and be supervised by the Board of Directors

and the Audit Committee, and strive to create an honest and ethical business environment.

In 2022, we continuously optimized the *Anti-Fraud Charter*, improved the functions of each department in anti-corruption, anti-fraud and anti-money laundering audits, strengthened the "internal control + audit + anti-fraud" linkage of prior risk control, put forward the requirement of strengthening proactive detection capabilities, and improved the internal control system and management to prevent and govern anti-fraud. We further improved the risk identification specification. At the same time, we applied the big data cloud monitoring system to conduct prior risk warning screening, identify and sort out anti-corruption, anti-fraud and anti-money laundering risks at all levels of the company's factories, industries and platforms on a daily, weekly, monthly and quarterly basis, identified risks in business scenarios through risk audit discovery transformation and process diagnosis, and promoted governance and improvement of common risks through mechanisms. We require 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.

Whistleblower protection

We have formulated Whistle Blower *Management Regulations on the Ecological Platform of Haier Smart Home,* set up and disclosed the public online reporting platform and email to all employees and suppliers. When the Company receives a report, it will be initially screened and investigated by the internal control and internal audit department, and any suspected criminal acts found will be transferred to judicial authorities for processing. At present, the "whistle blower" system has been applied to overseas operating regions, and will promote overseas regions to develop relevant policies in line with local laws and practices. In addition, we have also set reporting routes for conflicts of interest, so that employees could actively report the positions of their relatives in the Company and partners of the Company

to reduce or avoid the potential risks of corruption.

To protect the privacy of the Whistleblower, NAVEX Global will provide the Whistleblower with a confidential number and not record the Whistleblower's personal information and may automatically send an email to the Internal Risk Control and Audit Team upon receipt of the Whistleblower's information. The Company undertakes that it is committed to taking all reasonable steps to protect the Whistleblower's identification information and to treat the Whistleblower fairly and protect him or her from any retaliation in accordance with the relevant systems. The Company will also strictly limit the scope of disclosure when the identity of the Whistleblower is required for investigative purposes or by local law.

Reporting channels for clues and issues related to malpractice:

iHaier Reporting Port: Malpractice reporting

Reporting E-mail: jubao@haier.com

Reporting Website: www.haierchina.ethicspoint.com

Reporting channels for compliance-related concerns and issues

Reporting e-mail: Compliance@haier.com

Chinese website: https://www.haierchina.ethicspoint.com

English website: https://secure.ethicspoint.eu/domain/media/en/gui/102394/index.html

Anti-corruption training

We have established a diversified anti-corruption and compliance training system combining "on-site training + online courses + e-publications", which covers both professional training (such as international and national professional qualifications) and business scenario-based technical training. We organize quarterly training activities such as warning film education for our entire staff (including part-time and dispatched staff). We conduct anti-corruption training for directors and management through Newsletter, covering the domestic and international anti-corruption situation, the identification of anti-corruption and compliance building in Haier Smart Home. We also provide training to our investigators to enhance their ability to perform anti-fraud work. In 2022, the Company organized 4 offline training sessions and 5 online training sessions on anti-corruption and anti-fraud, released 12 compliance e-publications, with over 12 hours of anti-corruption training per capita and 100% employee coverage of anti-corruption and anti-fraud training.

Compliance e-publications

We share anti-corruption topics to our overseas operating regions through the Global Legal Summit, compliance e-publications circulation, etc.

In 2022, the Company concluded two litigation cases involving anti-corruption and anti-fraud. Two of the officers involved in such cases were convicted of bribery crime of

non-official servant and sentenced to six months to one year and two months in prison and a fine of RMB20,000-30,000. After the cases, the Company issued timely warning notices for each case, optimized the relevant systems and processes of the Company, and carried out warning education activities for the whole staff.

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Anti-unfair competition

Haier Smart Home released the *Antitrust Compliance Manual* to clarify the requirements of the laws and regulations related to antitrust in each operation location both at home and abroad, identify antitrust compliance risk points in conjunction with business practices, and strengthen the approval process under risky scenarios. Under the guidance of the document, we set up a "Global Antitrust Compliance Group" to sort out and optimize the antitrust system in each of our operating regions and share the antitrust topics at the Global Legal Summit.

In 2022, we conducted internal due diligence on our operations in the PRC, reviewing and standardizing the language of various documents to avoid potential monopoly risks. At the same time, the Company organized three on-site training sessions on antitrust compliance, covering internal control and legal personnel in the PRC, America, the Middle East, Africa and other operating regions; the Company produced an animated antitrust course and uploaded it to the domestic training system for employees to learn online.

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.

# Focus on internet and information security

Haier Smart Home attaches great importance to data and privacy security, establishes a perfect internal information security management system and organizational structure, and continuously improves its technical capabilities in the field of information security to adhere to the bottom line of security in all aspects.

Improve security mechanism

Haier Smart Home strictly complied with the *People's Republic of China Network Security Law issued by Chinese, the General Data Protection Regulation* (GDPR) issued by European Union and other relevant laws and regulations applicable to our business around the world, and we internally set up many rules and regulations such as the *Haier Smart Home Global Information Security Policy (Chinese and English Versions)* , the *Haier Smart Home Data Security Management Procedure (Chinese and English versions)* and the *Confidential Data Destruction Record Form,* which had formed its information security management system and been implemented in all Haier Smart Home's global operation sites. In 2022, we optimized the system such as *Vulnerability Manage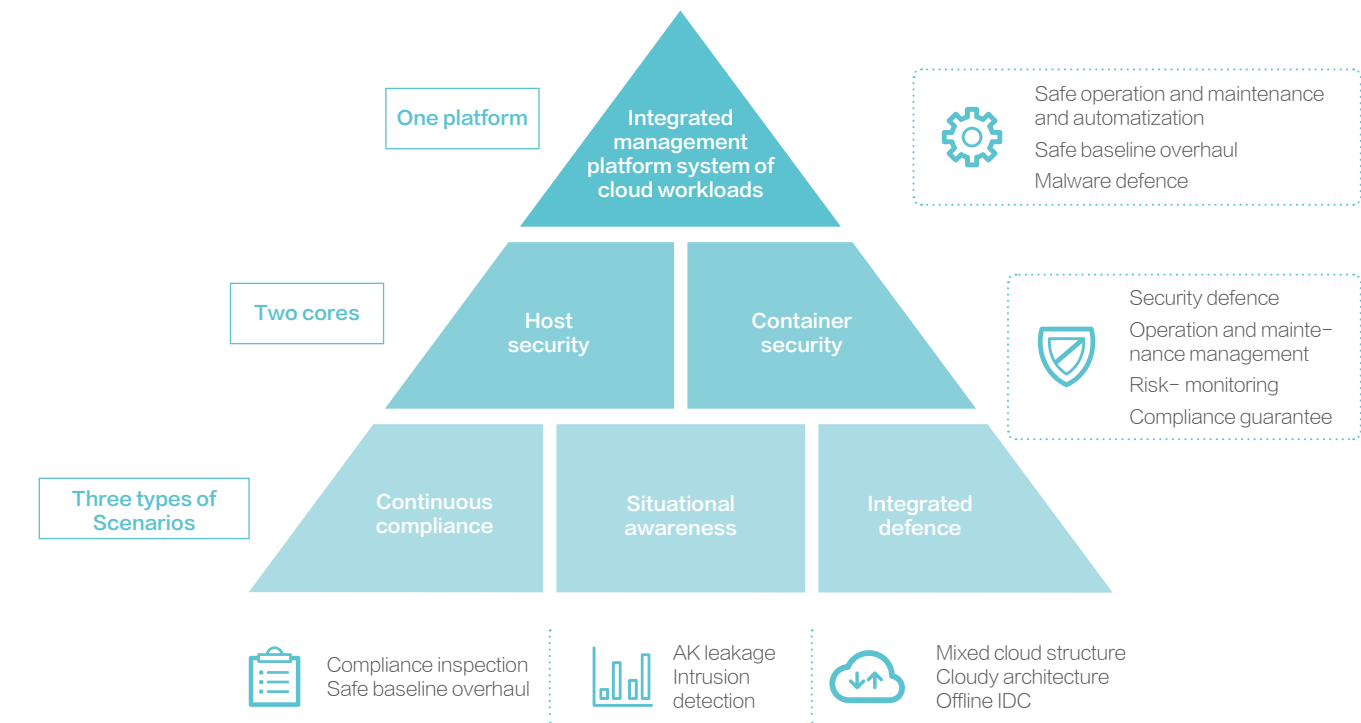ment Specification of Haier Smart Home* and added the English version of *Data Security Management Regulations of Haier Smart Home.*

Haier Smart Home has built a global information security management organization structure consisting of three levels: the Information Security Management Committee, the Information Security Committee and the person in charge of information security of each department, and has defined responsibilities at all levels. The domestic information security team and the information security interface person of each overseas region hold a security meeting every two months to discuss topics covering IoT security, phishing email drills and prevention, information security planning for each region, and other matters.
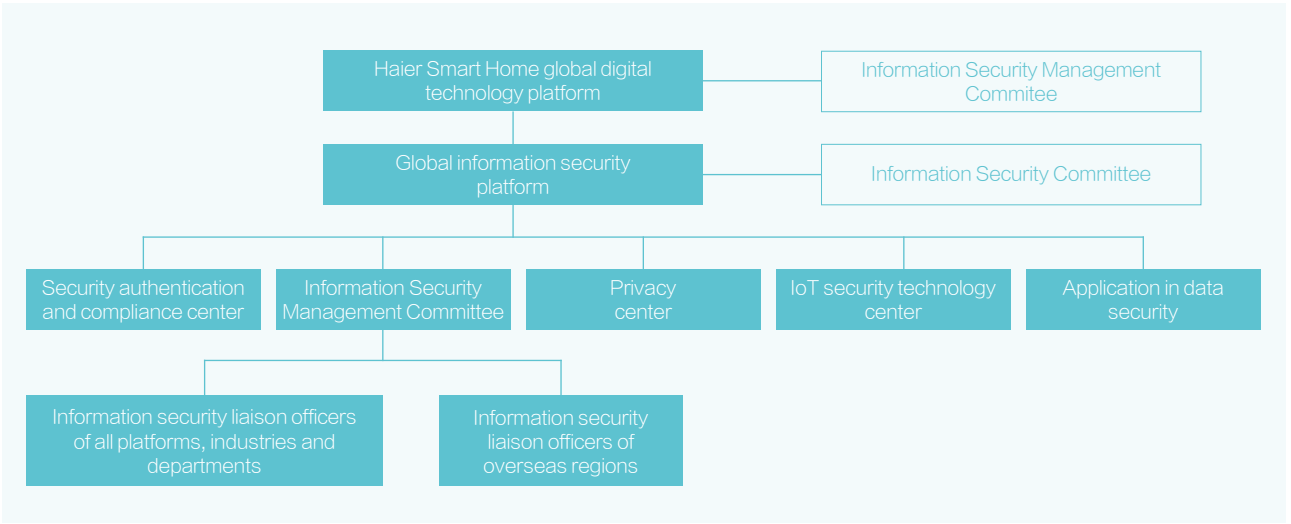
Information Security Management Organization Structure

In 2022, the Company established a cloud security center that integrates continuous monitoring, in-depth defense, comprehensive analysis, and rapid response capabilities, which can effectively discover and stop risk events including virus propagation, hacker attacks, and ransom encryption, realize an integrated and automated closed-loop security operation, protect network equipment security in multi-cloud environments, respond quickly to hacker penetration, network attacks, and phishing attacks and generate security threat intelligence to provide important references for security decisions.

One platform

Integrated management platform system of cloud workloads

- Safe operation and maintenance and automatization
- Safe baseline overhaul
- Malware defence

Two cores

Host security · Container security

- Security defence
- Operation and mainte-nance management
- Risk- monitoring
- Compliance guarantee

Three types of Scenarios

Continuous compliance · Situational awareness · Integrated defence

- Compliance inspection / Safe baseline overhaul
- AK leakage / Intrusion detection
- Mixed cloud structure / Cloudy architecture / Offline IDC

Multicloud security management

Focus on supplier information security management

Haier Smart Home also attaches great importance to the management performance of partners for privacy information, the information security level assessment as supplier access conditions, and requires them to sign the *Haier Supplier Data Processing Commitment, Information System User Responsibility Commitment, Haier Group Partner Personal Confidentiality Agreement* and other relevant confidentiality commitments, requiring partners to strictly protect user privacy information.

Multiple information security protection system

Strengthening awareness

Haier Smart Home continues to carry out training and dissemination of information security and privacy protection, releases quarterly training videos and exams through the V-STUDY platform, publishes monthly training long charts and weekly awareness dissemination articles through the official account of information security, covering topics such as Internet security and office security environment, carries out popular training on information security for all employees, and provides special information security awareness training from time to time for staff engaged in information security-related activities.

We regularly organize staff security awareness attack, defense drills and build a phishing email drill platform to test employees' ability to resist common attacks by simulating external attacks and enhance the awareness of all employees to prevent them. This year, we conducted a test exercise of "phishing emails" for all employees.

Contingency plan

To improve the emergency response capability, we developed a sound emergency plan like *Ransomware Emergency Response Process of Haier Smart Home* and response mechanism, we would immediately take remedial measures and timely handle in case of personal information leakage incidents or security risks to minimize the losses and impacts. To establish a sound incident response and teamwork mechanism, we organized a ransomware emergency drill in 2022 to verify the rationality and effectiveness of the emergency response process, popularize the knowledge related to ransomware incident handling, and strengthen emergency prevention and support capabilities.

At the same time, the Company carried out vulnerability management in accordance with the *Vulnerability Management Specification of Haier Group*, formulated the security vulnerability response process, and regularly conducted penetration tests to evaluate network system security by simulating malicious attack methods. In 2022, we conducted penetration tests on 62 applications such as Haier Smart Home App and haigeek.com, and conducted timely vulnerability remediation to avoid system damage sensitive data leakage.

Privacy protection

Haier Smart Home complies with the *Personal Information Protection Law of the People's Republic of China*, has identified compliance risks at the system level and revised internal system documents, strictly regulates APP (Haier Smart Home APP, Three-Winged Bird APP, etc.) and small programs regarding user privacy policies, collection and use of personal information, and regularly conducts privacy impact assessments and APP privacy compliance tests on relevant business scenarios, and rectifies problems promptly when found.

We fully respect and protect the user's right to know, choose and control personal information, and elaborate on the policies and measures to obtain, manage and protect the user's personal information in the APP and applets, and obtain the user's consent before collecting and using the user's information. At the same time, we use strict data access rights control, multiple identity authentication, data anonymization, encrypted transmission and other technologies to protect personal information.

During the year, there was no incident that the APP related to Haier Smart Home's business was publicly notified or taken down by national regulators.

Information security authentication and audit

During the year, Haier Smart Home and its 5 subsidiaries have completed the certification of information security system and obtained ISO/IEC27001, ISO/IEC27701 and ISO/IEC27018 certifications. In addition, Haier Smart Home was for the first time awarded dual accreditation by the world's top accreditation body United Kingdom Accreditation Service (UKAS) and the China National Accreditation Service for Conformity Assessment (CNAS), signifying that the Company's information security management level has reached an international leading level.

We regularly conduct routine audits and assessments of information security to promote comprehensive oversight of the company's information security and data protection. In 2022, we conducted a joint audit of application system permissions with several departments of the Company.

Our future planning

In the future, we will continuously optimize our governance structure, improve internal controls, build an integrity ecology, maintain information and data privacy, and strengthen stakeholder communication in order to continuously enhance the long-term value of our Company and safeguard the interests of all stakeholders in accordance with legal and regulatory requirements.

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SAFEGUARD THE PLANET, EXPLORE A GREEN, LOW-CARBON FUTURE

In order to better guard our homes, Haier Smart Home follows the national "carbon peaking and carbon neutrality (dual carbon)" strategic goal, integrates low carbon, recycling, energy saving and emission reduction into its daily operation, and actively promotes carbon reduction work. We carry out carbon audits to identify the current status of carbon emissions in our operations, recognize the carbon footprint of our products, and actively explore the whole life cycle carbon reduction model of our products to promote green upgrading of our industry. We identify and assess the impact of climate change on our operations, prepare for climate-related financial disclosure, and move together toward a greener, win-win, and sustainable future with our ecological partners.

◆ **Response to major issues:** carbon emissions, energy use, water use, e-waste, green products, climate change

◆ **Response to Stock Exchange ESG Indicators:** A1 Emissions, A2 Resource Use, A4 Climate Change, B6 Product Liability

◆ **Response to SDGs:**

| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION |

Our goals

Goals for 1-3 years	Achievement of 2022 goals
Domestic manufacturing environmental objectives:	
With 2021 as the base year, we will strive to reduce greenhouse gas emissions (Scope I and Scope II) per 10,000 yuan of output by 3% in 2022, while maintaining an increase in output value	Completed
With 2021 as the base year, we will strive to reduce energy consumption per 10,000 yuan of output by 3% in 2022, while maintaining an increase in output value	Completed
With 2021 as the base year, we will strive to reduce water consumption per 10,000 yuan of output by 3% in 2022, while maintaining an increase in output value	Completed
With 2021 as the base year, we will strive to reduce the amount of non-hazardous waste disposal per unit of product by 3% in 2022	Completed
With 2021 as the base year, we will strive to reduce hazardous waste disposal per 10,000 yuan of output by 3% in 2022 while maintaining an increase in output value, and dispose of all hazardous waste in a 100% compliant manner	Completed

Implementation of organization carbon inventory

In 2022, in order to have a more accurate understanding of our carbon emissions, we conducted a carbon inventory of 43 domestic factories, covering all Scope 1, Scope 2 and some Scope 3 greenhouse gas emissions, using 2021 as the base year.

The carbon audit is based on the *ISO 14064-1: 2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals* and other applicable laws, regulations and related standards, and emission factors are derived from the *IPCC 2006 Guidelines for National Greenhouse Gas Inventories (2019 Revision)* published by the United Nations Intergovernmental Panel on Climate Change (IPCC) in 2019, *China Energy Statistics Yearbook 2021,* and other authoritative references. We have also hired TÜV Rheinland to certify the carbon audit data to ensure the authenticity and integrity of the data.

The carbon audit gave us a more comprehensive picture of the carbon emissions of factories of Haier Smart Home, which pointed the way for our subsequent carbon reduction work. At the same time, we took the opportunity of this carbon audit to conduct training on carbon reduction for all business-related personnel, so that more employees can understand carbon reduction-related knowledge

and better promote the development of carbon reduction work.

In 2022, FPA completed the inventory work of greenhouse gas emissions for the baseline year 2020, covering Scope 1, Scope 2, and Scope 3, as well as the analysis of the carbon footprint of 14 products throughout their life cycles. FPA will continue to carry out decarbonization actions to achieve the goal of net zero carbon emissions by 2050.

In the future, Haier Smart Home will carry out targeted carbon emission reduction according to the key carbon emission areas and the actual situation, and gradually plan the implementation path of carbon reduction, while actively assuming a leading role in the supply chain and collaborating with upstream and downstream partners to carry out carbon reduction.

we conducted a carbon inventory of

43

domestic factories

- Usage stage 84.11%
- Waste Disposal/Reuse 10.87%
- Raw materials stage 4.87%
- Production stage 0.10%
- Distribution stage 0.05%

Carbon footprint of typical air conditioning products

Carbon Footprint Certification

We actively carry out full life-cycle carbon footprint certification of products to provide users with a reference standard for low carbon and environmental protection of products. In 2022, Haier Smart received carbon footprint certificates covering 6 categories and 10 models of products. At the same time, we have taken the lead or participated in drafting a number of carbon-reduction-related standards to contribute to the sustainable development of the home appliance industry.

Leading/participating in drafting a list of standards related to carbon reduction/low carbon in 2022

ISO 31600: *2022 Water efficiency labelling programmes – Requirements with guidance for implementation*	Air Conditioner Product Group Standard *Carbon Neutrality Technology Intelligent Home Appliances for Low Carbon Operation Evaluation Technical Specification Part 3: Household Room Air Conditioners* **02**
01	Green Carbon Reduction Evaluation Group Standard for Electric Refrigerator TCSTE 0035-202 *Technical Requirements for the Assessment of Carbon Reduction of Energy-Efficient Products: Household Refrigerator* **03**

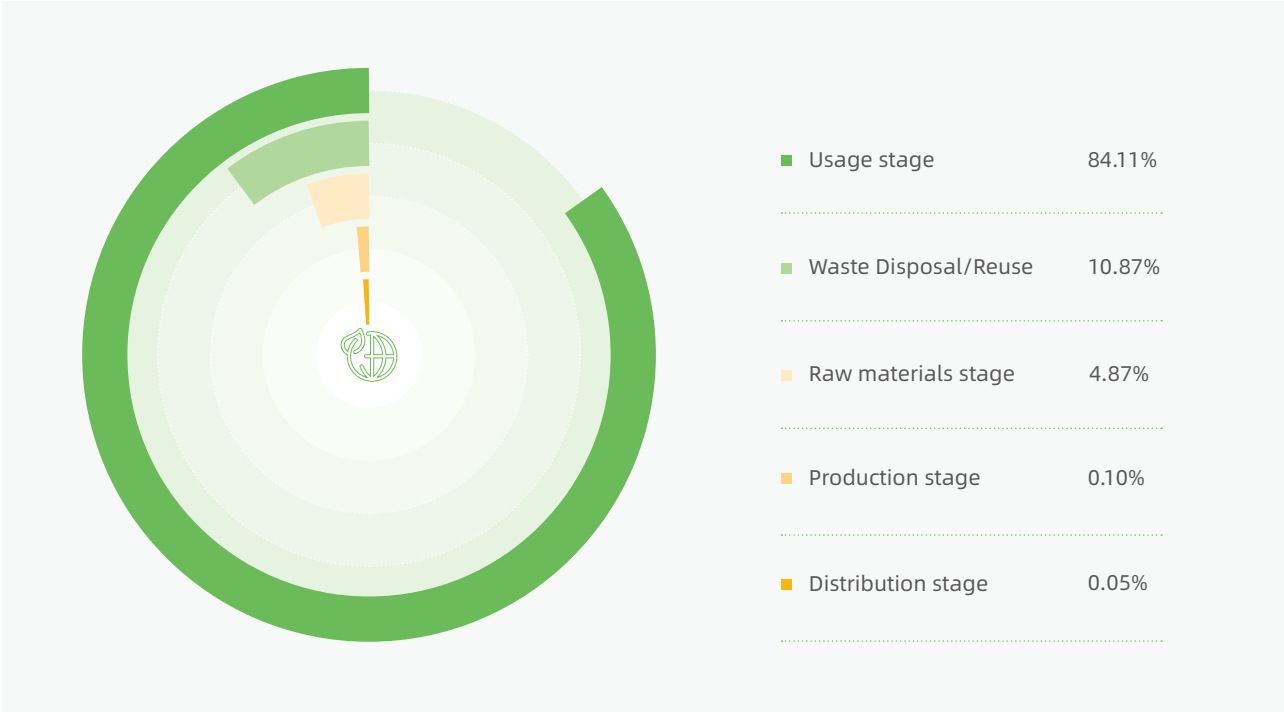|	
National Standard for Intelligent Buildings GB/T20220818-T-606 *Maglev Chilled Water (Heat Pump) Unit* **04**	Green Carbon Reduction Evaluation Group Standard for Commercial Refrigeration Appliances TCSTE 0230-2022 *Technical Requirements for the Assessment of Carbon Reduction of Energy-Efficient Products: Commercial Refrigeration Appliance* **06**
Haier Refrigerator Group Standard TCAS 610.5-2022 *Carbon Neutrality Technology Intelligent Home Appliances for Low Carbon Operation Evaluation Technical Specification Part 5: Household Refrigerator* **05**	Electric Washing Machine Group Standard / CAS 610.6-2022 *Carbon Neutrality Technology Intelligent Home Appliances for Low Carbon Operation Evaluation Technical Specification Part 6: Electric Washing Machine* **07**

|	
Electric Water Heater Group Standard T/ CAS 610.4-2022 *Carbon Neutrality Technology Intelligent Home Appliances for Low Carbon Operation Evaluation Technical Specification Part 4: Storage Water Heater* **08**	
Kitchen Hood Group Standard / CAS 610.7-2022 *Carbon Neutrality Technology Intelligent Home Appliances for Low Carbon Operation Evaluation Technical Specification Part 7: Kitchen Hood* **09**	

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Whole life cycle green practices

We actively collaborate with units throughout the upstream and downstream industry chains, from raw material manufacturers to logistics companies, from consumers to recycling and dismantling factories. We focus on aspects such as "research and development, raw materials, production, packaging and transportation, and product recycling" to explore carbon reduction throughout the product life cycle.

Based on historical statistics and carbon audit results, the carbon emissions are mainly from indirect emissions during the use of our products. Therefore, developing energy-saving products and building a green and low-carbon system for the whole life cycle of products is an important way for us to reduce greenhouse gas emissions and mitigate climate change. In 2022, we continuously focused on the whole product life cycle to drive carbon reduction programs by concentrating on energy management projects and recycling industry development.
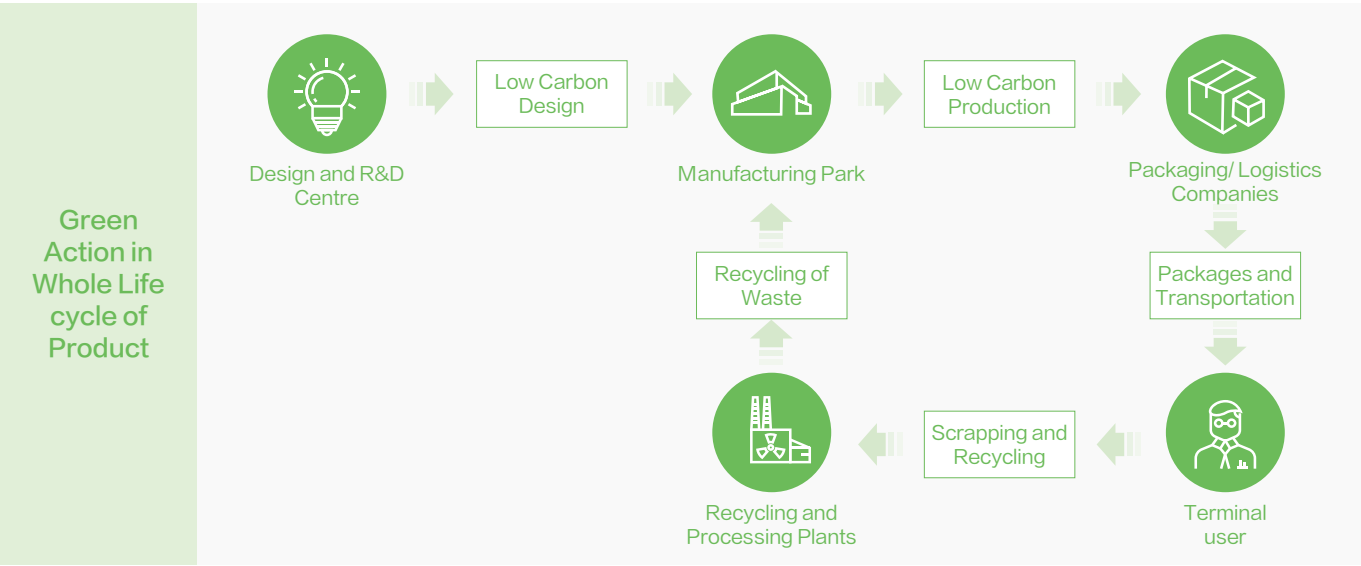

Carbon emission reduction in research and development

During the year, we positively carried out R&D to reduce carbon emissions, continuously improved product energy efficiency through process innovation and low-carbon technology upgrades, reduced raw material usage, and lowered carbon emissions throughout the product life cycle. In 2022, we obtained 18 green and low-carbon home appliance certifications, including the first "China Green Product Certification" for Haier Refrigerator.

In 2022, we received

18
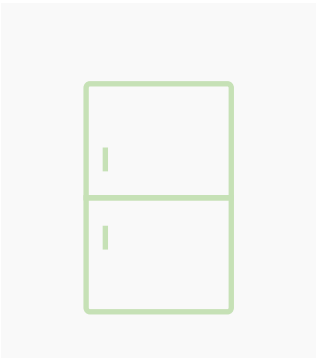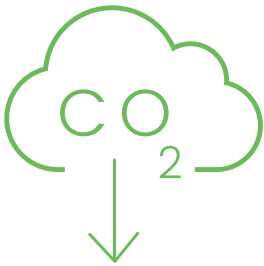
 Through the innovation of inverter hardware and software algorithms, FD-PLUS inverter technology developed independently by the refrigerator production line could achieve 4 times faster cooling, representing 15% energy saving compared with traditional refrigerators;

Combined with IPM heat dissipation technology and temperature control technology in the hood, the first inverter control strategy by the water heater production line based on the environmental factor can improve product energy efficiency by 15.5%;
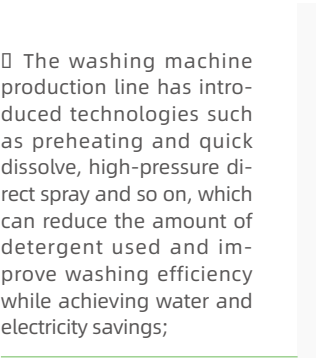
 The washing machine production line has introduced technologies such as preheating and quick dissolve, high-pressure direct spray and so on, which can reduce the amount of detergent used and improve washing efficiency while achieving water and electricity savings;

Kitchen appliance production line launched a 110mm diameter high-efficiency energy-saving system, which can save 70% energy by matching with high-efficiency polygon ring, more than 11% higher than the first-class energy-efficient products;
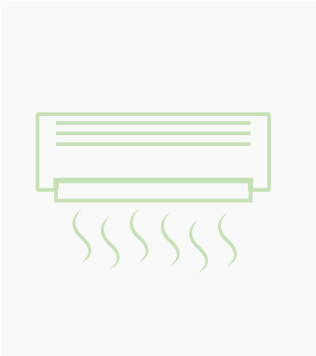
Air conditioning production line launched the world's first heat exchanger variable shunt technology, which maximizes the cooling and heating capacity and can reduce the annual power consumption of a single unit by 389 kWh of electricity;

Smart building production line has introduced gas-liquid two-phase hydrostatic air flotation technology, multi-point load regulation technology and porous media centering technology, applied to hydrostatic air suspension highlight products, which can achieve zero friction and save 50% energy compared to traditional water machines.

Carbon emission reduction in raw materials

We prefer recyclable and renewable materials or environmentally friendly materials with low impact on the environment in the selection of raw materials for our products, and we continue to discuss energy-saving and carbon-reduction solutions with our suppliers, such as environmentally friendly packaging substitution, and lightweight design.

- Haier frost-free refrigerator uses new renewable materials, and its renewable utilization rate can reach more than 90%, which is higher than the national standard requirement of 73% renewable utilization rate for household refrigerators. At the same time, the refrigerator chooses to use R600A refrigerant, CP, LBA blowing agent with a global warming potential value of GWP ≤ 20, which is far below the relevant requirements of national standards (GWP < 500);

- The water purifier product shells are made of recyclable plastic materials, all materials meet the RoHS certification requirements, while the product reduces the product volume through the built-in cartridge, saving more than 20% of the packaging accessories.

Carbon emission reduction in production

In 2022, we will consider strengthening energy management and reducing carbon emissions in the production of products as the focus of our carbon reduction initiatives, and we will create a green manufacturing system within our global operations, strengthen the management and disposal of emissions, improve the efficiency of resource use, and increase the proportion of renewable energy use. During the year, the supply chain factories of Haier Smart Home passed ISO14001 environmental management system certification.

Energy Management

We abode by the *Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations of the places in the world where we operate, developed the Energy Management Handbook and centrally managed factory's main resource consumption using automation and information technology. In 2022, Haier Smart Home accelerated the construction of the energy management system, focusing on clean production transformation, clean energy utilization, energy saving, and efficiency upgrade, etc., and continued to promote the key technology upgrade of energy saving in each industry to achieve green and clean production and facilitate production carbon reduction. In 2022, we have checked a total of 64 key projects of energy saving and emission reduction in 15 parks and 5 directions, which include the followings:

In 2022，we have checked a total of key projects of energy saving

64

Photovoltaic power generation

 The Company was constantly increasing the use of renewable energy such as solar energy, and purchased and used over 10 million kilowatt hours of green power; increasing the construction of renewable energy and using the roof of the plant for photovoltaic power generation, and effectively improving energy efficiency;

Process improvement

The Company has developed and adopted a number of new technologies and techniques, including replacing powder coated parts with PCM plates, replacing heating cylinder heat exchangers with plate heat exchangers, and replacing heating rings of injection molding equipment with infrared nano heating rings;
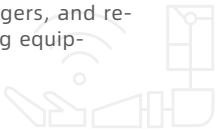
Waste heat recovery

The Company implemented the air compressor waste heat reuse project to recover waste heat for boiler preheating, domestic hot water and heating to avoid waste of waste heat;

Equipment upgrade

The Company adopted new high-efficiency, low-energy-consuming equipment to replace high-carbon emitting equipment, including replacing high-energy-consuming screw unit air conditioners with magnetic levitation air conditioners to achieve energy conservation and efficiency;

Reclaimed water recycling

The Company strengthens the reuse of residual water and reclaimed water recycling to achieve water recycling and avoid waste.

a smart building power system created by Haier Smart Home

In 2022, Haier Smart Home established a complete set of green and low-carbon intelligent building power system.

We have built a cross-platform linked management system-"building brain", which integrates 18 sub-systems such as electricity, water, security, etc. Each sub-system can be adjusted independently and coordinated to achieve energy-saving operation. At the same time, we have applied several energy-saving and emission-reducing technologies to the intelligent building power system, including "heat recovery" technology, which converts industrial waste heat recovery

into electricity for daily energy use inside the building; and optical drive energy storage technology, which generates electricity and heat with the help of photovoltaic power generation and stores energy in excess of demand for backup.

Through the smart building power system, we realize the technology upgrade from energy production and utilization to management, and help buildings reduce costs and improve efficiency.

The Company's manufacturing process resource usage in 2022 is as follows:

Indicator[1]	Data in 2022
Total comprehensive energy consumption[2]（MWh)	1,509,924.85
Direct energy consumption (MWh)	350,041.58
Indirect energy consumption (MWh)	1,159,883.27
Comprehensive energy consumption per 10,000 yuan output (kWh/10,000 yuan)	62.01
Total water consumption[3]（ton)	6,658,624.25
Water consumption per 10,000 yuan output (ton/10,000 yuan)	0.27
Total package consumption (ton)	369,748.89
Package consumption per 10,000 yuan output (ton/10,000 yuan)	0.02

Notes:
1. The data includes overseas and domestic factories that have been put into operation in 2022 by Haier Smart Home. In particular,overseas includes plants in North America, Europe, South Asia, Southeast Asia and most other business regions;
2. The comprehensive energy consumption is calculated according to the consumption of purchased electricity, purchased steam, natural gas, liquefied petroleum gas and diesel and the conversion factor in China's national standard the General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020) and National Energy Administration's released statistics on the electricity industry nationwide.
3. All the Company's water consumption comes from municipal water use, and there is no problem in finding water sources.

Emissions management

In strict accordance with the requirements of the *Environmental Protection Law of the People's Republic of China* , *the Law of the People's Republic of China on Prevention and Control of Water Pollution* , the *Law of the People's Republic of China on Prevention and Control of Air pollution* , the *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 around the world, Haier Smart Home has been improving the environmental management system and reducing the emissions of wastewater, waste gas, hazardous waste, and harmless waste by clarifying the pollutant control and treatment procedures and promoting waste reduction technology improvement projects. On the basis of ensuring that all pollutant emissions of the Company meet the requirements of the environmental standards of the place of operation, we achieve emission reduction and waste reduction, and regularly monitor and inspect.

Sewage management

We separate production and domestic sewage, and modify sewage discharge equipment;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, we have installed an on-line sewage monitoring system whose data can be transferred to Haier Smart Home Energy Center, monitoring the 24-hour discharge of sewage released and giving real-time early warning.

Waste gas management

we build an online monitoring program for waste gas emissions, and add VOC (Volatile Organic Compounds) waste gas treatment facilities to achieve online monitoring of VOC waste gas emissions and avoid direct emissions of untreated waste gas; conduct weekly blower cleaning and inspection to ensure normal operation of emission facilities, and commission a third party to conduct annual waste gas testing to ensure that waste gas emissions safely meet standards.
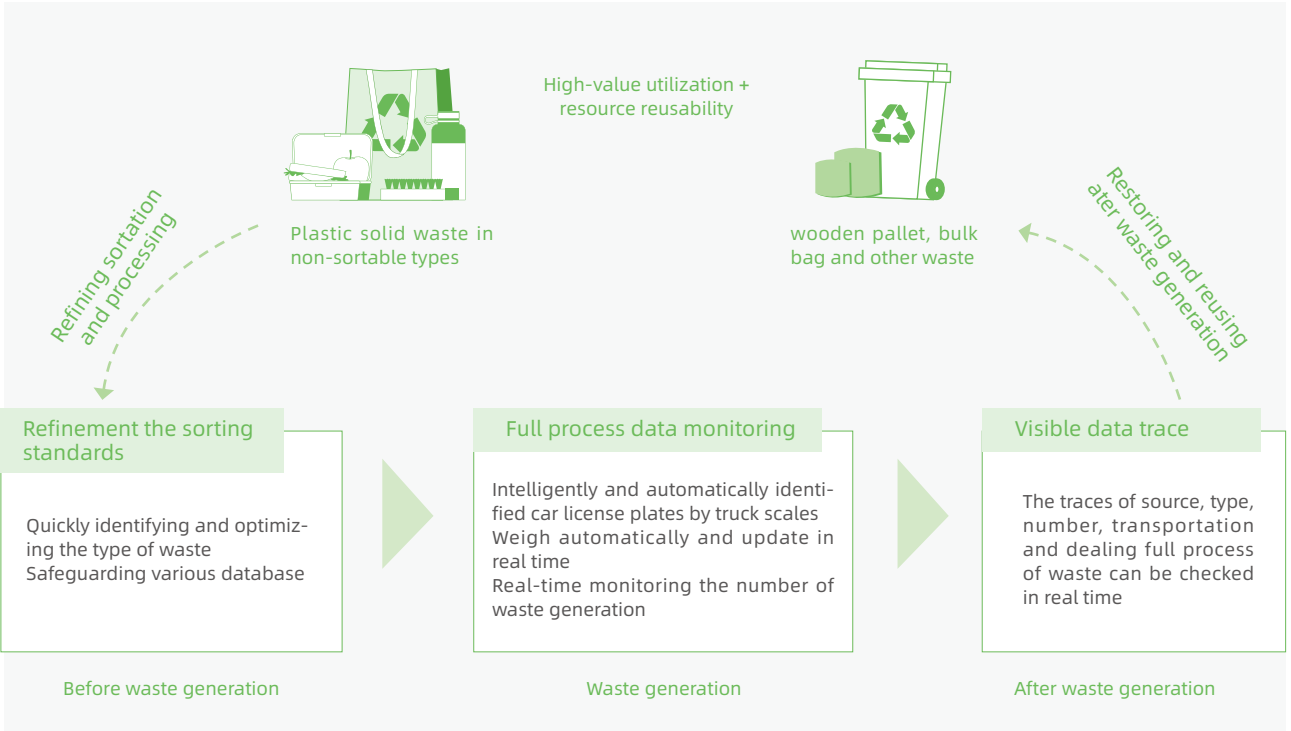
Hazardous waste management

We establish internal management practices and standards such as hazardous waste management procedures, which govern the entire process of hazardous waste generation, storage and transfer. We standardized hazardous waste storage and transportation processes and build hazardous waste storage warehouses in each park, and hand over hazardous waste to third-party companies with disposal qualifications for compliant disposal.

Non-hazardous waste management

We have built an efficient digital platform with traceable, visible and traceable data throughout the process, and adopted two measures of high-value utilization and resource reuse to improve the reuse rate of waste and realize the compliant disposal of harmless waste and value-added recycling.

High-value utilization + resource reusability

Refining sortation and processing

Plastic solid waste in non-sortable types

wooden pallet, bulk bag and other waste

Restoring and reusing after waste generation

Refinement the sorting standards

Quickly identifying and optimizing the type of waste
Safeguarding various database

Full process data monitoring

Intelligently and automatically identified car license plates by truck scales
Weigh automatically and update in real time
Real-time monitoring the number of waste generation

Visible data trace

The traces of source, type, number, transportation and dealing full process of waste can be checked in real time

Before waste generation

Waste generation

After waste generation

The Company's emissions in manufacturing and operation process and 2022 are as follows:

Indicator[1]	Data in 2022
Total sewage emissions[2]（ton）	2,958,430.86
Total hazardous waste emissions (ton)	11,595.33
Hazardous waste emissions of 10,000 yuan output value (kg/10,000 yuan)	0.48
Non-hazardous waste treated (tons)	208,045.41
Emissions of non-hazardous waste treated by a single product (kg/product)	8.54
Total greenhouse gas emissions[3,4] (tons of carbon dioxide equivalent)	854,562.89
Scope I greenhouse gases[5] (tons of carbon dioxide equivalent)	123,867.77
Scope II greenhouse gases[5] (tons of carbon dioxide equivalent)	730,695.11
Greenhouse gas emissions of 10,000 yuan output value (kg of carbon dioxide equivalent//10,000 yuan)	35.09

Carbon emission reduction in packages and transportation

We are constantly optimizing the choice of packaging materials, preferring degradable or recyclable green packaging materials, promoting reduced packaging, while actively exploring environmentally friendly packaging technologies and innovations in packaging materials.

Transparent packaging technology: we manufacture environmentally friendly recycled pellets by continuous extrusion, mix environmentally friendly recycled pellets with new materials in proportion, and manufacture environmentally friendly heat-shrinkable films to achieve environmentally friendly packaging;

Candy has chosen to use Eco-brown boxes for Hoover electronics (SerialData, SDA) packaging, reducing plastic packaging.

FPA updated the *Sustainable Packaging Design Guidelines* in 2022, continuing to promote low-carbon and sustainable packaging design.

We are also working to reduce greenhouse gas emissions by reducing the frequency of transportation from upstream suppliers, and to achieve carbon reduction in transportation. By supplying through Vendor Managed Inventory (VMI), we have changed the frequency of suppliers' deliveries from once a day to once a week, optimized routes during transportation, and strengthened cooperation with local suppliers to reduce greenhouse gas emissions during transportation as much as possible.

In 2022, GEA entered into a partnership with Einride (a company providing electric and autonomous transport solutions) to deploy electric freight trucks for logistics transport on common transport routes. The all electric trucks are expected to travel 200,000km per year, reducing CO2 emissions by 210 tons in the first year.
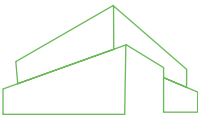
"Sustainable Lighthouse" Leadership for Green Factories

In February 2022, the Ministry of Industry and Information Technology of China announced the "2022 Green Manufacturing List", and two factories of Haier Smart Home were listed on the "Green Factory" list, becoming the enterprise with the largest number of national green factories in Qingdao. The selected Sino-German roller green factory has factory raw material harmlessness, production cleanliness, waste resourcefulness and energy low carbonization. The factory has a 100% plant clean production audit implementation and acceptance rate, an 81% efficiency of the air compressor waste heat recovery system, and a 100% solid waste recycling rate, harmless treatment rate of industrial hazardous waste, and harmless treatment rate of construction hazardous waste and domestic waste.

In addition, the 2022 Tianjin Haier Washing Machine Connected Factory was recognized by the World Economic Forum (WEF) and successfully selected as the global "Sustainable Lighthouse Factory", marking a "zero breakthrough" for a local Chinese company in the Global Sustainable Lighthouse Factory list. The plant has not only extensively planned and laid out scenario solutions such as smart micro grid and smart lighting, and established a digital management platform for energy, but also continued to optimize innovation in manufacturing and packaging processes. Currently, the plant has achieved 35% electricity savings, 36% carbon reduction, 54% water savings, 59% waste savings, etc. The energy saving and emission reduction results are remarkable.

The recycling and utilization rate of solid waste in factories, the harmless treatment rate of industrial hazardous waste, and the harmless treatment rate of construction hazardous waste and household waste all reached

100 %

Notes:
1. The data includes overseas and domestic factories that have been put into operation in 2022 by Haier Smart Home. In particular, overseas includes in North America, Europe, South Asia, Southeast Asia and most other business regions.
2. Wastewater mainly includes wastewater from all plants and domestic sewage;
3. Based on the business nature of Haier Smart Home, the principal gas emissions are greenhouse gas emissions from the utilization of fossil fuels and electricity and steam 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 fossil fuel. Greenhouse gases are presented as carbon dioxide equivalent and calculated according to the carbon accounting coefficient of the National Development and Reform Commission, Intergovernmental Panel on Climate Change (IPCC) 2006 National Greenhouse Gas Inventory Guidebook, Revised 2019 and The IFI Dataset of Default Grid Factors v.3.1 issued by International Financial Institutions;
5. Scope I greenhouse gases are greenhouse gas emissions directly generated from natural gas, liquefied petroleum gas and diesel consumed by the Company. Scope II greenhouse gases are greenhouse gas emissions from externally purchased electricity and steam consumption.

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Carbon emission reduction in product recycling

In 2022, we continued to implement the *Circular on Encouraging Home Appliance Manufacturers to Carry out Actions for the Recycling Target under Accountability System,* accelerated the improvement of the recycling ecological system for recycling used home appliances, and built a national recycling big data platform to carry out research and development and demonstration of a whole process control platform for recycling, dismantling and re-manufacturing of home appliances. As of the end of this reporting period, Haier Smart Home recycled a total of 6.13 million units of used home appliances through various channels.

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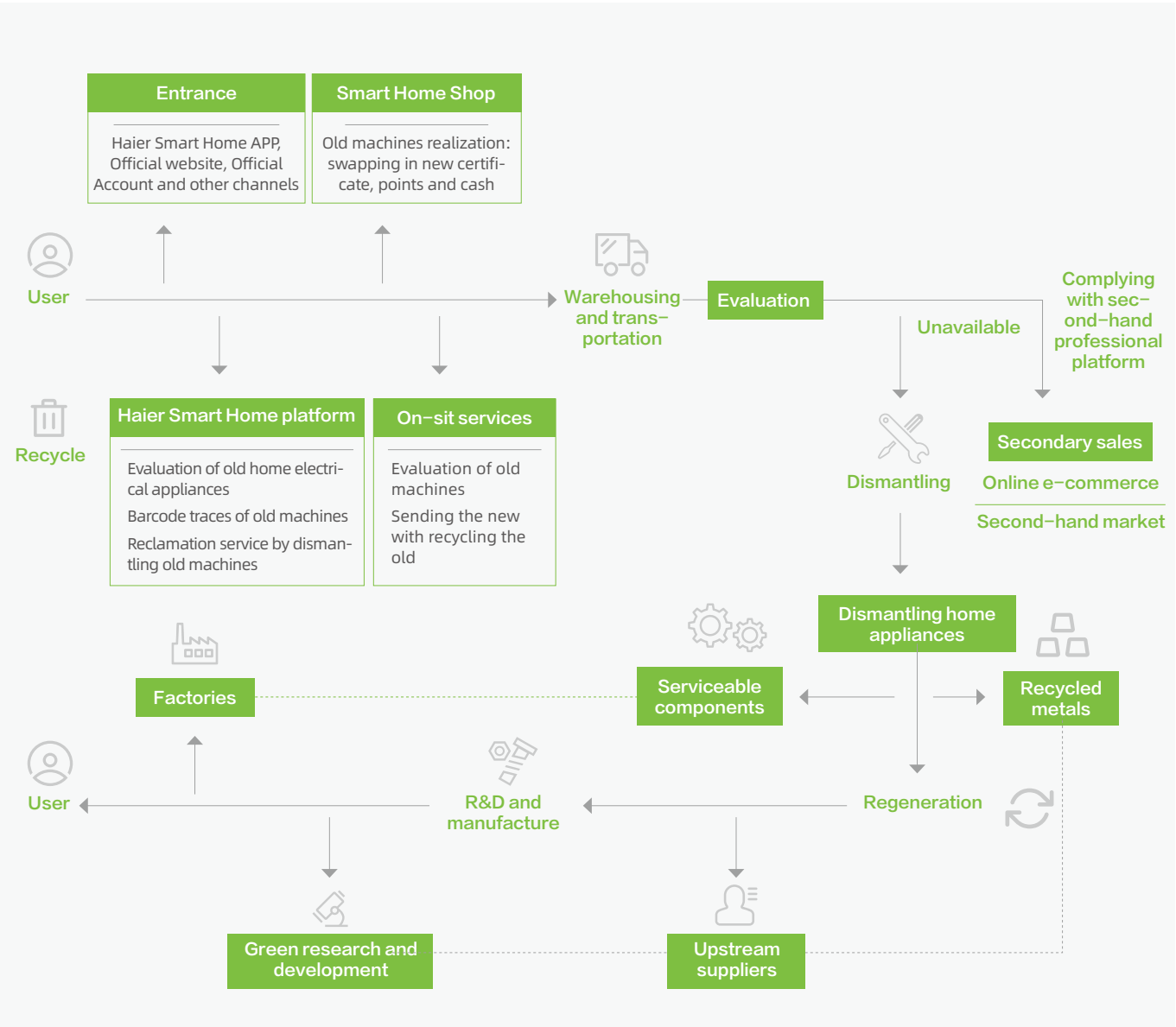
The Whole Process of Home Appliance Recycling

Recycling end

Relying on 32,000 offline stores, more than 100,000 service employees, and more than 100 logistics and distribution centers, we have built a nationwide recycling network covering 2,624 districts and counties by entering into strategic cooperation with nearly 1,300 recyclers nationwide, setting up multiple recycling points and collecting all proprietary products. At the same time, we opened up the channels of the trade-in and home appliance recycling to facilitate users to submit applications for recycling used home appliances and online valuation on the official website, APP, WeChat official account and other online channels for new coupons, points or cash.

Dismantling end

We put into operation Haier Lacey Recycling Interconnected Factory, the first recycling interconnection factory in the global home appliance industry that integrates recycling, dismantling and regeneration, which can realize fine dismantling through technological innovation. In 2022, Haier Smart Home has signed strategic cooperation agreements with more than 40 dismantling plants nationwide, sending the recycled used appliances to Haier Lacey Recycling Interconnected Factory and other formal dismantling enterprises in the industry respectively to ensure that each used appliance is disposed of in compliance.

Regeneration end

We continue to invest in the research and development of recycled materials, establish a "government-industry-academia-research" recycling research support system with universities and research institutes, explore the whole life cycle management of raw materials, and improve the use rate of recycled materials in our products. At present, Haier Smart Home is working with stakeholders to build a recycling material innovation laboratory, precious metal extraction technology laboratory, and is committed to creating a set of industrial system with independent intellectual property rights.

Re-manufacturing

We process and re-manufacture recyclable materials, such as recycled metals, in accordance with relevant technical specifications, ensuring that re-manufactured products are thoroughly tested and functionally usable

GEA received Responsible Appliance Disposal Award from the U.S. Environmental Protection Agency

GEA is the only appliance manufacturer to implement the Responsible Appliance Disposal Program (RAD) of EPA and has participated in the disposal of wasted foam since 2011, reducing carbon emissions equivalent to the emissions of 220,599 households in one year. In 2022, GEA was recognized by the U.S. Environmental Protection Agency with the 2022 RAD Champion Award for its capabilities in foam recycling.

Recycling Big Data Platform

In the development of the recycling industry, in response to the complex approval process and the heavy task of information entry for waste appliance dismantling enterprises, Haier Smart Home launched the construction of China's first big data platform for the appliance recycling industry in July 2022 by using digital technologies such as the Internet. The platform is a full-chain, full-factor digital management platform jointly built by Haier Smart Home and the Ministry of Ecology and Environment of the People's Republic of China, which aims to regulate and guide the dismantling and processing of waste electrical and electronic products by national appliance dismantling enterprises, and has already opened the first batch of pilot dismantling enterprises, with remarkable results in improving the efficiency of factory dismantling operations.

E-waste Disposal

We actively participate in the development of the standard *Code of Practice for the Marking of Waste Electrical and Electronic Equipment* and *Code of Practice for the Use of Recycled Plastics in Electrical and Electronic Equipment*, and have issued the "E-waste Disposal Policy" to clearly respond to the requirements of the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal* and issue a commitment not to export e-waste directly or indirectly through intermediaries to Organization for Economic Co-operation and Development (hereinafter referred to as "OECD") countries or the European Union (EU) to non-OECD or non-EU countries, unless prior approval is obtained to strengthen the control of e-waste disposal.

Other carbon reduction actions

Haier Smart Home encourages employees to practice a low-carbon lifestyle and promotes a form of green office to advocate resource conservation.
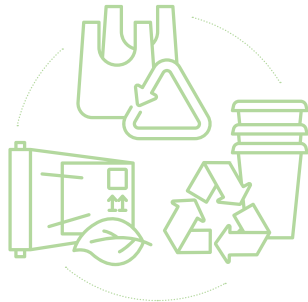
We advocate working in the mode of remote communication and online meetings, further promoting paperless offices, encouraging employees to save paper, and setting up centralized recycling bins for waste paper;
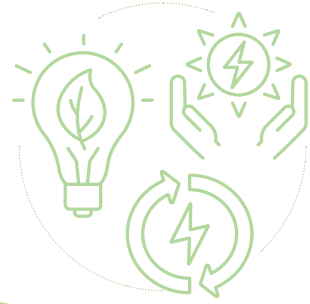
We promote low-carbon behaviors in office areas, such as turning off lights and air conditioners with your hands, and replacing traditional light fixtures with energy-efficient ones and manual faucets with sensor-based ones in office areas;

We encourage low-carbon travel among employees and advocate that they use public transportation or electric vehicles to reduce transportation carbon emissions;
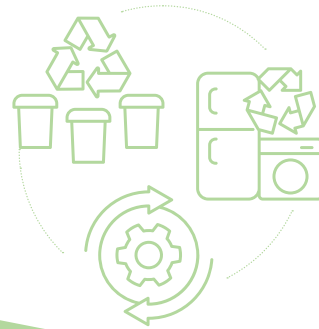
We actively engage in waste separation in the office building, set up separate garbage bins, and popularize the knowledge of waste separation to employees.

Topic

Climate–related financial information disclosure

In the face of the increasing impact of climate change, delegates at the 27th Conference of the Parties (COP27) of the United Nations Framework Convention on Climate Change (UNFCCC) in 2022 further emphasized the action and implementation of the long-term climate goals, and advocated that all parties should translate the proposed national autonomous contribution targets into effective policies, solid actions and concrete projects.

Haier Smart Home values the impact of climate change on its operations and became a supporter of the Task Force on Climate-Related Financial Disclosure (TCFD) initiative during the year. The Company's Board of Directors and ESG Committee are actively working on preparations to lay the groundwork for strict compliance with the TCFD framework for disclosure of the Company's climate-related financial information, including preparations for building an organizational system for climate change risk management, research and study of scenario analysis methods, etc.

With reference to the TCFD initiative framework, we identify climate-related risks and opportunities that may affect our company and take effective countermeasures. The Company integrates ESG concepts into the risk management process of its business and considers climate and environmental factors in business processes such as supplier access, due diligence, and line management.

List of Climate Change Risks and Opportunities

Climate change risks			Countermeasures
Transition risks	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;	Closely monitor changes in environmental laws, regulations, and policies and respond to them promptly;
		The implementation of a carbon pricing mechanism for carbon emissions trading in China has increased business operating costs.	Active efforts were made in energy saving and emission reduction to increase the proportion of clean energy.
	Technology risks	The investment in low-carbon technology R&D could fail;	Enhancing the Company's R&D capabilities through measures such as talent development and retention;
		There could be failure to identify and apply low-carbon technology in time, resulting in low-carbon transformation of products lagging behind the industry.	The application of low-carbon technology was continuously studied to actively carry out industry cooperation.
	Market risk	There could be failure to effectively meet consumers' demand for green and low carbon products;	Green and low-carbon products were actively developed to satisfy the needs of consumers;
		Raw material and energy costs are rising.	Resource conservation was advanced;
			A smart energy cloud platform was built, and price forecasting and energy monitoring and analysis were performed to enhance the energy management capacity.
	Reputation risks	The performance in climate change response and sustainability could be poor, which would lead to negative feedback from stakeholders.	The Company's sustainability was enhanced, and actively responses to climate change were made;
			The transparency of relevant management was enhanced, and the concerns of stakeholders were addressed.

Climate change risks			Countermeasures
Physical risks	Acute risks: Typhoon, rainstorm and other extreme weathers	Plants, office buildings and equipment could be damaged, resulting in loss of assets;	Emergency response plans for natural disasters were developed, and the emergency response mechanism for natural disasters was constantly improved;
		Stable production may be affected by damage to equipment, inability of employees to work properly, and transportation interruptions due to extreme weather	Likely asset damages were identified, and necessary insurances were purchased therefor.
	Chronic risks: Prolonged high temperature, drought, etc.	Rising temperature could result in the Company's need for more refrigerators, which would increase operating costs;	Develop and apply more energy-efficient refrigeration equipment;
		Employees may not be able to work outdoors for long periods of time during the hot season, which affects operational efficiency;	Production was planned scientifically and production organization was arranged carefully to improve operational efficiency;
		Prolonged drought may result in insufficient water supply and affect operational stability;	Plants were not built in areas with high risk of water supply, and water conservation was continued.

Opportunities from Climate Change		Countermeasures
Resource efficiency	• More energy-efficient equipment, buildings and technologies; • 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; • Source cost; • The Company identified and responded to government supportive policies and green projects; • The Company strengthened R&D of low-carbon technologies and raised the proportion of green and low carbon products; • The Company identified and participated in emerging markets; • The Company promoted the development and utilization of renewable energy.
Product & Services	• R&D of green and low-carbon products; • The industry's solutions to climate change.	
Market	• The change of users' preferences to expand the green market demand; • Increasing demand for integrated energy services; • Emerging market access.	
Resilience	• Energy substitution and diversified solutions; • Participation in renewable energy projects.	

Our future planning

It is our long-term pursuit to carry out whole life cycle green management and to minimize our environmental impact. Haier Smart Home will continue to carry out low-carbon research and exploration work to increase the proportion of renewable energy and promote the implementation of carbon reduction benefits in each production and manufacturing process; at the same time, we will continue to promote the carbon audit project, improve the transparency of information disclosure, lay the foundation for setting corporate carbon neutrality targets in the future, and help promote the low-carbon transformation of enterprises and society.
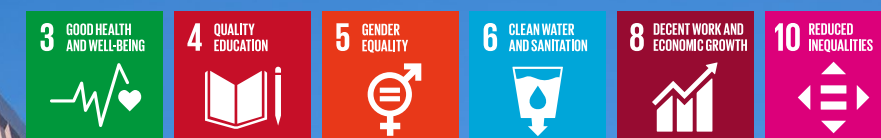
RENDANHEYI TO PROMOTE DIVERSITY AND COMMUN—ION DEVELOPMENT

We always adhere "prioritizing people's value" and are committed to building an equal, respectful, inclusive and diversified work environment for each employee, guarding their rights and health, helping them grow and create value, and giving them support and care.

◆ Response to SDGs:

◆ **Response to major issues:** employee rights, diversity and equal opportunity, talent attraction, employee health and safety, employee training and development, labor standards

◆ **Response to Stock Exchange ESG Indicators:** B1 Employment, B2 Health and Safety, B3 Development and Training

| 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 6 CLEAN WATER AND SANITATION | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES |

Our goals

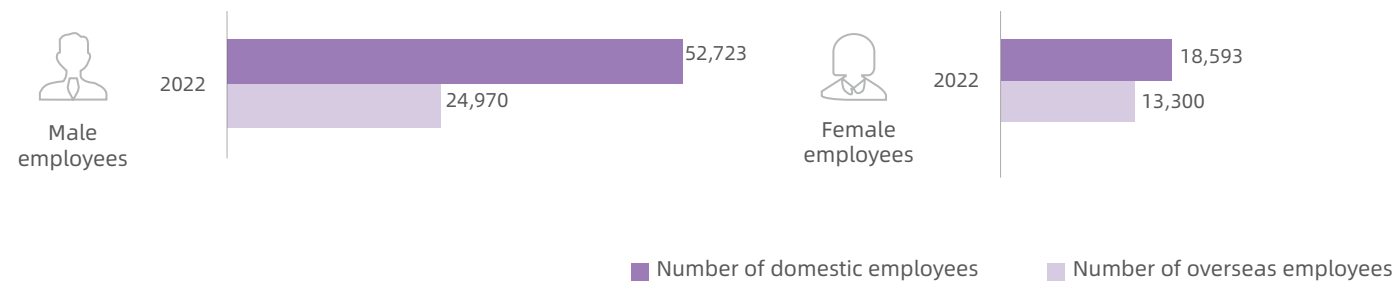| Goals for 1–3 years	Achievement of 2022 goals
Flexible and diversified incentive mechanism to facilitate rapid development of staff	Achieved 100% training coverage rate for all domestic employees, with 70.5 hours of training per capita
Customized care to enhance employees' work happiness and sense of achievement, committed to achieving a 100% response rate of employee complaints and 100% employee satisfaction	Actively implemented the welfare system for employees' life and health, paid attention to the opinions and suggestions of employees, and responded to their needs
Make effort to achieve "zero" safety incident and ensure the health and safety of employees	Achieved zero severe accidents in workplace safety

Diversity and communion team building

The Company was committed to creating an inclusive working environment, building a diverse, inclusive, and outstanding team, and expected the outstanding innovation brought by the collision and integration of multiple cultures. By the end of the reporting period, the Company had 109,586 employees from 53 countries around the world, including 38,270 overseas employees.
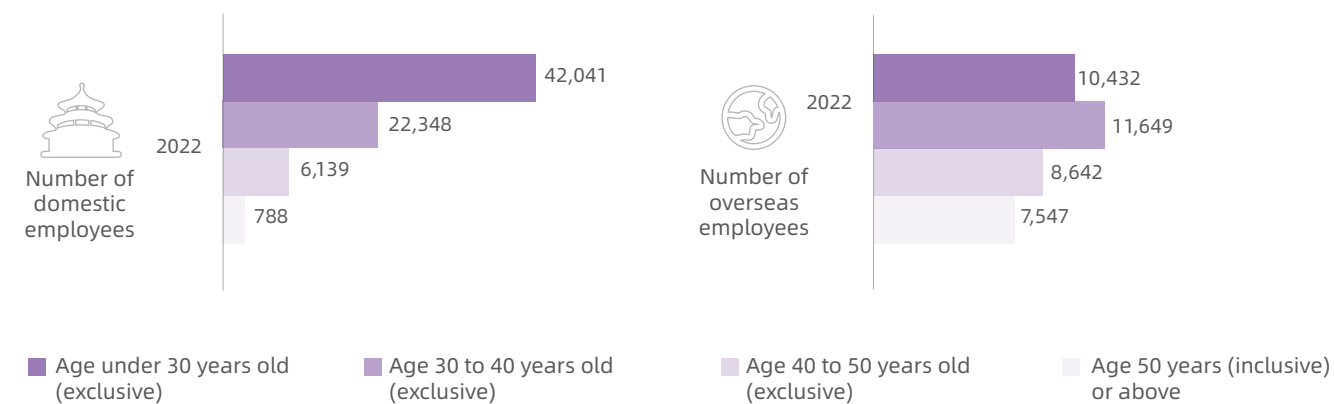
As of the end of the reporting period
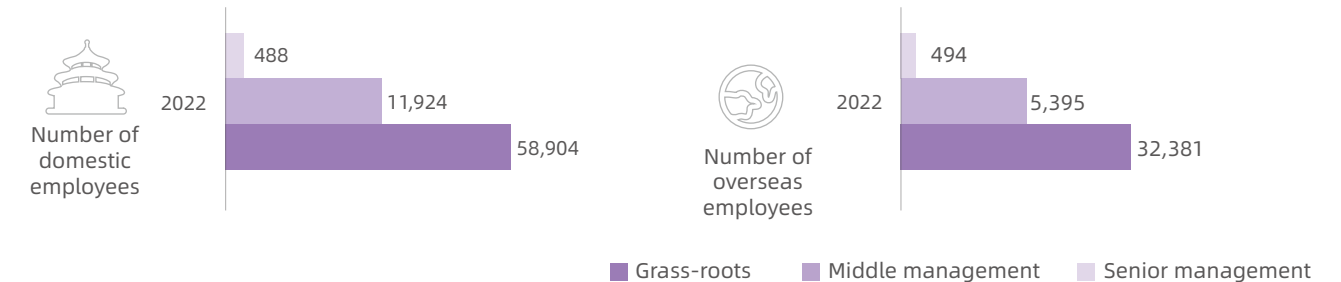we have

109,586

employees worldwide

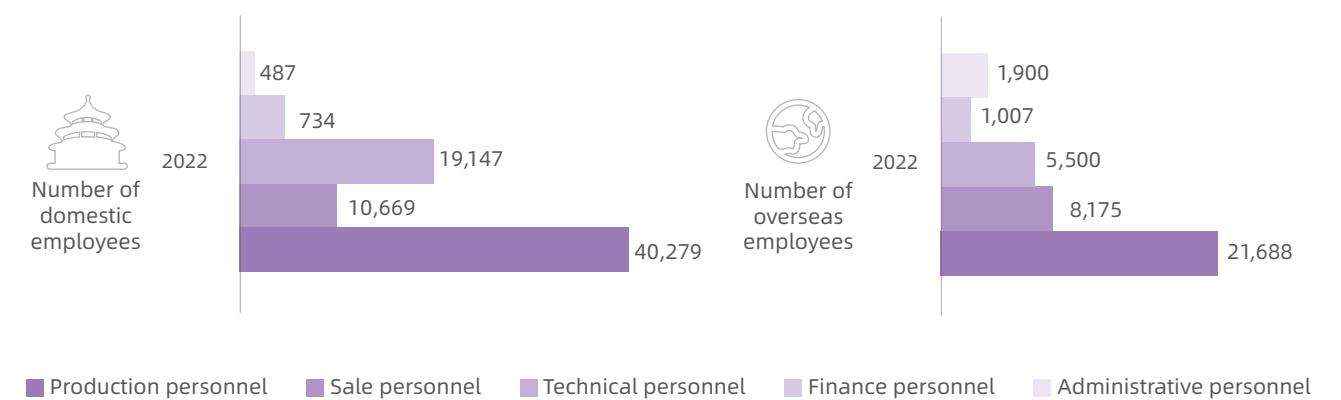## Number of employees by gende (persons)

Male employees
2022
52,723
24,970
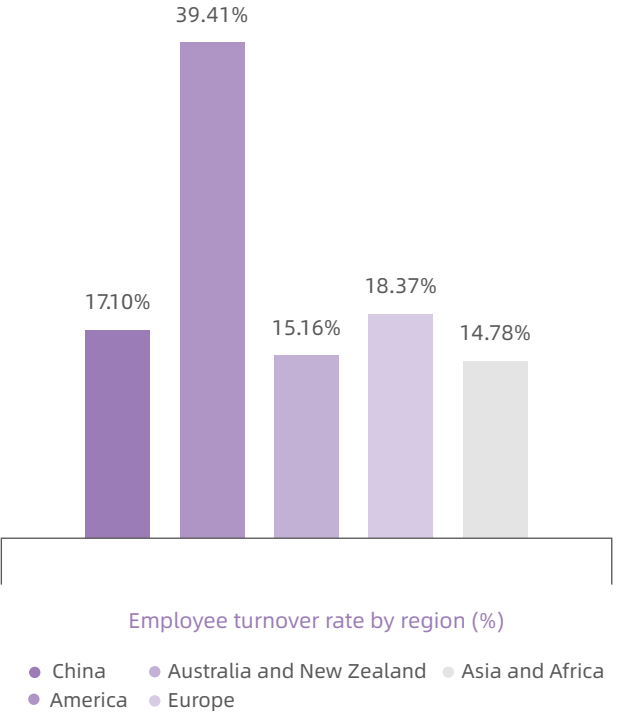
Female employees
2022
18,593
13,300

■ Number of domestic employees   ■ Number of overseas employees

Number of employees by level (persons)

Number of domestic employees
2022
488
11,924
58,904

Number of overseas employees
2022
494
5,395
32,381

■ Grass-roots   ■ Middle management   ■ Senior management

Number of employees by age (persons)

Number of domestic employees
2022
42,041
22,348
6,139
788

Number of overseas employees
2022
10,432
11,649
8,642
7,547

■ Age under 30 years old (exclusive)   ■ Age 30 to 40 years old (exclusive)   ■ Age 40 to 50 years old (exclusive)   ■ Age 50 years (inclusive) or above

Number of employees by category (persons)

Number of domestic employees
2022
487
734
19,147
10,669
40,279

Number of overseas employees
2022
1,900
1,007
5,500
8,175
21,688

■ Production personnel   ■ Sale personnel   ■ Technical personnel   ■ Finance personnel   ■ Administrative personnel

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Number of employees by region (persons)

- China

Number of employees in 2022: 72,827

- Europe

Number of employees in 2022: 6,613

- Asia and Africa

Number of employees in 2022: 11,628

- America

Number of employees in 2022: 16,746

- Australia & New Zealand

Number of employees in 2022: 1,772

Employee turnover rate by age (%)

	Domestic employee turnover rate	Overseas employee turnover rate
	22.03% / 10.64% / 5.45% / 3.13%	47.97% / 21.30% / 16.51% / 15.02%

- Age Under 30 years old (exclusive)
- Age 30 to 40 years old (exclusive)
- Age 40 to 50 years old (exclusive)
- Age 50 years (inclusive) or above

Employee turnover rate by gender (%)

	Domestic employee turnover rate	Overseas employee turnover rate
	17.68% / 15.37%	20.04% / 30.05%

- Male employees
- Female employees

Employee turnover rate by region (%)

17.10% / 39.41% / 15.16% / 18.37% / 14.78%

- China
- America
- Australia and New Zealand
- Europe
- Asia and Africa

《女职工专项集体合同》

World-class inclusiveness

GEA is committed to building a more inclusive and diverse company by joining the CEO Action initiative and committing to continuously promote a diverse and inclusive work environment. GEA employees have organized themselves into Affinity Networks to share their interests, skills and experience, and to exchange and integrate ideas. The "Affinity Networks" provides a safe space for employees to share their interests, skills and experiences, and offers opportunities for engagement in support of key business initiatives. As of the end of 2022, GEA has scored 100% on the Corporate Equality Index published by the Human Rights Campaign Foundation for five consecutive years. With 31% female employees and 23% employees of color, GEA is known as a "great place to work for women from multicultural backgrounds". In August 2022, thanks to the high recognition of the company's employees, GEA was once again awarded the 2022 Great Place to Work Certification in the United States.

GEA was awarded "Great Place to Work Certification"

FPA has developed the "Diversity, Fairness and Inclusiveness Policy" that applies to all employees, contractors, board members, volunteers and others, advocating that customers, suppliers and community relations work together to create a fair and equitable, inclusive and belonging work environment, attracting the retention of diverse talent with potential, and encouraging regular employee feedback on the company's leadership, culture and experience.

In 2022, Candy established a new equality and diversity policy in the UK and Ireland, was working towards inclusive employer certification, and was offering diversity and inclusion training and other relevant refresher courses for manager-level employees. During the year, 13 outstanding managers who have received diversity training will provide the necessary support and attentive assistance to their colleagues.

Female employee development

The fruitfulness of Haier Smart Home cannot be achieved without the many capable, insightful, and creative female managers and employees. We are actively building gender-equal work systems and work environments around the world, encouraging all women employees to excel and demonstrate their strengths. We pay extra attention to the difficulties that female employees may face in the workplace and provide the necessary support, including setting a salary structure with equal pay for equal work, strictly implementing leave such as marriage leave, maternity leave, breastfeeding leave and Women's Day, and paying the corresponding remuneration in accordance with the law.

The domestic area of the Company signs the "Special Collective Contract for Female Staff" with the Union every three years, the signing rate of which reaches 100%, to effectively protect the legal rights and interests of female employees. At the same time, we provide various benefits for female employees every year, including special gynecological checkup programs, construction of a mother's hut. We also hold various activities for female employees regularly to relieve work pressure and enrich their spare time.

The signing rate of the *Special Collective Contract for Female Staff* is

100%

Illustration Activity for Women's Day

Women's Essential Oil Emotional Stress Reduction Activity

Knowledge Contest on Protection of Women Workers' Rights and Interests

"Vital Youth" Fun Games for Female Employees

> " The Company's overseas operation area also attaches great importance to the rights and development of female employees. In 2022, GEA's executive director of manufacturing quality won the "2023 Women MAKE Awards" from The Manufacturing Institute (MI) for demonstrating excellence and leadership throughout her manufacturing career. Candy UK provides all female employees with a variety of thoughtful benefits, including free hygiene products in the restrooms and female-themed learning seminars. "

GEA woman executive wins "2023 Women MAKE Awards"

Protect rights and interests of employees

Haier Smart Home strictly complied with the *Labor Law of the People's Republic of China* , the *Labor Contract Law of the People's Republic of China* , *Provisions on the Prohibition of Using Child Labor* and relevant laws and regulations of the places where its business is present, continuously improved the human resource management system by reference to relevant conventions of the International Labor Organization, such as the *Forced Labor Convention* , to protect employees' legitimate rights and interests. In 2022, we revised the *Employee Code of Conduct* in accordance with the characteristics of our business and upgraded our leave management manual with the addition of parental leave and parental paternity leave.

Employment management

We are devoted to providing equal opportunities for every employee and believe that differences in country, ethnicity, origin, religion, etc. can lead to greater innovation. In recruitment and hiring, compensation and benefits, career development, rewards and punishments, we base on objective facts and do not discriminate or treat employees differently because of their gender, age, physical characteristics, etc. We insist on creating a fair and diverse work environment. In order to ensure fair and lawful employment, the Company has established a system related to the hiring, promotion and separation of employees, strictly audited the information of those who joined the company, signed labor contracts with those who were hired in full compliance with the law, and handled the separation procedures of employees in accordance with the law. In 2022, the signing rate of collective contracts and special collective contracts for safety and health amounted to 100%.

The Company forbids forced labor and child labor and resolutely protects the human rights of workers. In case of similar incidents, we will deal with them in accordance with laws and regulations as well as the Company's regulations, and properly settle the forced workers and child labor. In 2022, no illegal employment incidents occurred in the Company.

Haier Smart Home was named the Best Employer in the UK in 2023

In January 2023, Top Employers Institute, an international authoritative research institute for outstanding employers, announced the list of the best employers in the UK in 2023, and Haier Smart Home was selected as the only Chinese home appliance company on the list.

Haier Europe UK and Ireland

top EMPLOYER | UNITED KINGDOM 2023

Positive working environment

We have built 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; Do not tolerate any behavior that is humiliating, intimidating or hostile;

- Create a respectful, positive and healthy working environment free of prejudice and harassment, resolutely oppose sexual harassment or assault in any form and in all interpersonal interactions;

- Encourage employees to take the initiative to report improper behaviors or bad habits in daily work to relevant departments, and continue to provide necessary support and help to employees by the Company.

Working hours management

We have constantly optimized our working hours management regulations and established the autonomous time management policies for chain groups and small and micro businesses[1]. 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 make employees' working hours more flexible and provide convenience for employees to better balance between work and life.

Working hours management regulations

- 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.

[1] Both chain group and small micro are the names of organizational structure units within Haier Smart Home

Support the growth of talents

Adhering to the ideology of "everyone can develop, and everyone deserves attention", we attach importance to the growth and development of our employees and help them create personal value by setting up reward mechanisms, expanding development channels, encouraging employee innovation and providing diversified training.

Establishing talent incentive mechanisms

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. The mode aims at guiding employees to proactively find the fields which can create user value so as to achieve their own business breakthrough and obtain better career development.

Under the guide of "Rendanheyi" management mode, we provide employees with a short, medium and long-term compensation incentive system that combines labor income, value-added sharing and capital gains, encouraging employees to work with an entre-

preneurial mindset, guiding employee value to be consistent with the Company's value and shareholder value, and achieving win-win development for both the company and employees.

We have built a rich and multi-dimensional incentive structure and continue to implement the "A+H" global incentive system covering both domestic and foreign employees to attract, motivate and stabilize our core talent. Since 2009, the Company had launched a total of five equity incentive plans and six employee stock ownership plans, with their incentive objects covering 9,500 middle and senior employees of the Company.

Improving training and development system

Haier Smart Home provides employees with diversified development paths and smooth career development channels for employees. Taking smart manufacturing as an example, it has created three types of development models, which include:

- Operation-orientation: accumulate industry experience, enhance refined management capabilities and develop the ability to continuously optimize on processes and costs by managing themselves, others, teams and businesses;

- Profession-orientation: through the application of professional knowledge and skills to solve professional problems, provide professional solutions,, realizing the deep development for the individual in a certain profession or the compound development of multiple professions;

- Professional iteration and leading competition: by grabbing the strategic sample/stubborn subjects, the employees take the professional project as the carrier, , and through the project PK, the employees get the corresponding honor.

Operation-orientation

Three types of development models

Professional iteration and leading competition

Profession-orientation

At the same time, we have built a brand strategy for talent development, namely the Wiser Program, and have launched more than 130 development empowerment projects, which includes the Explorer Program, the Climber Program, the Pathfinder Program, and the Leader Program, etc.

Wiser Program has launched more than

130

development empowerment projects

Encouraging employee innovation

We focus on and encourage our employees to innovate, and encourage them to innovate in their own work areas through process improvement and technological transformation. In 2022, more than 4,600 employee innovation proposals were made and more than 800 were accepted.

In 2022
more than

4,600

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800

were accepted

Increasing talent attraction

In 2022, in order to create a supply chain of candidates and high potential talents and focus on strengthening the attraction of fresh graduates and scientific and technological talents, we organized and launched the 2022 CFP and 2023 CFP Special Talent Attraction Projects for fresh graduates, thus increasing the proportion of Double-first class, master, scientific and technological personnel, and scientific and technological personnel increase and improving the quality of talents effectively. At the same time, we intensified the attraction of scientific and technological talents, attracting 1,085 scientific and technological talents from outside, a year-on-year increase of 14.1%, and gradually improving the structure of scientific and technological talents.
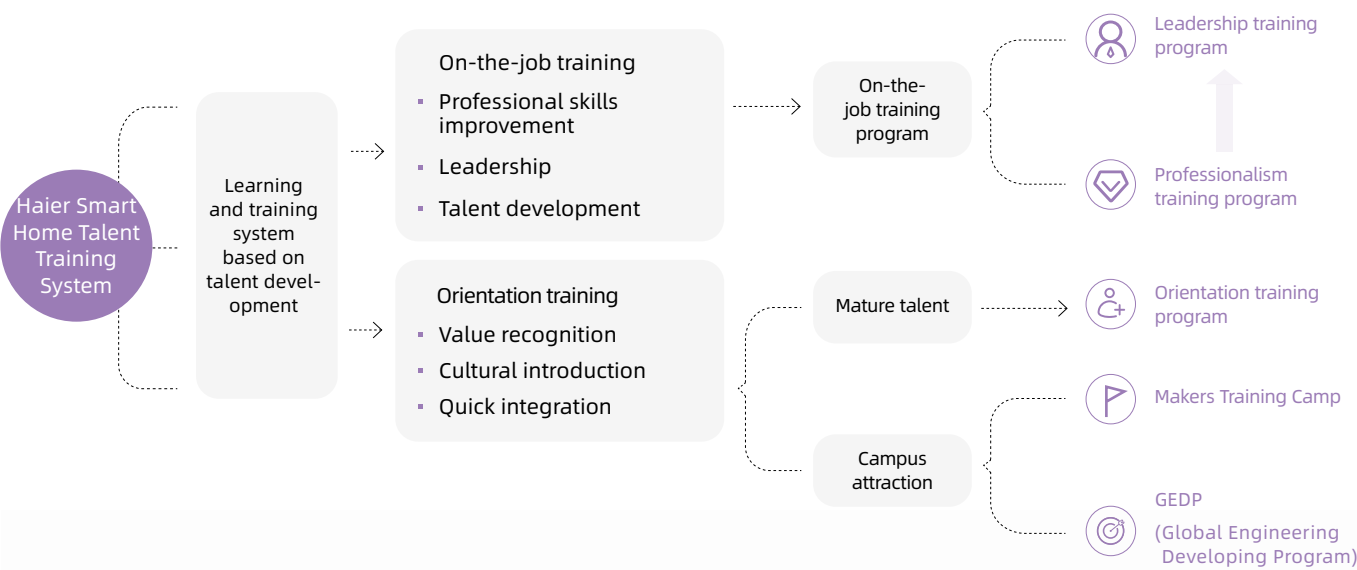
In 2022
we attracted

1,085

scientific and technological talents from outside

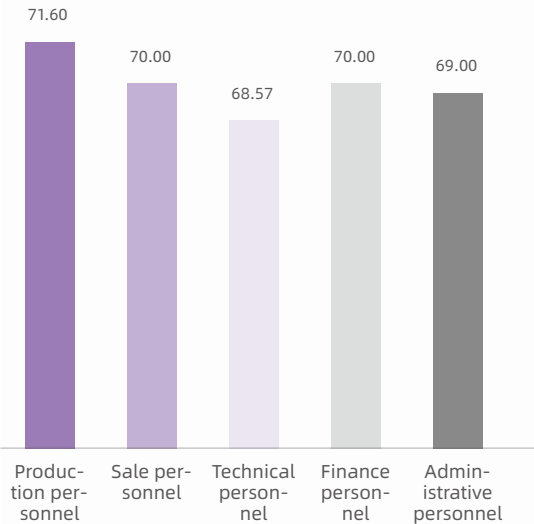a year-on-year increase of

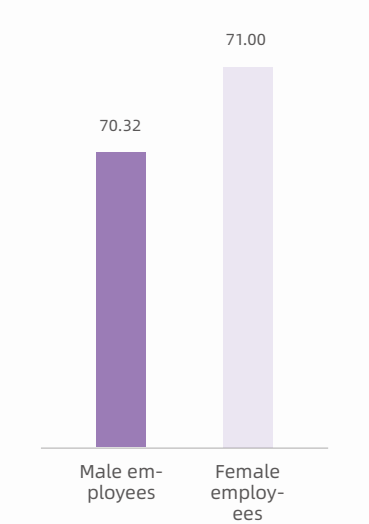**14.1%**

Improving training and development system

We attach great importance to talent training, build a hierarchical talent training system, and provide employees with rich learning resources through courses, special training, secondment for communication and other diversified ways to promote the growth of talent in multiple dimensions for different needs, and help employees improve their professionalism, professional ability and leadership ability. In 2022, the Company organized a number of training programs, with courses covering corporate culture, office management and professional skills, and adopted live streaming, community forums and other learning methods to achieve 100% training coverage for all domestic employees, with 70.5 hours of training per capita.
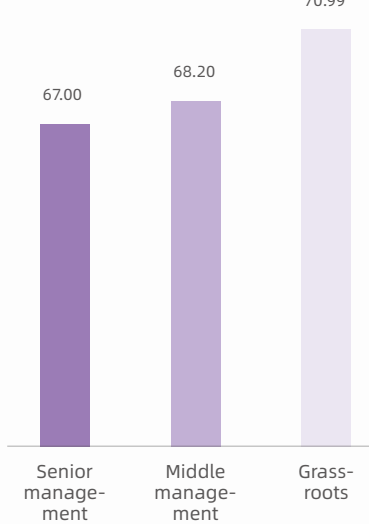
Haier Smart Home Talent Training System

Learning and training system based on talent development

On-the-job training
- Professional skills improvement
- Leadership
- Talent development

→ On-the-job training program → Leadership training program / Professionalism training program

Orientation training
- Value recognition
- Cultural introduction
- Quick integration

→ Mature talent → Orientation training program

→ Campus attraction → Makers Training Camp / GEDP (Global Engineering Developing Program)

Training hours completed per domestic employee by category (hours)

Production personnel	Sale personnel	Technical personnel	Finance personnel	Administrative personnel
71.60	70.00	68.57	70.00	69.00

Training hours completed per domestic employee by gender (hours)

Male employees	Female employees
70.32	71.00

Training hours completed per domestic employee by level (hours)

Senior management	Middle management	Grass-roots
67.00	68.20	70.99

● **Maker Training Camp**

a program designed for new recruits. The Company adopts the training mode of combining online and offline training and offers such systematic curriculum learning modules as "face-to-face instruction by higher-ups", creative development, tutoring, and experience of the whole value chain, so that new employees can have a comprehensive knowledge of themselves and find their own stage in the Company.

● **Intelligent Manufacturing "Xing"**

a program designed for core positions. "36 Model" is used to train staff in different tracks in a diversified manner and 3 main programs, namely "Xing Yao, Xing Can, Xing Huo".

● **The Lime Program**

an advance training program designed for potential employees on campus;

● **Global Engineering Developing Program (GEDP)**

a program designed for excellent engineers who have a global vision and can lead global projects. The Company provides industrial job rotation opportunities, and English-only professional training courses to its employees. GEDP is currently launched in China, the United States and Mexico simultaneously;

● **Leadership Program**

Leadership Program: a series of development programs designed for middle and senior management, develop an O2O blended learning empowerment program.

To facilitate self-directed learning, we create overseas and domestic online learning platform with 24 languages to meet the language needs of employees in overseas regions.

"Smart Home TALK" executive training by Haier Smart Home

In 2022, Haier Smart Home launched the "Smart Home TALK" executive training program, which uses a combination of online and offline training to help employees learn the Company's strategy and culture from the perspective of strategy upgrading, product innovation, overseas branding, new retail and other full process operations.

Smart Home TALK Executive Training

Haier Smart Home and Ocean University of China launch joint training program

In 2022, Haier Smart Home integrated university resources and launched a joint training program with Ocean University of China to customize the cultivation of master class applied talents in the field of computer. The contracting rate of joint training candidates in 2022 is 50%, which reserves excellent candidates for Haier Smart Home.

Care for employees and listen to their voices

Caring for life

We have set up the Spring Festival leave, the high school and college entrance exams accompanying leave, and Haier annual leave. We have added a diversified leave mechanism of parental leave, parental accompanying leave and Spring Festival leave to give employees more time to spend with their families and help them achieve a balance between work and life. For improving the quality of life and pride of work, the Company provides employees with benefits such as the Haier School Program for their children, a discount on in-house housing purchases and in-house home appliances. During the year, the Company added an Entrepreneurship Anniversary Day to provide souvenirs and other benefits to senior employees who have completed 20 or 30 years of service.

Total number of employees with parental leave[1]				
		Total	Female	Male
By gender	Total number of employees on parental leave	3,319	2,318	1,001
	Return-to-work rate[2]	100%	100%	100%

Caring for health

We keep the health of our employees in mind at all times and provide timely assistance to employees in need. In 2022, the Company held the eighth workers' congress and discussed and passed the *Proposal on Upgrading the "Employee Care" Program*, deciding to continuously implement the Love Relief Fund Policy and upgrading the Employee Mutual Aid Insurance Program and the Hi-care Maker Protection Mechanism to help employees and their families with serious illnesses to tide over their difficulties. For the registered disabled employees, we give a monthly living allowance of RMB500 and set up a disabled care chain group to solve the problems of disabled employees.

Good mental health is the key to a happy life. We attach great importance to the mental health of our employees and provide 24-hour psychological telephone counseling and offline one-on-one counseling, and publish 1-2 issues of psychological TIPS cartoons every month, and carry out EAP programs to deliver love, care and warmth to our employees. In 2022, the Company provided psychological counseling to 720 people, effectively relieving employees' bad emotions.

Notes:
1. Parental leave includes maternity leave, paternity leave, accompanying exam leave, and the parental leave implemented by China in November 2021. Among them, the return-to-work rate is calculated based on maternity leave and paternity leave.
2. The return-to-work rate refers to the ratio of personnel who return to work at Haier Smart Home after the end of maternity/paternity leave.

Haier Smart Home implemented EAP platform activities

EAP could conduct different types of psychological counseling according to scenarios, show employees the use of psychology in work and life, and popularize psychological knowledge. In 2022, the EAP psychological platform "Smart Psychology" had 1,242 registered employees and 1,400 active users.

Some activities of EPA

Colorful activities

The Company has established several cultural and sports associations such as ball games, chess, dance, Tai Ji, and yoga. Various competitions and activities such as photography, calligraphy, and painting are held from time to time to meet the spiritual and cultural needs of employees and enhance their vitality and sense of well-being. In 2022, the Company's each labor union organized various types of activities such as games and fun competitions more than a thousand times to enrich the spare time of employees.

Haier Smart Home implemented "Smart Home's Good Start" activities

From January 8 to February 28, 2022, Haier Smart Home organized the 2022 Chinese New Year Good Start Activities with the aim of maximizing the value of people, and jointly held the 2022 Chinese New Year Good Start Activities with the Three-Winged Bird App, which included collecting cards and receiving red packets and Home Decoration Million Q&A, delivering generous Chinese New Year benefits to all employees of Haier Smart Home.

Haier Smart Home's Good Start Activities

Haier Smart Home supports employees' diversified development through colorful community activities

In 2022, the Company targeted to enhance the best experience of employees and encouraged employees to organize their own creative training activities such as reading corner, interest tribe, creative community, big talk and maker salon. In particular, the English community, reading community, and baking community are popular among employees, creating a self-evolving community ecology with temperature, breadth and stickiness.

Some community activities

Haier Smart Home held Maker Training Camp

In 2022, we held an orientation and cultural experience activity for more than 1,400 employees who joined the Company from the campus recruitment route, and organized diversified training. The camp combines the characteristics of the post-1995 and post-2000 generation new employees, and helps new employees quickly integrate into the Company's environment and perceive Haier's culture through executive-led coaching, creating orientation and branch tasks.

Maker Training Camp

Listen to the voices from employees

We always sincerely listen to the voices of our employees and ensure that their concerns are fed back and resolved in a timely manner through online and offline communication channel. We have set up a special "Inner Voice" online feedback system, in which employees can interact with HR, micro-owners, IT, labor unions and other nodes online to put forward innovative and rational suggestions, problem consultation, and complaints, and the relevant person in charge will provide timely feedback. Through "Yuntu", "Guanhai Media", "Information Sharing Platform" and "Strategy Express", we can deliver the latest information of corporate strategies, industry trends and others to employees, so as to develop their understanding of our corporate culture. Offline, we hold employee seminars to communicate with employees face to face and reach efficient communication in mediating labor disputes and handling employee complaints. In 2022, the employee complaint resolution rate reached 100%, and more than 1,000 people participated in feedback exchanges on the online platform.

At the same time, the Company gave full play to its role in democratic decision making, democratic administration and democratic supervision, organized employee representatives to attend the workers congress of Haier Group and Haier Smart Home. For material employee policies and suggestions on corporate development, we would discuss and approval at the meetings.

the employee complaint resolution rate reached

100%

more than

1,000

people participated in feedback exchanges on the online platform

Guard the health and safety of employees

Haier Smart Home focuses on employee occupational health, practically protects employees' occupational health and safety. From 2020 to 2022, Haier Smart Home did not record any deaths due to work injury. It has 4,580 lost workdays due to work injury in the current year.

Safety management system

We constantly complied with the *Work Safety Law of the People's Republic of China* , the *Fire Prevention Law of the People's Republic of China* , *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, formulating and implementing the safety management regulations including the labor safety and health management and the equipment safety management, covered safety management to all aspects of the enterprise, and realized zero serious injuries and above accidents in safety production. In 2022, we promoted the platformization, systematization, and standardization upgrade of the occupational health and safety production system, upgrading a total of 22 procedural documents, 88 management systems, 429 factory-level systems, and 20 basic account books for occupational health management. This provided more reliable institutional guarantees for safety production and employee health.

In 2022, the Company established a safety committee covering both domestic and overseas and 28 industry safety sub-committees, set up a professional safety team, and relied on the HSE&6S cloud platform, the IoT big data platform for fire protection , the IPM equipment intelligent management system and other platforms and the smart safety IoT big data to establish a safety responsibility grid system to ensure the implementation of safety responsibility to achieve "horizontal plot area vertical business position" full coverage and improve the safety production guarantee system. Every year, we would regularly arrange for the safety officers at all levels and employees of all factories to sign safety accountability documents and clarify safety responsibilities.

For the year, the Company's safety management was recognized by many parties and achieved fruitful results. Haier Smart Home and its subsidiaries have passed ISO 45001 occupational health and safety management system certification, and each chain group, industry, and park have obtained a total of 169 awards from the third parties as for HSE&6S.

Emergency management

To improve the ability of employees to deal with the risk of accidents in an emergency, Haier Smart Home regularly organizes fire and other types of emergency safety drills. During the year, the Company organized 721 emergency drills in the park with a total of 7,882 participants; 697 drills of special emergency plans at the plant level with a total of 132,000 participants; and 2,236 drills of emergency disposal plans at the plant site with a total of 21,000 participants.

In 2022, the Company has expanded its extreme weather response program with exercises and plans to expand it into a reference. On the occasion of the 12th typhoon "Meihua", 6 parks in Qingdao carried out on-site inspection for the key issues such as emergency personnel and flood control materials stockpile, key parts of rain leakage, found 59 hidden risk points and actively implemented rectification, and established a safety duty system. In the future, the Company will take the Qingdao Park exercise as a benchmark and promote it in all parks nationwide, and carry out preparation and exercise simultaneously to improve the risk response capability of each park, so that the Company can effectively prevent relevant losses in the event of extreme weather.

Safety drills

Third-parties safety management

We also pay close attention to the safety of stakeholders in the parks. We have formulated management system of " 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. At the same time, we strictly implement the independent safety management of outsourcing entities and suppliers, arrange for domestic joint ventures/leasing entities/outsourcing entities/ service providers to sign the *Contract for Independent Safety Management*, and ensure that the health and safety of supply chain employees are safeguarded.

Production safety inspection

The Company has developed a multi-level and multi-category production safety inspection system, and regularly conducts daily, weekly and monthly supervision and inspection actions to ensure full coverage of safety inspections from time periods to personnel. In daily routine safety inspection, safety managers organize daily site inspection and implement 24-hour responsibility transfer in three shifts; 73 plant managers conduct a weekly joint safety inspection and night audit, and hold regular safety meetings; the HSE&6S team organizes technical backbone to conduct monthly safety evaluation and assessment of each unit. In addition, the Company strictly implemented the measures of zero accidents during holidays, identified and corrected 4,312 special safety inspection issues during the holidays of the year to ensure that all parks spent safe holidays.

Haier Smart Home fully played the role of supervision of employees and society, set up a safety production supervision mailbox, the park / factory / team three-level WeChat group network, reporting phone, reporting mailbox, to receive safety improvement suggestions or safety hazards report, and conduct timely organization of rectification.

Safety culture construction

Safety culture propaganda

In 2022, we carried out safety production month activities with the theme of" professionalization of safety team and full coverage of safety responsibility". The activity covered 66 organizational units and was carried out in 4 phases and 36 activities, with a total of 59,887 participants, so that the cultural concept of production safety was deeply rooted in the minds of employees. We held the safety maker selection to select 205 people as the most beautiful safety staff with the criteria of strongest safety professional, fastest finding hidden danger, closest around users and best service effect. We encouraged employees to initiate safety-themed recreational activities on their own, and to make rationalized suggestions for the Company's safety production, which effectively strengthen the awareness of staff safety management and enhance the professional ability of safety management personnel.

Safety production month activities

Safety skills training

For special and dangerous jobs, we supervise them to complete the training before they are allowed to work. In 2022, we accomplished the licensed training of 2,511 special operators in domestic factories and trained 7,699 operators in 146 types of hazardous equipment.

The safety production month activities cover	with a total of	selecting
66	**59,887**	**205**
organizational units	participants	people as the most beautiful safety staff

In 2022, we accomplished the licensed training of	We trained
2,511	**7,699**
special operators in domestic factories	operators in 146 types of hazardous equipment

Occupational health management

The Company highly values the environment and the health of personnel, ensures that the occupational safety and health environment meets national standards, and carries out regular environmental monitoring and personnel surveillance to put occupational health into practice. In 2022, we hired a third-party organization to inspect the occupational hazard positions, and the test results showed that all the tested positions were qualified. At the same time, the Company issued the *Notice of Occupational Disease Hazards* to employees in positions at risk of occupational disease, and conducted "pre-job - on-the-job - off-the-job" occupational disease medical examinations for the entire process. In 2022, we finished a total of 14,000 medical examinations for operators in occupational hazard positions.

To ensure employee safety, GEA uses engineering robotics and automation solutions equipped with ergonomic resources to predict, assess and control risk work, and in 2022, introduces a new ergonomic risk assessment tool to improve the consistency and utilization of ergonomic resources through artificial intelligence to reduce safety risks in manufacturing equipment and process design.

Our future planning

We will adhere to the core concept of people-oriented, always protect the rights and interests of employees, care for the physical and mental health of employees, expand the promotion channels for employees, stimulate the development of employees, create a diversified and harmonious working atmosphere for employees, so as to stimulate the potential of employees, leverage the value of people, and achieve a win-win situation of employee happiness and enterprise development.

RESPONSIBLE PROCUREMENT FOR A SUSTAINABLE SUPPLY CHAIN

04

Haier Smart Home cooperates with partners to actively practice responsible procurement, takes sustainable development as an important part of the procurement strategy, strengthens supply chain risk control, builds a win-win value chain ecology, and leads the sustainable development of the industry chain.

◆ Response to SDGs:

◆ Response to major issues: supply chain social responsibility management, conflict minerals, anti-corruption, labor guidelines

◆ Response to Stock Exchange ESG Indicators: B4 Labor standards, B5 Product Responsibility, B7 Anti-Corruption

| 3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our goals

Goals for 1–3 years	Achievement of 2022 goals
Increase the percentage of social responsibility audit for supplier to 90%	The percentage of social responsibility audit for supplier amounted to 59%
Aim to finish internal due diligence of all suppliers containing conflict minerals	Completed
Achieve 100% recall of supplier integrity reminders and conduct integrity training for them	Completed
Aim to promote environmental targets such as waste reduction targets, and energy consumption targets for suppliers that account for 20% of procurement	Research has been conducted on more than 200 suppliers accounting for the top 80% of procurement volume, and a total of 197 suppliers have provided feedback
ESG policies are promoted to overseas self-operated factories and optimized according to the local situations	Environmental, occupational health, and safety audits requirements have been added to the introduction and signing of contracts with suppliers in India and Thailand

Haier Smart Home strives to build a sustainable supply chain, and actively promotes suppliers to improve sustainability while safeguarding procurement needs and timely fulfillment of agreements. We are managing the entire process from supplier access, procurement, evaluation, and empowerment, and incorporating targeted consideration of supplier ESG risks. Currently, Haier Smart Home has 3,831 suppliers worldwide, with suppliers located in the following regions:

We understand that partnering with local suppliers reduces logistics costs, reduces greenhouse gas emissions, maintains community relations and promotes local economic development. In 2022, Haier Smart Home has about 74% of its product purchases related to local suppliers.

- China   1,856, 44%
- Europe   883, 21%
- Southeast Asia   554, 13%
- North America   545, 13%
- South Asia   292, 7%
- East Asia (exclude China) 47, 1%
- Australia   33, 1%
- South America   2, 0%
- West Asia   4, 0%
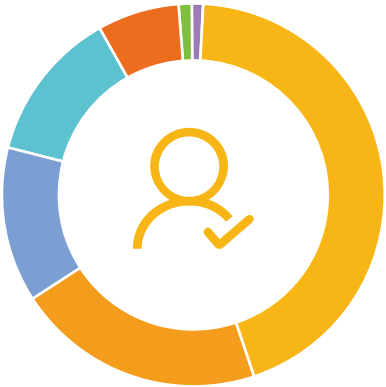
Supplier access

Haier Smart Home has formulated policies such as the *Management Standards for Capability Self-Commitment of Module Suppliers*, the *Onsite Interconnection of Supplier* and *Financial Indicator Review of Suppliers* and other systems to assess the qualification capability, site audit and credit rating evaluation of suppliers in the selection and access of new suppliers, ensure the quality, safety and environmental protection of suppliers and promote the sustainable development of the supply chain. In 2022, we introduced a total of 165 qualified new suppliers.

Self-commitment	We assess the qualification capacities of suppliers through self-commitment review. In particular, it is a key assessment for the suppliers to be in compliance with labor standards, commercial ethics, environmental protection and conflict minerals. In 2022, 11 new suppliers were unable to enter the supply chain network because they did not pass the self-commitment assessment.
On-site review	The new suppliers are required to pass quality system audits and social responsibility audits (including business ethics, labor and employment, safety, occupational health, fire protection, environmental protection, hazardous waste management, etc.).
Creditability review	We evaluate suppliers in terms of establishment history, their customers and suppliers profiles and other financial indicators.

In order to ensure the quality of procurement, we issued a *Notice on Not Allowing Key Processes to be Outsourced* to all suppliers in 2022, which clarified the criteria for not allowing key processes to be outsourced, and clearly defined the definition of subcontracting and the penalties in case of subcontracting in the *Modular Product Procurement Framework Contract* signed with suppliers.

Supplier environmental and social risk management

Haier Smart focuses on suppliers' performance in environmental and social risk management, such as labor rights and business ethics, and has formulated the *Haier Group Code of Business Conduct, Supplier Code of Conduct*, and other management practices to urge suppliers to fulfill their environmental and social responsibilities. In 2022, 1,086 suppliers received ISO 9000 certification, 629 received ISO 14000 certification, 112 received TS16949 certification, 21 received OHSAS 18001 certification, and 20 received ISO45001 certification.

suppliers received ISO 9000 certification

received ISO 14000 certification

1,086   629

Labor management

Haier Smart Home requires suppliers to provide equal, fair, healthy and safe working environments for employees based on the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labor Organization (ILO) Declaration on The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), and urges suppliers to actively participate in labor rights protection-related projects conducted by reputable organizations. We have requirements for supplier employee employment, safety and health management, and regard violations of labor rights such as the use of child labor and forced labor as a red line, and maintain a zero-tolerance attitude toward violations, stopping cooperation as soon as they are discovered.

Business ethics management

Haier Smart Home demands that its supplier partners follow demanding business ethics standards, requiring them to develop formal business ethics policies and sign documents such as the *Specific Deed of Integrity* and the *On-Site Interconnection Integrity Statement by Module Manufacturer* and other documents with them. Every year, before the Mid-Autumn Festival and other holidays, we issue *Supplier Integrity Reminder* in the form of a pop-up window on the Haidayuan platform system, making it mandatory for all suppliers to provide signed feedback. In 2022, 100% of suppliers returned integrity reminders.

We have published the ways to receive reports in multiple channels, and suppliers and employees can initiate reports on any problems they find. The Haidayuan system has a column called "Notification of Violations", which notifies suppliers and Haier internal staff of violations. In 2022, there were 18 suppliers notified of violations and 12 suppliers listed on the "blacklist".

Supplier anti-corruption training

01 GLOBAL SYNERGY WITH SUSTAINABLE GOVERNANCE ECOLOGY

02 SAFEGUARD THE PLANET EXPLORE A GREEN, LOW-CARBON FUTURE

03 RENDANHEYI TO PROMOTE DIVERSITY AND COMMUNION DEVELOPMENT

04 RESPONSIBLE PROCUREMENT FOR A SUSTAINABLE SUPPLY CHAIN

05 SMART EXPERIENCE TO LEAD A BETTER LIFE WITH INNOVATION

06 GATHERING POWER FOR FAIR DEVELOPMENT OF COMMUNITY

Environmental management

Haier Smart Home follows the national "dual carbon" strategic goal and promotes green procurement. We select suppliers with good environmental management performance and discuss carbon reduction with them to explore low carbon practices. In 2022, we conducted dual carbon-related research on more than 200 suppliers, accounting for 80% of the procurement amount, focusing on the Company's carbon peaking and carbon neutrality targets, greenhouse gas inventory/verification, carbon reduction scope, main achievements in the green low-carbon field, disclosure of relevant reports, and future development plans. A total of 197 suppliers provided feedback on the investigation.

In 2022, we conducted dual carbon-related research on more than

200

suppliers, accounting for 80% of the procurement amount

A total of

197

suppliers provided feedback on the investigation

We had an exchange meeting with our strategic supplier, Shanghai Baowu Steel Group Corporation Limited, on the dual carbon project, and discussed and learned about its carbon reduction solutions such as the use of environmentally friendly electricity and energy in the dual carbon promotion.

We conducted on-site carbon verification for "Qingdao HBIS New Material Technology Joint-stock Limited Company", and also communicated with HBIS on the feasibility of future clean energy for carbon reduction.

In February 2022, the Ministry of Industry and Information Technology of China announced the "2022 Green Manufacturing List", and 2 factories of Haier Smart Home were awarded the "Green Supply Chain Management Enterprise" respectively, and another 2 factories listed on the "Green Factory" list, demonstrating the Company's leadership in the layout of green upgrading of the entire chain and continuing to release the industry's green demonstration and leadership role.

Supplier audit

The Company has set up a cross-departmental team to assess and audit the environmental and social risks of suppliers in accordance with the relevant system, including audits of labor standards, health and safety, environmental protection and business ethics, etc. The audit targets include direct suppliers and secondary suppliers, including most of the chip, chemical and other component suppliers. We conduct audits through regular on-site inspections, employee interviews, management interviews and document audits, classify risk rating results into I, II and III levels, and make timely reports on problems found and urge suppliers to make corrections. In 2022, we conducted on-site audits of 221 suppliers graded at I and II and new suppliers, of which 58 had partial problems and no major non-conformities. Among them, there were 26 level II suppliers audited on site, of which 18 had some issues but no major non-conformities were found. The total number of suppliers audited in 2021 and 2022 represented 59% of the purchase amount.

The number of supplier risk ratings from 2019 to 2022

The compliance rate of supplier audits in 2022
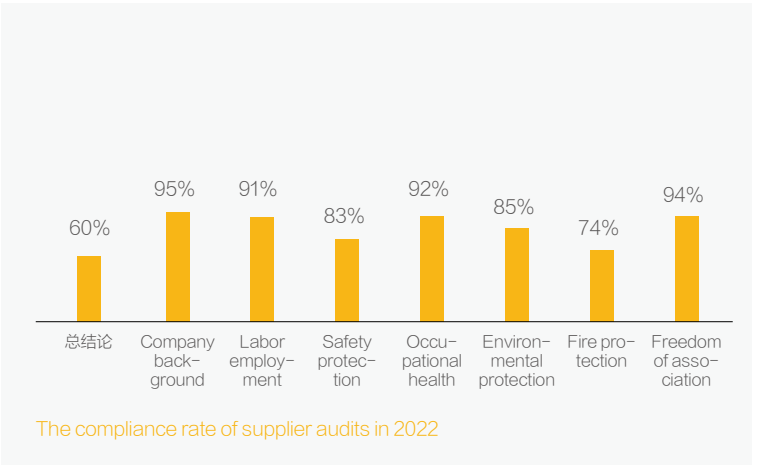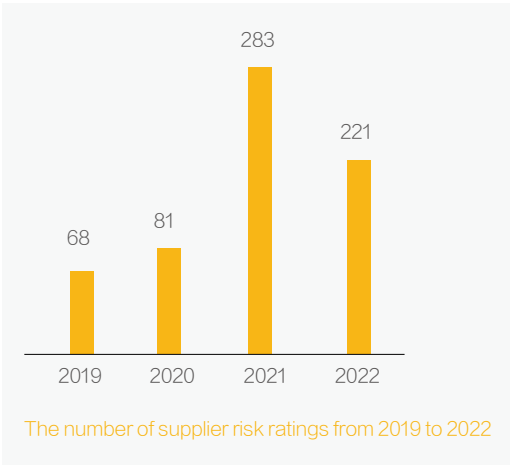
We guide our suppliers to take a five-step approach of inspection, root cause analysis, improvement, prevention, and evaluation to identify problems and develop targeted improvement measures. At the same time, we urge our level-one suppliers to conduct inspections and improvements on their level-two suppliers.

Digital management of suppliers

Haier Smart Home establishes a platform for module quality interconnection and visualization, realizes supplier production quality data in physical connection, focuses on supplier quality performance, establishes a supplier evaluation system based on big data technology, and evaluates data from more than 20 business systems for real-time evaluation to avoid human intervention.

Haier Smart Home continuously optimizes the production efficiency of suppliers through the analysis of IoT big data and computational models, maximizing production efficiency and reducing energy consumption to the greatest extent possible. In 2022, Haier Smart Home reconstructed the digital procurement platform. achieve paperless order transmission and established a first-class supplier resource base to realize online rapid entry for suppliers.

Supplier performance management

We focus on the five dimensions of Technology, Quality, Respond, Delivery and Cost to establish the evaluation system of user performance for supplier, and implement a comprehensive performance assessment and evaluation of suppliers every year. According to the evaluation results of supplier performance, we classify suppliers into five tiers: "sharing tier, development tier, acceleration tier, warning tier, and elimination tier", and combine the results of module strategy analysis and supplier relationship analysis to formulate a differentiated supplier strategy by the strategy and user needs.

Sharing tier : 126,11%

Elimination tier : 31,3%

Warning tier : 58,5%

Acceleration tier : 278,24%

Development tier : 652,57%
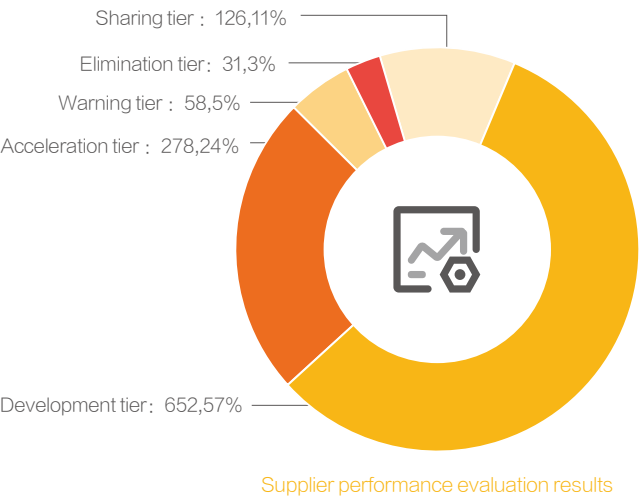
Supplier performance evaluation results

We will give weighted points to suppliers with better performance evaluation at the time of bidding. For suppliers in poor performance evaluation, we will reduce their points in the performance evaluation and follow up with them to rectify the problems. If the problem is not rectified, we will immediately stop cooperating with suppliers who have serious violations.

Conflict minerals

The Company attaches great importance to the issue of conflict minerals, observes *DoDD Frank Act* of the US, *EU Conflict Minerals Regulations* of Europe, Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of OCED and *Due Diligence Guidelines for Responsible Mineral Supply Chains* of the PRC, and promises not to purchase and use conflict minerals that are directly or indirectly sourced from contentious mining in high risk countries, including but not limited to tin, tantalum, tungsten, cobalt, gold and other metals and raw materials.

At the same time, we also require suppliers to jointly observe this promise, pursuant to which the suppliers need to provide written

statements and establish a policy for raw material tracing so as to ensure that the materials procured do not contain minerals of unknown sources or conflict minerals. And we conduct regular conflict mineral research once a year. In 2022, we performed extensive research on suppliers whose supplied commodities may contain tantalum, tin, tungsten, gold and cobalt (mainly tin and gold). As of the end of the reporting period, we had completed research on 1,401 suppliers, of which 44 used such metals in their supplied products, all of which have provided feedback on the absence of conflict mineral risks in their upstream supply chains. We plan to conduct a routine annual survey of all suppliers for conflict minerals thereafter.

Supplier communication and training

To ensure that procurement staff is aware of current best practices, Haier Smart Home conducts annual communication and training programs for the supply chain team, including expert seminars. We also carry out specific training for suppliers through quality system interconnection, delivery system interconnection, and Haidayuan System training, covering hazardous substance adjustment, ROHS restricted substance threshold requirements, update of environmental commitments in contracts, and re-signing of the new version of environmental commitments for module vendors. In 2022, we organized 4 supplier training sessions with a total of 1,027 participants. At the same time, we have training videos in the Haidayuan System that suppliers can study on their own at any time.

> ### "Technology Day" technical exchange activities by Haier Smart Home
>
> In 2022, we conducted 6 technical exchange activities for technology day with suppliers to communicate on new technologies such as new material applications, chips, sensors, and appearance. "Technology Day" is the most influential innovation theme exchange meeting of Haier Smart Home every year, aiming to create an innovation exchange platform, share and disseminate excellent innovation experiences, explore new business directions, and promote internal and external innovation exchange.

"Technology Day" technical exchange activities for suppliers

Our future planning

In the future, we will continue to deepen our responsible procurement strategy, play the role of a core supply chain company, continue to strengthen supplier management, adopt higher standards of environmental and social risk management requirements for suppliers, practice green procurement, and collaborate with the industry for common development while developing ourselves.

SMART EXPERIENCE TO LEAD A BETTER LIFE WITH INNOVATION

05

In the era of rapid development of "Internet of Everything", Haier Smart Home adheres to the concept of "quality-oriented, user-first" and provides high-quality products and services to users worldwide. We are committed to driving product upgrades with technological innovation, continuing to provide users with a more personalized, intelligent, and beautiful lifestyle, creating the best experience, and becoming a global eco-brand leader.

◆ **Response to SDGs:**

◆ **Response to major ESG issues:** product quality and safety, product innovation, intellectual property management, quality service, customer complaints

◆ **Response to ESG Indicators of the Hong Kong Stock Exchange:** B6 Product Responsibility

Our goals

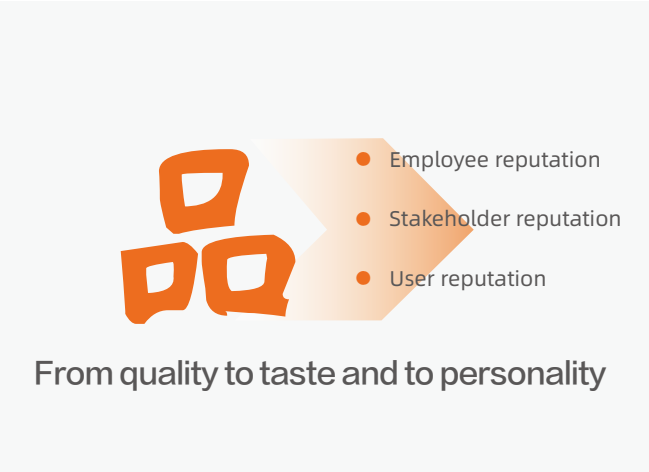| Goals for 1-3 years	Achievement of 2022 goals
Declining product defect rate	25% decrease in product defect rate compared to the previous year;
Endeavor to achieve "zero recall" in product	0% product recall rate
Construct a unified digital quality management platform	We have completed the overall planning for digital quality management platform and clarified the direction of upgrading the "Digital 765 Quality Ecological Flywheel" system
Strive to achieve "zero delay" in service and "zero complaint" from customers	24-hour feedback on customer problems of each product line and 48-hour treatment plan to achieve "zero delay" in service;
Build core patents and continue to increase the number of patent applications every year	We have formed over 100 high-value patent packages in key technological areas such as industrial internet, smart home, and preservation technology. The number of patent applications has increased compared to the previous year

Quality orientation to achieve excellence

Haier Smart Home has always adhered to the concept of "Rendanheyi, quality for everyone", starting from the user experience, and strict control of quality gates, creating the best reputation of the home appliance ecology.

Under the goal of "zero defects" in quality, Haier Smart Home strictly complies with the requirements of relevant laws and regulations for quality in the places where it operates, including but not limited to the *Product Quality Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and strictly controls the health and safety of product materials in accordance with international standards such as RoHS/REACH/POPs/FCM. The Company is continuously upgrading and updating the quality management system of "three certificates (production permission certificate, production certificate and quality certificate)" for OEM ecological products, strengthening the "two-way" management mechanism, and further improving the construction of the quality management system. During the year, all factories in the domestic operation area passed the ISO9001 quality management system certification, and 42 of them passed the QC080000 certification (International Electrotechnical Commission certification for non-hazardous substances in electronic and electrical devices and products).

In 2022, Haier Smart Home upgraded the concept of quality culture, established the User Experience Committee, paid more attention to user experience, improved and enhanced product quality based on user pain points, and promoted digital quality transformation.

- Employee reputation
- Stakeholder reputation
- User reputation

From quality to taste and to personality

Quality management of the whole process

The Company relies on quality platform of Haier to integrate internal and external resources to implement comprehensive monitoring and continuous improvement of product quality and to realize quality management of the whole process. In 2022, the defective rate of products witnessed a year-on-year decrease of 25%.

R&D Stage	Production Stage	Logistics Stage	Sales Stage
By conducting sufficient user research and establishing a database of user scenarios, we verify the functional performance of design solutions and products in various user scenarios. After multiple iterations and optimizations, we ensure the quality and safety of mass-produced products and enhance user satisfaction;	We strictly adhere to system standards and quality control measures, conduct strict inspections on each product, and enhance product inspection capabilities through personnel training, equipped with automated testing equipment and digital testing systems. In order to ensure high-quality products, the Company carries out multidimensional inspection work to ensure that the products meet the best user experience;	Relying on the Haier Smart Home Logistics Digital Platform, we have launched a product full-process traceability system to achieve transportation and warehousing visibility through IoT and smart technology. This enables us to evaluate and control logistics losses and strengthen logistics quality control;	The Company prohibits exaggerated publicity and misleading information to users, and regularly engages professional third-party organizations to evaluate user experience.

Quality Management of Suppliers

Haier Smart Home attaches great importance to quality management of supplier and has established a complete supplier quality control system in different production lines. We also strictly control quality of suppliers through auditing quality system and process in accordance with the requirements of the ISO9001 quality management system. According to the evaluation results of quality of suppliers, we classify suppliers into different level to increase the order share of excellent suppliers, and help improve the suppliers with lower evaluation.

In 2022, we transformed the quality management mechanism of suppliers from "post-inspection" into "pre-control" to establish an interconnected and visible platform for the quality module, and achieve supplier production quality visibility , quality data IoT, and quality capability recognition through visual means, ensuring the quality process can be traced, and co-creation with suppliers can be achieved.

Haier Smart Home responds in a timely manner to feedback of product problems from users. For products with problems within the warranty period, we would give the user a return or exchange after identification by the service provider in the user's location. The returned faulty machine would have its quality checked by the quality team of the factory to find the cause of the fault and then the recycling industry would dispose of it or hand it over to formal companies for compliance disposal. In 2022, we achieved an excellent performance of "zero recalls" on all products, with no product recalls due to safety and health issues.

Improvement of product quality

In order to improve the quality of products, Haier Smart Home regularly organizes quality training for its employees to enhance their quality awareness and continuously improve their professional skills. In 2022, we adopted a combination of online and offline methods to integrate internal and external resources to conduct training for quality personnel of different production lines, different levels and different needs. The training content includes quality management awareness training, ISO series standards training, QC basic quality tools training for front-line staff, and interactive practical training on special topics, all of which have achieved good results.

● Kitchen appliance product line

In 2022, a total of 21 internal and external training interactions were carried out, and 134 people participated in the training. The main training content included ISO9001 standards, 5Why analysis, etc., and one Professional Pillar award and two Elite Backbone awards were selected.
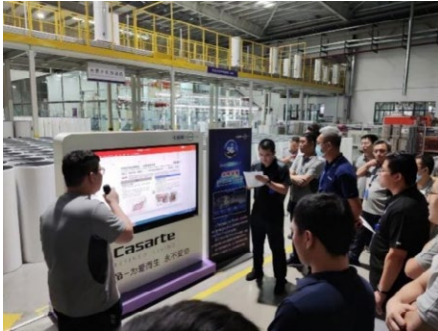
● Water purifier product line

In 2022, we organized quality training for quality managers, production and process technicians, including potential quality risks of production lines and quality control methods for key positions.

● Water heater product line

We organized various quality month activities in 6 factories, such as brazing skill training and competition, release of excellent quality improvement projects, which created a good quality atmosphere.

Measurement training of water purifier production line

Monthly quality activities of water heater product line

Team standard empowerment training

In order to encourage employees to excel in innovation, Haier Smart Home actively carry out inter-process, micro and inter-industry level competition activities to select and recommended outstanding models, summarize innovation models and promotion within the Company. In 2022, we established a project team for the promotion of employee innovation achievements based on the production line of small and micro enterprises, held selection activities such as "Rendanheyi Maker Pioneer", and published and promoted outstanding cases and innovative practices in Haier's internal news releases and public accounts, achieving a better demonstration and incentive effect.

During the year, Haier Smart Home actively participated in various quality projects, quality technology innovation projects, patent standards, academic papers and other competitions and exchange activities, achieving a series of quality honors and recognition, and enhancing external quality reputation and prestige.

● Kitchen appliance product line

Establish a direct channel to quickly deal with customers' problems, and a process for returning express with typical problems, shorten the time for returning, and optimize the unpacking defect rate;

The plan for optimizing quality of new product and forming a closed loop for improvement;

Optimize the quality ecosystem, focus on optimization and upgrading for the process and mechanism of electric control, external damage and motor modules, resulting in a 23% reduction in annual quality loss.

● Water purifier product line

Optimization of the metering system for management and controlling by online system;

Focus on promoting quality improvement projects such as the integrated packaging of the leading gooseneck and the integrated injection molding of the high-voltage switch.

● Water heater product line

Optimization of the metering system for management and controlling by online system;

Focus on promoting quality improvement projects such as improvement leakage noise of safety valve, structure improvement of heat exchanger and visualization of sky eye.

The 42nd Quality Management Group and Quality Trustworthy Team Representatives Meeting in China Electronics and Information Industry

Technological innovation leads product upgrades

Haier Smart Home regards innovation as the first driving force to lead product improvement, and has established an open innovation platform to promote product R&D and innovation, laid out smart home, green low-carbon and other emerging areas, continue to improve user experience. We have established innovation centers around the world, relying on our ecological resource network to discover innovative technologies that match the needs of our products, and realize innovation-led development. To further improve the efficiency of cooperation with ecological parties, we would conduct concept verification and docking management on innovative technologies, and actively organize and participate in innovation activities at home and abroad to keep the activity of overseas innovation.

Research and development of low−carbon products

On the basis of ensuring the products meet norms of health and safety, Haier Smart Home follows the trend of green consumer demand and takes low carbon and environmental protection as the key direction of product R&D and innovation. In 2022, Haier Smart Home focuses on the development of products to intelligence, low carbon and scenario, develops highlight products and technologies around product lines such as refrigerators, air conditioners, kitchen appliances, water heaters, water purifiers and washing machines, continuously promotes industry-leading We will continue to promote the development of industry-leading standards, actively participate in industry exchange activities, and promote the implementation and application of innovative achievements.

Refrigerator product line:

- We Successful research and development of EPP sterilization and AI purification, utilization of bio-based degradable materials, recyclable materials of the whole machine, FD-PLUS frequency conversion technology and other low-carbon health highlights technologies, effectively improving the renewable utilization rate and energy-saving effect of refrigerators;
- In 2022, lead and participate in the formulation and re-vision of 9 national standards, 2 industry standards and 16 group standards, of which 13 group standards have been published;

Washing machine product line:

- Made innovative progress in micro-filament technology, transparent packaging technology, recycled material technology, small blue box technology, etc., and continuously improved advantages of product innovation;
- Participated in ISO's first international standard project on water efficiency labeling, led and participated in the formulation of 13 national industry standards, of which 2 have been published;

Kitchen appliance product line

- Actively participated in industry technology conferences and academic exchange activities, and published over 30 papers in different research journals;
- Received various awards and recognition from institutions such as the China Quality Management Association

Water heater product line:

- Successfully researched and developed fuel-electric hybrid heating technology, variable frequency solar heat pump, crystal double tank technology, composite water treatment technology and other high-light products and technologies, of which the fuel-electric hybrid heating technology was identified as international leading;
- Led the formulation and issue of 4 group standards including *Specifications for Energy-saving Evaluation of Zero Cooling Water Function of Intelligent Gas Instant Water Heater* and *Technical Specifications for Air Source Heat Pump Water Heaters for Residential Buildings*;

### Water purifier product line:

- Upgraded 6 water purification machine standards, developed a number of product technologies based on the concept of environmental protection and health, and continuously optimized the user experience;

In 2022, the Company developed and applied a number of key technologies and processes focusing on recyclable environmental protection materials, energy saving and consumption reduction, and pollutant emission reduction.

Highlight green products

Refrigerator product line - Bottom-mounted refrigeration system refrigerator

This product applies differential pressure suction technology to improve air delivery efficiency, resulting in a 26% reduction in food freezing time via the ice crystal strip. Additionally, the high-efficiency integrated design of the bottom-mounted refrigeration system enables the entire machine to save 5% energy.
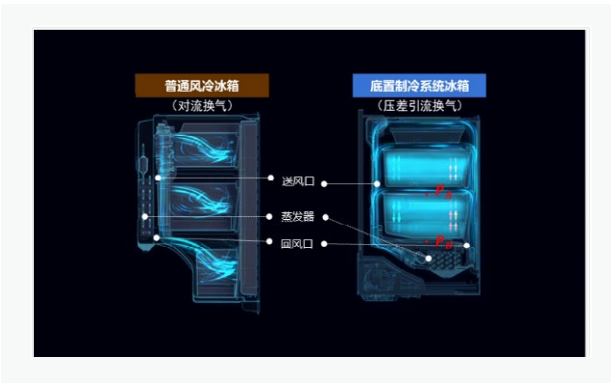
Kitchen appliance product line−Constant wind range hoods

The product can dynamically sense the wind pressure, so that the actual stir-frying air volume can reach 30m^3/min, which improve the oil fume absorption rate and effectively reduce the emission of oil fume pollutants.

Bottom−mounted refrigeration system refrigerator

Constant wind range hoods

Water heater product line-Water heater featuring intelligent adjustment

The product applies multi-domain energy-saving and low-carbon operation technology, which features the function of interacting with the State Grid and can intelligently adjust the time for switching on and off, operation mode and the recommendation of water usage plan according to the user's area, so as to improve the utilization rate of electric energy. At the same time, the operation mode of the product can intelligently match different heating temperatures in accordance with different seasons and infeed water temperatures to achieve energy conservation.

Intelligent control water heater

Water purifier product line-Recyclable technology

The casing of product is made of recyclable plastic materials, and all materials meet the requirements of ROSH certification requirements, while the product has an internal filter to save packaging materials.

Air conditioning product line:

The globally innovative flexible and variable refrigerant flow (VRF) energy-saving technology for air conditioning significantly improves the efficiency of cooling and heating cycles, and can achieve comprehensive carbon reduction by reducing refrigerant charge and minimizing raw material consumption. This technology reduces the usage of copper and aluminum, refrigerant, and carbon emissions by 1.9kg, 150g, and 100kg, respectively, compared to the original product on a single product basis.

Washing machine product line-Essence washing product

The product uses a mixing technology for optimal dispensing to increase mixing efficiency by 50%. At the same time, the high-pressure direct spray technology of this product increases 1-time adhesive concentration of detergent through a high-pressure 3D water spray, achieving to save 38% water, 29% electricity, 37% time and reduce 15% wear& tear.

VRF energy-saving air conditioning

Essence washing product

Candy also focuses on the concept of low carbon and environmental protection and is committed to implementing energy conservation and consumption reduction amongst all product categories, actively investing in personnel, instruments and processes to develop new energy-saving technologies and redesign product platforms to ensure that products achieve an industry-leading level in terms of green aspects.

Patent and intellectual property protection

With the concept of "protecting intellectual property rights is protecting innovation", Haier Smart Home has always adhered to the patent strategy of high-quality development as well as the patent principle of "non-infringement and infringement-free" and "Independent copyright for self-developed patents and joint copyright for co-developed patents", established a patent management system and operating mechanism with high-value patents as the core, explored a protection model featuring coordination of "technology, patent, standard" and actively pushed forward the creation, protection, application and management of patents, which proved to be effective.

We strictly observed the applicable intellectual property laws and regulations in the operating sites across the world, including *Patent Law of the People's Republic of China, Trademark Law of*

the People's Republic of China and *Copyright Law of the People's Republic of China*. We have established a global management system, formulated and published regulations, such as the *Platform for Patent Asset Evaluation* and *Patent Maintenance Waiver Management* and the *Platform for Patent Licensing and Transfer Management Procedure*, and improved measures, such as the *Patent Quality Management Platform* and the *Patent Incentive Platform*. We have respected the intellectual property rights of third parties while protect our own intellectual property rights, 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. In 2022, no patent infringement incidents occurred.

We established Haier Smart Home Global Patent Management system (IPM) to promote the digitization of standard patents and realize real-time and dynamic management, global sharing and digital management of the whole life cycle of standard patents. Focusing on key innovative products and technologies in each industry, Haier Smart Home implemented patent risk control and management of the whole life cycle, actively tracked the latest public patent information in the industry, and regularly communicated industry innovation with ecological parties to improve the activity of overseas innovation and realize the sharing of global innovation R&D results. In 2022, we established the patent assets evaluation and maintenance management platform to identify existing patents and conduct market operation, as well as optimise the patent quality platform.

We continued to make a global patent layout by depending on R&D centers around the world and developed over 100 patent portfolios with high value in such key technological fields as industrial internet, smart home and freshness preservation technology. By the end of 2022, Haier Smart Home had applied for more than 92,000 patents globally, covering 30 countries, including more than 59,000 invention patents, and more than 16,000 overseas invention patent applications, Haier Smart Home was the Chinese home appliance enterprise with the largest number of overseas patents. This year, Casarte Galaxy split-type air conditioners won 1 award of Chinese Design Gold Award, and the Company has now obtained a total of 11 Golden Awards for Outstanding Chinese Patented Invention, ranking first in the industry; Haier Smart Home was approved as a National Model Enterprise of Intellectual Property Right and was included in the Global Smart Home Invention Patent Ranking issued by the IPRdaily in the first half of 2022.

We developed over

100

patent portfolios with high value in key technological fields

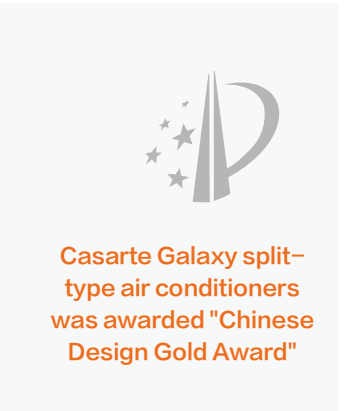By the end of 2022, we had applied for more than

92,000

patents globally

including more than

59,000

invention patents

Casarte Galaxy split-type air conditioners was awarded "Chinese Design Gold Award"

We have also undertaken the construction of National Innovation Center for high-end Intelligent home appliances and other national platform, and consolidated the innovative resources of production, study, research and application across the whole industrial chain based on the above national innovative platform to create an innovative ecology with "technology, patent, standard" for the home appliance industry in China. Currently, it has over 180 ecosystem members, operated over 5,000 patents, and took part in formulate 69 standards, empowering Chinese home appliance industry to enhance global competitiveness.

To foster a ubiquitous atmosphere of innovation and improve the innovative activity of R&D personnel, Haier Smart Home developed award system for international property rights and standards, established a patent incentive platform, and set up awards such as best patent award, patent application award, patent standardization award to encourage high-quality innovation. In 2022, the Company increased the award credits of patent achievement award to further motivate innovative creativity and incentives of R&D personnel.

The national innovative platform has over

180

ecosystem members

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5,000

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and took part in formulate

69

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Carefree service to create the best experience

As a leader of global ecological brands, Haier Smart Home adheres to the concept of "customer first", regards customer satisfaction as standard and the improvement of customer complaint as direction, constantly improves the service system standards, builds a digital platform to ensure worry-free after-sale services, builds a smart Internet of Things with users' experience at its core, and strive to achieve "zero complaints and zero delays" for users with actual actions to improve user satisfaction. In 2022, the overall user satisfaction of Haier Smart Home reached 99.83%.

In 2022, the overall user satisfaction of Haier Smart Home reached

99.83 %

Digital platform, worry-free after sale services

In order to create the whole-process and integrated smart service, Haier Smart Home built an information service platform, set up a Reputation Committee, established a user-oriented service mechanism, optimized the service scenario, responded to the after-sales needs of users in an active manner, and created the best service experience.

Digital platform upgrading

Centered around the whole process service experience of users, Haier Smart Home built a service provider and service professional workbench system to ensure that the needs of users are responded in a timely manner. In 2022, we built a virtual numbers limited contact and applets interactive platform with online interaction and second-level response. Users and service professionals can achieve in-depth communication through Haier's service applets, solve problems online in real time and keep the service tracks online, making the after-sales communication process more convenient and transparent. In addition, we promoted the whole process service platform, displayed users' concerned policies and issues on Haier's official APP, Haier's service applets and other channels, and increased numerous free service items.

Service model innovation

Haier Smart Home has established the Quantum Mini Store model, focusing on providing services for users' home living scenarios. We have established a new service model centered around community users, integrating sales and after-sales services both online and offline, and across multiple channels. Our goal is to provide users with the best experience in the entire process of home appliance and home living services. In 2022, Quantum Stores have been established in 1,500 locations, and we plan to continue expanding the scope of mini-store service operations, continuously enhancing our ability to provide community consumption services and offering more convenience to our users.

> Users have more personalized needs
· Product → Good product → Great experience
· (Quality products + One-stop service)

> Users have more diverse choices
· Offline physical stores → Online and offline integrated multi-channel consumption experience

> Users pursue more convenience
· Post-epidemic era, online shopping big malls
· Community perimeter ecosystem

Service quality improvement training

Haier Smart Home had managed over 100,000 service professionals across the world, and organized quality training to continuously improve the service level and capability of service professionals. In 2022, the Company had trained more than 40,000 senior service professionals, and upgraded the image of service professionals by unifying tool identification; conducted certification training for technical managers and trained 58 service trainers; launched 7 service courses an 519 industrial professional courses on the platform within the system, to upgrade the course content and number; upgraded the best service professionals selection mechanism, whereby excavating key and excellent deeds, selecting 8 excellent service professionals and promoting their deeds; carried out intensive training on the ability of service professionals, such as the "Small Steps to Big Success Plan (星火燎原計劃)" and skills competitions, with a total of 6,466 online training and 20,010 offline training conducted and 178,427 service professionals participated.

Improvement of customer complaint handling

Haier Smart Home adhered to the principle of "customer first", established and gradually improved the responses and management mechanism for optimization of customer complaint handling, to continuously enhance users' consumption experience. We require that after receiving the complaint from users, we should fully understand users demands within 1 hour, and solve the problems within 24 hours. In terms of the handling process, the whole process of user complaint information processing would be visible, and overtime would be upgraded to higher-level personnel processing. By the end of the reporting period, the user complaint rate was 0.17%, with a complaint settlement rate and a satisfaction rate of 100%. In 2022, Candy launched its "Do It Yourself" website page in the UK and Italy, which developed an easier and more efficient digital user interaction and improved the efficiency of after-sales communication.

Smart Internet of Things, interactive experience

Haier Smart Home focused on the user experience, and was committed to realizing the transformation from high-quality products and services to experiential services in the whole scenario of smart family life. After the upgrade of the Three-Winged Bird platform, the Company officially opened a new era of customized smart homes in 2022, continuously upgraded the scenario services and opened 1+N model to lock the demand of package service of users, provided users with one-stop, whole-scenario, customized smart home service solutions, established the digital platform to made the service process visible and controllable from scenario design in advance, construction during the event and delivery service afterwards.

Our future planning

Haier Smart Home will take quality as the bottom line of principles, improve quality management and control system, lead quality upgrade with technological innovation, assist service personnel to better approach customers 'demands with digital platform and big data, and improve user satisfaction and brand reputation.

01 GLOBAL SYNERGY WITH SUSTAINABLE GOVERNANCE ECOLOGY

02 SAFEGUARD THE PLANET EXPLORE A GREEN, LOW-CARBON FUTURE

03 RENDANHEYI TO PROMOTE DIVERSITY AND COMMUNION DEVELOPMENT

04 RESPONSIBLE PROCUREMENT FOR A SUSTAINABLE SUPPLY CHAIN

05 SMART EXPERIENCE TO LEAD A BETTER LIFE WITH INNOVATION

06 GATHERING POWER FOR FAIR DEVELOPMENT OF COMMUNITY

GATHERING POWER FOR FAIR DEVELOPMENT OF COMMUNITY

06

Haier Smart Home actively participates in health education, the construction of villages, volunteering and other community welfare, makes effort to create value and practice social responsibility, and gathers the power to contribute Haier's power for promoting the construction of fairer and better society.

◆ **Response to SDGs:**

◆ **Response to ESG material issues in this chapter:** Community Investment

◆ **Response to Hong Kong Stock Exchange ESG Indicators in this chapter:** B8 Community Investment

Our goals

Goals for 1–3 years	Achievement of 2022 objectives
Empowerment with regard to education development to upgrade the aid model of Hope Project and build 20+ new Hope Primary Schools nationwide;	Building 20 Hope Primary Schools nationwide
Response to the call of "common prosperity " to help rural revitalization and construction;	Our cumulative investment in the community has exceeded RMB19 million
Insist on helping those in poor and in distress to show responsibility.	Actively cared about charity and public welfare activities at home and abroad, and donated supplies and cash to local public welfare organizations and charity activities in Poland, UK, Italy, Indonesia, Serbia, Pakistan and other various countries

In 2022, the cumulative community investment in Haier's operating areas at home and abroad exceeded RMB **19** million.

Committing to education and healthy

Over the years, Haier Smart Home paid attention to children's growth and development, relying on the Haier Education Foundation in Qingdao, actively participated in public welfare for improving primary education and healthy, assisted the teenagers and children for different age to receive good education, so that they can grow up safely and healthily. In 2022, Haier Education Foundation established "2022 Spring Brightness Education Development Charity Trust" using over RMB24 million of assets to establish charity trust and was committed to establishing charity, education and public welfare system.

As of the end of 2022, Haier Smart Home has donated a total of over RMB128 million in Hope Project to build 365 Hope Primary Schools and 1 Hope Middle School in 26 provinces, cities and autonomous regions, and is the top enterprise building the most Hope Primary Schools in the Hope Project. During the year, the Company helped to build 20 Hope Primary Schools to shine the local children's future by education. In the future, Haier Smart Home will continuously provide the supplies and other assistance to Hope Project through "Haier Education Foundation" to improve the study environment for children in poverty-strive areas.

The Company also launched "Light Chasing Program" to pursue more opportunities for the growth, development and enlightenment dreams of more children. In December 2022, Haier Smart Home opened Haier Global Inspection Scientific Center, leading the children in Hope Primary Schools to study Appliance Science & Technology, and build science and technology dreams by online and offline exploration activities.

"Young Dreamers" voluntary service organization focused on youth education public welfare

Established in 2017, "Young Dreamers" voluntary service organization of Haier specialty stores has always focused on youth growth and education and actively explored the more effective way for youth growth.

As of the end of 2022, the voluntary service organization has attracted over 3,600 volunteers participated, launched a total of over 400 large-scale charitable activities, taking care of more than 70,000 students and helping over 8,600 children to achieve intermediate dreams. Over 1,800 families were benefited from the activity, and the voluntary service organization gained the title of "best organization for volunteer service".

"Young Dreamers" voluntary service organization of Haier specialty stores

Overseas operating regions also participated actively in local education and healthy public welfare to contribute love and energy.

Haier Poland sells painted refrigerator to help local children's growth

In February 2022, Haier in Poland donated a painted refrigerator to local well-known charity foundation, and which was successfully sold at a price (approximately RMB17,397) 20% higher than market value at 30th WOŚP philanthropic auction. The proceeds will be used for helping local children' health and development.

Haier Poland donates painted refrigerator

Haier Hoover Foundation in UK helped seriously sick children to achieve their wishes

In August 2022, Haier Hoover Foundation cooperated with Box4Kids, a children charitable project in UK, for achieving seriously sick children's wishes to watch Rugby competitions.

Haier Hoover Foundation cooperates with Box4Kids, a children charitable project in UK

AQUA Indonesia donates books and home appliances to local schools

In August 2022, AQUA, an Indonesian micro and small-enterprise, took active endeavors to fulfill social responsibilities by donating books and home appliances to a number of local vocational high schools, building a new book booth and organizing seminars and training sessions to help the development of local education.

Diversified support for rural construction

Haier Smart Home actively participates in rural revitalization work, and pairs with rural areas to provide assistance in industry, employment, education, health, and other aspects. We use technology and knowledge to help build beautiful countryside and improve the production and living standards of rural areas. In 2022, the domestic operating areas invested RMB10.223 million for rural revitalization work, while GEA invested RMB948,000.

Guizhou Haier Electrical Appliances Co., Ltd. supports local rural infrastructure construction.

In 2022, due to weak infrastructure construction and economic difficulties in the Yigekong community in Yuya Town, Zunyi City, Guizhou Province, Guizhou Haier Electrical Appliances Co., Ltd. gave a helping hand and provided RMB40,000 to support infrastructure construction and improvement.

In addition, because Panxi Village in Yuxi Town, Daozhen Gelao and Miao Autonomous County, Guizhou Province is located in a remote and rugged area, there are many problems in the road lighting equipment, posing potential security risks. Guizhou Haier Electrical Appliances Co., Ltd. conducted surveys and research with local village officials and donated RMB35,000 for road improvement and lighting equipment installation, effectively improving the happiness of local residents.

Helping the poor and saving the troubled

In the face of extreme weather and natural disasters, employees of Haier Smart Home around the world have been actively engaged in rescue and relief efforts to help people in disaster-stricken areas to tide over the difficulties. In 2022, we donated supplies and funds to local charitable organizations and charitable activities in Poland, the UK, Italy, Indonesia, Serbia, Pakistan and other countries, demonstrating the responsibility of Haier Smart Home.

Haier Smart Home's active participation in Pakistan's flood relief actions

In June 2022, when Pakistan was hit by severe floods, Haier Smart Home carried out the "Holding Hands, Spreading Hope" flood relief campaign at first time, participating in local flood relief actions, donating RKR4 million to government institutions to support the post-disaster rebuild, and providing humanitarian relief through food donations and services, benefiting more than 3,500 victims.

Pakistan Flood Relief Donation from Haier Smart Home

Caring volunteer to serving the society

Employees of Haier Smart Home at home and abroad insist on voluntary participation in social governance by volunteer services, creating public value and giving back to the society with their professional ability and spare time.

Haier UK Hoover Foundation takes an active part in local charity work

On May 28, 2022, "World Hunger Day", the Haier UK Hoover Foundation launched a love donation, setting up fundraising booths in the office for raising supplies and funds. The Hoover Foundation will add £2.5 to each raising item on the original basis and donate all proceeds from the activity to food charity organizations –food banks in Bolton, Warrington and Merthyr Tydfil of the UK to contribute to end hunger. In addition, Haier UK also organized fundraisings for other diverse disadvantaged groups.

Haier UK Hoover Foundation Launching "World Hunger Day" Donation

Haier America GEA launches Blue Wave charitable project

In 2022, GEA continues to advance the Blue Wave charitable project, committing 20,000 hours within a year to community voluntary activities, expanding voluntary scope from the U.S. to the world, and supporting public schools, non-profit organizations and communities around the world.

Blue Wave Project

Haier Europe donates to local foundations in Serbia

On September 19, 2022, Haier Europe launched a charitable donation activity to the local Serbian foundation, Budi Human, raising money through the sale of the Candy Fresco series of refrigerators.

Haier Europe Donating to Local Foundations in Serbia

Haier Air-Con donates air conditioners to Italian Association for Cancer Research

On June 16, 2022, Haier Air-Con donated a number of Haier air conditioners designed and modified by 118 students from local art institutions to the Italian Association for Cancer Research for auction, and the funds will be used to support cancer research projects.

Our future planning

In the future, Haier Smart Home will stay true to ourselves, continue to act for good and actively fulfill its corporate social responsibility. We will continue to make efforts in supporting youth development, contribute to rural development, help the poor, save the troubled, and carry out voluntary activities, move forward on the way of public welfare.

APPENDIX

Appendix I: The Stock Exchange of Hong Kong Ltd. ESG Reporting Guide Index

Category	Issue	Disclosure requirement	Index
Governance Structure	–	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they connect to the issuer's businesses.	P3
Reporting Principles	–	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	ABOUT THIS REPORT
Reporting Boundary	–	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	ABOUT THIS REPORT
Environment	A1 Emissions	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P28-32、35-41
		A1.1 The types of emissions and respective emissions data.	P36
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	P36
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P36
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P36
		A1.5 Description of emission target(s) set and steps taken to achieve them.	P10、26-41
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P10、26、35、38-40

Category	Issue	Disclosure requirement	Index
Environment	A2 Use of Resources	General disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	P33-34
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in 000s) and intensity (e.g. per unit of production volume, per facility).	P34
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	P34
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P10、26、33-34
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P10、26、33
		A2.5 Total packaging material used for finished products (in tonnes), if applicable, with reference to per unit produced.	P34
	A3 The Environment and Natural Resources	General disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources.	P33、35
		A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	P28-41
	A4 Climate Change	General disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P42
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	P42-43
Social	B1 Employment	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P50-52
		B1.1 Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	P46-49
		B1.2 Employee turnover rate by gender, age group and geographical region.	P48-49
	B2 Health and Safety	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P61
		B2.1 Number and rate of work-related fatalities for the past three years (including the reporting year).	P61
		B2.2 Lost days due to work injury.	P61
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P61-63
	B3 Development and Training	General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P54-57
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management and middle management).	P56
		B3.2 The average training hours completed per employee by gender and employee category.	P56

Category	Issue	Disclosure requirement	Index
Social	B4 Labour Standards	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P52
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	P52
		B4.2 Description of steps taken to eliminate such practices when discovered.	P52
	B5 Supply Chain Management	General disclosure: Policies on managing environmental and social risks of the supply chain.	P66–67
		B5.1 Number of suppliers by geographical region.	P66
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	P66
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	P67–69
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	P68、70
	B6 Product Responsibility	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P22、25、74
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P72
		B6.2 Number of products and services related complaints received and how they are dealt with.	P82
		B6.3 Description of practices related to observing and protecting intellectual property rights.	P80–81
		B6.4 Description of quality assurance process and recall procedures.	P74
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	P23–25
	B7 Anti-corruption	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P20
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	P21
		B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	P20–21
		B7.2 Description of anti-corruption training provided to directors and staff.	P21
	B8 Community Investment	General disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	P84–89
		B8.1 Focus areas of contribution (e.g. education, environmental affairs, needs of labour, health, culture and sports).	P84–89
		B8.2 Resources contributed (e.g. money and time) to the focus area.	P84

Appendix II: GRI Content Index

Statement of use	Haier Smart Home Co., Ltd. and its subsidiaries had reported the information cited in this GRI Standards content index for the period January 1, 2022 to December 31, 2022 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard		Disclosed Items	Location and explanation
GRI 2: General disclosures 2021			
1. Organisations and its reporting practices	2–1	Organizational details	P4
	2–2	Entities included in the organization's sustainability reporting	P1
	2–3	Reporting period, reporting frequency and contactor	P1
	2–4	Restatements of information	The organization did not have any restatements during the reporting period.
2. Activities and Workers	2–6	Activities, value chain and other business relationships	P2
	2–7	Employees	P46–48
	2–8	Workers who are not employees	There are no workers who are not employees.
3. Governance	2–9	Governance structure and composition	P16
	2–10	Nomination and selection of the highest governance body	Please refer to 2022 Annual Report.
	2–11	Chair of the highest governance body	LI Huagang
	2–12	Overseeing role of the highest governance body in the management of impacts	P17
	2–13	Delegation of responsibility for managing impacts	P18
	2–14	Highest governance body's role in sustainability reporting	P18
	2–15	Conflicts of interest	P17
	2–16	Communicating critical concerns	P6–7
	2–17	Collective knowledge of highest governance body	P3
	2–18	Evaluation of the performance of the highest governance body	Please refer to 2022 Annual Report.
4. Strategy, policies and practices	2–22	Statement on sustainable development strategy	P3
	2–23	Policy commitments	P22
	2–24	Embedding policy commitments	P22
	2–26	Mechanisms for seeking advice and raising concerns	P6–7
	2–27	Compliance with laws and regulations	There are no significant violations of laws and regulations by the Company during the year.
5. Stakeholder Engagement	2–29	Approach to stakeholder engagement	P6
	2–30	Collective Bargaining Agreement	100% labor union coverage

GRI Standard	Disclosed Items	Location
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	P6-7
3-2	List of material topics	P7
3-3	Management of material topics	Please see the table below for the management methods for specific topics.

Item Description Disclosures		Index
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Please refer to the 2022 Annual Report for financial information related to operations; we do not report other information due to confidentiality requirements.
	201-2 Financial implications and other risks and opportunities due to climate change	P42-43
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	P66
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	P21
	205-2 Communication and training about anti-corruption policies and procedures	P21
GRI 206: Unfair Competition 2016	206-1 Legal litigation against unfair competition, antitrust, and anti-monopoly practices	P22
GRI 301: Materials 2016	301-1 Weight or volume of materials used	P34
	301-2 Recycled feed used	P38-39
	301-3 Recycled product and its packaging materials	P38-39
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P34
	302-2 Energy consumption outside of the organization	P34
	302-3 Energy intensity	P34
	302-5 Reduction in energy requirements of products and services	P30-41
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	P34
	303-2 Management of water discharge-related impacts	P35
	303-3 Water withdrawal	P34
	303-4 Water discharge	P35
	303-5 Water consumption	P33
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P36
	305-2 Energy indirect (Scope 2) GHG emissions	P36
	305-4 GHG emissions intensity	P36
	305-5 Reduction of GHG emissions	P26
GRI 306: Effluents and waste 2020	306-2 Waste by type and disposal method	P36
	306-3 Significant spills	In 2022, the organization had no significant spills.
	306-4 Transport of hazardous waste	P35
	306-5 Water bodies affected by water discharges and/or runoff	P35
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	In 2022, the organization did not had no non-compliance with environmental laws and regulations.

Item Description Disclosures		Index
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P68
	308-2 Negative environmental impacts in the supply chain and actions taken	P68-69
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P48-49
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P58-60
	401-3 Parental leave	P58
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P61
	403-2 Hazard identification, risk assessment, and incident investigation	P61
	403-3 Occupational health services	P63
	403-4 Occupational health and safety affairs: worker participation, consultation, and communication on	P62-63
	403-5 Worker training on occupational health and safety Disclosure	P62-63
	403-6 Promotion of worker health	P63
	403-7 Prevention and mitigation of occupational health and safety related to business relationships	P61
	403-8 Workers covered by an occupational health and safety system	P61
	403-9 Work-related injuries Disclosure	P61
	403-10 Work-related ill health	P63
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P56
	404-2 Programs for upgrading employee skills and transition assistance programs	P56-57
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P46-51
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P52
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	P56-59
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria.	P67
	414-2 Negative social impacts in the supply chain and actions taken.	P67、69
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	P74
	416-2 Non-compliant events involving the health and safety impact of products and services	In 2022, the organization had no significant violations involving health and safety impacts of products and services.
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	P22
	417-2 Incidents of non-compliance concerning product and service information and labeling	In 2022, the organization had no significant incidents of non-compliance concerning product and service information and labeling.
	417-3 Incidents of non-compliance concerning marketing communications	In 2022, the organization had no significant incidents of non-compliance concerning marketing communications.
GRI 418: Customer privacy 2016	418-1 Confirmed complaint related to the violation of customer privacy and loss of customer data	In 2022, the organization had no significant confirmed complaint related to the violation of customer privacy and loss of customer data.

Appendix III: SASB Content Index

Table 1: Sustainability disclosure topics and accounting metrics

Topic	Accounting metric	Category	Unit of measure	Index
Product Safety	Number of recalls issued and total units recalled	Quantitative	Number of cases or units	P72
	Discussion of process to identify and manage safety risks associated with the use of its products	Discussion and Analysis	Not Applicable	P74
	Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative	Reporting currency	NA
Product Lifecycle Environmental Impacts	Percentage of eligible products by revenue certified to the "ENERGY STAR"	Quantitative	Percentage of revenue	NA
	Percentage of eligible products certified to an Association of Home Appliance Manufacturers (AHAM) sustainability standard	Quantitative	Percentage of revenue	NA
	Description of efforts to manage products end-of-life impacts	Discussion and Analysis	Not Applicable	P38-40

Table 2: Activity metrics

Activity metric	Category	Unit of measure	Index
Annual productions	Quantitative	Number of units	NA

Appendix IV: ESG Awards

Social responsibility honor/ESG honor

Best ESG Information Disclosure Award: On March 31, 2022, Haier Smart Home was selected as the "Best ESG Information Disclosure Award" in the 18th New Fortune of Golden-plated Secretaries to the Board & the 5th New Fortune Best IR of Hong Kong Listed Companies List.

Top 10 Best Corporate Governance Enterprises of the Year 2022: In July 2022, Haier Smart Home won the "Top 10 Best Corporate Governance Enterprises of the Year 2022" award from the CLS.cn.

Haier Smart Home Was Listed on Fortune's First ESG List: On August 23, 2022, Haier Smart Home was named to Fortune's first China ESG impact list.

China Top 100 Listed Companies ESG Award: In September 2022, Haier Smart Home won the "China Top 100 Listed Companies ESG Award " in the 16th Awards of the Value of Listed Companies in China for "New Era, New Value" organised by Securities Times.

Annual Most Socially Responsible Listed Company Award: In November 2022, Haier Smart Home won the "Annual Most Socially Responsible Listed Company Award" in the 2022 "Capital Power" organised by Stock Star.

The China ESG Golden Awards: On December 15, 2022, Haier Smart Home won the China ESG Golden Awards 2022- Best Social (S) Responsibility Award organised by Sina Finance.

"2022 ESG Corporate Star" and "2022 Excellent Socially Responsible Enterprise" : On December 22, 2022, Haier Smart Home was awarded the "2022 ESG Corporate Star" and "2022 Excellent Socially Responsible Enterprise" by the Javelin Financial Research Institute and Investment Times.

Excellence Model in ESG Practice Award for Listed Companies in China: On December 30, 2022, the 2022 "Golden Intelligence Award" Selection of Listed Companies in terms of Value was officially announced, and Haier Smart Home was named Excellence Model in ESG Practice Award for Listed Companies in China.

Haier Smart Home has four companies listed on the 2022 Green Manufacturing List: On February 9, 2023, two of Haier Smart Home's enterprises were awarded the "Green Supply Chain Management Enterprise" by the Ministry of Industry and Information Technology, and two factories were awarded the title of "Green Factory." Haier Smart Home now has a total of four national-level green supply chain management enterprises and is also the enterprise with the most national-level green factories in Qingdao.

China's first "Sustainable Lighthouse" for enterprises: On January 13, 2023, the Tianjin Washing Machine Interconnect Factory was successfully selected as a Global "Sustainable Lighthouse Factory" by the World Economic Forum, marking a breakthrough for Chinese local companies in the global sustainable development lighthouse factory directory.

Brand Honor

Haier Smart Home's 4 Smart Factories on the National List: On January 4, 2022, Haier Smart Home's 4 smart factories were listed on the 2021 Pilot Demonstration Plant and Excellent Scenes for Intelligent Manufacturing by the Equipment Industry Department I of MIIT.

Ranking Fourth in the 2021 Hurun China Private Companies SDG Readiness 100: On January 10, 2022, Haier Smart Home ranked fourth in the 2021 Hurun China Private Companies SDG Readiness 100 issued by the Hurun Research Institute.

Three-Winged Bird Won the 2021 World IoT Award: Haier Smart Home's scenario brand, Three-Winged Bird won the 2021 World IoT Award at the World IoT Convention held on January 13, 2022.

GEA was awarded Annual Smart Appliance Company: On January 13, 2022, GEA was named "Smart Appliance Company of the Year" by IoT Breakthrough. This is the fourth year that GEA has been awarded this prize.

Fisher & Paykel Dishwasher Won 2021 Most Trustworthy Brand: On January 20, 2022, Haier Smart Home's Fisher & Paykel Dishwasher has awarded the Australian 2021 "Most Trustworthy Brand".

Two technological achievements were identified as "international leading" level: In February 2022, experts from the Federation of Light Industry identified two technological achievements of Haier's Smart Home refrigerator and wine cabinet as "international leading" level.

Germany Red Dot Design Award: In March 2022, 56 products of Haier Smart Home were listed in the Germany Red Dot Design Award, recorded a new high of awards in the Chinese home appliance brand. Since 2008, Haier Smart Home was the biggest winner in the home appliance industry with a total of 174 awards.

AQUA Won "Indonesia Digital Popular Brand Award": On March 24, 2022, Haier Smart Home's high-end brand AQUA won the "2022 Indonesia Digital Popular Brand Award" in Jakarta.

The China Patent Golden Award: In April 2022, the 23rd China Patent Award was officially announced and Haier Smart Home won the China Patent Golden Award again, which was the only brand in the home appliance industry to win the Gold Award. Up to now, it has won a total of 11 China Patent Gold Awards, ranking first in the industry.

The 23rd China Appearance Patent Gold Award: On April 15, 2022, according to announcement of the official website of the State Intellectual Property Office, Haier Smart Home won a gold medal for the 22nd China Patent Award in the home appliance industry with "Casarte Galaxy split-type air conditioners".

The Winning Prize of the National Disruptive Technology Innovation Competition: On April 19, 2022, the Final of the first National Disruptive Technology Innovation Competition organised by the Ministry of Science and Technology came to a close, and Haier Smart Home's project "research and industrialisation of core technologies for solid electric cooling system without compressor" won the top prize.

AQUA Beverage Cabinet Won "Top Innovation Choice Award" in Indonesia: On April 21, 2022: Haier Smart Home's AQUA beverage cabinet has won the 2022 "Top Innovation Choice Award" in Indonesia for its bacteriostatic technology.

The Only Enterprise to be Listed on the Stiwa Freezers Test: On May 25, 2022, Haier's H3R-330WNA freezer obtained the highest level of excellent certification from Stiwa, while the HCE321T freezer and the H2F-220WSAA large freezer obtained outstanding certification.

Hoover won Italian "Best Quality Brand Award": In June 2022, Haier Smart Home's Hoover was awarded the "Best Quality Brand Award" in the home appliance category by the German Institution for Quality and Finance in cooperation with an Italian renowned magazine in 2022, and was the only Chinese brand to obtain the award.

High-end I-Pro 7 Series Washing Machine Won UK" Technology Innovation Award" : On June 10, 2022, Haier's I-Pro 7 series washing machine won the "Technology Innovation Award" in the large home appliances from IER Daily, the UK's authoritative magazine, and was the only Chinese brand to win this award.

Three-Winged Bird on the List of China's 500 Most Valuable Brands: On July 26, 2022, the World Brand Lab announced the list of China's 500 Most Valuable Brands for 2022. Three-Winged Bird of Haier Smart Home moved up 21 ranks.

Leader on the List of Most Valuable Brands: On July 26, 2022, Leader was listed as one of the China's 500 Most Valuable Brands for 2022 with a brand value of $13.378 billion, and became the only young home appliance brand on the list.

Casarte on the List of Most Valuable Brands: On July 26, 2022, Casarte was listed as one of the China's 500 Most Valuable Brands for 2022 with a brand value of $62.059 billion, and became the only high-end home appliance brand on the list.

SGS Carbon Footprint and Carbon Emission Reduction Certification: In August 2022, Haier Refrigerator was the first refrigerator brand in the world to obtain SGS Carbon Footprint and Carbon Emission Reduction Certification.

Compliance Management Certification from BSI: In August 2022, Haier Smart Home successfully achieved the ISO37301 compliance management system standard and received the certification by the British Standards Institution (BSI), an authoritative international standards organization.

2021 Top 100 Science and Technology Enterprises of Light Industry in China: On August 10, 2022, Haier Smart Home was awarded the first place in the "2021 Top 100 Science and Technology Enterprises of Light Industry in China" by the Federation of Light Industry.

The First Prize in Science and Technology from the Federation of Light Industry: On August 10, 2022, Haier Smart Home won the First Prize in the Science and Technology Improvement Award from the Federation of Light Industry for its two achievements in more molds intelligence and the foaming technology of refrigerators.

BrandZ Top 100 Most Valuable Chinese Brands: On August 25, 2022, the 2022 Kantar's BrandZ Top 100 Most Valuable Chinese Brands List was released, and Haier was ranked the ninth on the list.

2022 New Manufacturing Innovation Ranking: In September 2022, Deben Consultation, eNet Research Centre and the Internet Weekly jointly released the 2022 New Manufacturing Innovation Ranking, which Haier Smart Home ranked second.

The Top for Haier at the Foreign Brand of Germany White Home Appliances List: In September 2022, Markt intern, the authoritative German magazine, announced the results of its 2022 white goods list, which Haier Smart Home ranked first among foreign brands.

Awarded ISO Information Security Certification, reaching the international leading level: On September 26, 2022, DNV, an international independent third-party certification agency, awarded Haier Smart Home with the "Haier Smart Home ISO Information Security Certification".

Winning two Good Design Awards: On October 7, 2022, AQUA's Superior Series and SLIM Freezers of Haier Smart Home won the Good Design Award.

The First Batch of National "Digital-driven" Demonstration List: On October 31, 2022, Haier Smart Home was select-

ed and at the top of the pilot demonstrations list to integrate new-generation information technology and the manufacturing industry in 2022 announced by MIIT.

ROI-EFESO Industry 4.0 Award: On November 30, 2022, the winners of the ROI-EFESO "Industry 4.0 Award" were announced, and two factories of Haier Group in Jiaozhou and Laiyang were selected at the same time.

Haier Smart Home HOPE Platform Was Selected Into Public Service Demonstration Platform for Small and Medium-sized Enterprises: On December12, 2022, Qingdao Haier Intelligent Technology Development Co., Ltd. (Haier Smart Home HOPE Platform) was honored as one of the 2022 National Public Service Demonstration Platform for Small and Medium-sized Enterprises.

Best Employers in the UK: In January 2023, the Top Employers Institute, an international authority, published its list of the best employers in the UK for 2023, which included Haier Smart Home.

Eight New International Leading Technologies: In January 2023, Haier Smart Home added eight new "international leading" technological achievements, making a total of 253 till now and being the most in industry.

Maintaining the Top Global Smart Home Invention Patent Ranking for Eight Consecutive Years: In January 2023, the "2022 Global Smart Home Invention Patent Top100" released by IPRdaily, Haier Smart Home occupied the first place with 5,691 published patents for eight consecutive years.

Reentering World's "lighthouse factory": On January 13, 2023, the World Economic Forum announced the latest batch of "lighthouse factory" list, which included a new Haier's lighthouse factory, the total number of factories reaching 6.

Fortune's World's Most Admired Company: In February 2023, Fortune, a magazine, released its list of the 2023 World's Most Admired Company, which included Haier Smart Home again, being the first time to rank top at the home equipment and furnishings industry.

Smart Home Standard Passes IEEE Ballot: In February 2023, Haier Smart Home has taken the lead in developing the Standard for Architectural Framework and General Requirements for Smart Home Standard, which passed the IEEE Sponsor ballot with a high passing rate.

2022 World IoT Leading Enterprise Award and Innovation Project Award: Haier Smart Home was the only enterprise in the Smart Living Committee of the Home Appliance and Household Industry to be listed as the "2022 World IoT Leading Enterprise" and its brand, Three-Winged Bird, awarded "World IoT Leading Enterprise Innovation Project" at World Internet of Things Convention held in February 2023.

Appendix V: ESG Rating

MSCI-ESG Rating	BBB	In 2022, Haier Smart Home was upgraded from BB to BBB in MSCI's ESG rating, ranking at a high level in China's home appliance industry.
Hang Seng Index	/	In 2022, Haier Smart Home was selected as a constituent stock of the Hang Seng ESG Enhanced Index, Hang Seng ESG Enhanced Select Index and Hang Seng China Enterprises Index ESG Enhanced Index.
Morningstar's Sustainalytics ESG Rating	Medium risk	In 2022, Haier Smart Home received a medium rating in the Morningstar's Sustainalytics rating, which is at a high level in China's home appliance industry.
Wind ESG Rating	AAA	In 2022, Haier Smart Home received an AAA rating on the Wind ESG rating A-share, ranking first among 4,753 listed A-share companies.
CSI ESG Rating	AAA	In 2022, Haier Smart Home received an AAA rating on the ESG rating for A-share listed company issued by CSI.

Appendix VI: Third-party evaluation of the China Household Electrical Appliances Association

Looking back in 2022, international situation kept changing, and adjustment in the global supply chain, industrial chain and value chain accelerated so that there are numerous risks and challenges facing the world. Under the backdrop of economic slowdown domestically and globally, the home appliances industry in the PRC experienced a very extraordinary year.

The hopes also combine with challenges. In the times of both challenges and opportunities, as a leader of global ecological brands, Haier Smart Home has continued to improve its service capability, innovation and influence, actively created brand value and reputation, and driven its development with innovation. In an era when everything is connected, guided by smart homes, we actively created IoT community ecology, including the food-linked ecology and the clothing-linked ecology, and continuously upgraded, keeping peace with the times to bring a better living experience to global users and continue to fulfill users' increasingly needs for an ideal home.

With gradual implementation of national "dual carbon" strategy and the emerging wave of low-carbon economy and green smart home appliances, it is inevitable for the home appliances industry to achieve low-carbon transformation. Haier Smart Home responded to national policies actively, integrated the concept of low carbon and health into product life cycle, focused on recyclable environmental protection materials, energy saving and consumption reduction, and pollutant emission reduction, developed and applied a number of low-carbon and key technologies and processes, and effectively assisted national energy saving and carbon reduction by technology to drive the sustainable development and green consumption of the entire industry.

In the coming year, as economic growth returns to the priority of society, the confidence for home appliances consumption market in PRC will gradually recover and the support of the "domestic circulation" will gradually emerge. The gradually implementation of "dual carbon" strategy will also bring positive impacts to the development of the household appliances industry in the PRC and provide new momentum for the sustainable development of industry. In the coming year, the consumption of the home appliance industry will develop increasingly towards digital intelligence, green and health. We believe that Haier Smart Home, as an industry leader, will give full play to its resource advantages, refine a global innovation system by grasping the trend of the times, and enhance the innovation of the industrial chain, contributing to the transformation and upgrade of the home appliances industry in the PRC.

Haier had weathered all difficulties and are moving steadily toward a bright future. We look forward to seeing Haier Smart Home carry out the low-carbon green transformation in synergy with the industrial chain, actively practice social responsibility, and continuously promote the high-quality development of the home appliances industry in the PRC.

Executive Director of China Household Electrical Appliances Association: