



Sustainability Report 2022

Jan 1 – Dec 31, 2022



Opening remarks



Dear Stakeholders,

we are proud to present Haier Europe's Sustainability Report, a voluntary choice that demonstrates our dedication to transparency and commitment for further integrating sustainability into our business.

With this Report we shed light on the main initiatives and results achieved in 2022, with a few highlights from 2023 on our progress focusing on the environmental, social and economic topics that are most relevant to the Company, guided by the Corporate Sustainability Plan.

As we all know 2022 represented an exceptional period that did not stop us from making strides to become a more sustainable and resilient company. Despite the unprecedented challenges posed by external headwinds, logistics and supply chain disruptions, the energy crisis and the inflationary pressure, we still managed to navigate tumultuous waters by achieving steadfast growth.

In what turned out to be a very challenging year, more than ever we saw the strength of our company's philosophy according to which we endeavor to unleash employees' entrepreneurial skills to generate constant value for our users. In a Company where anyone can be an entrepreneur, our employees embody the Haier Attitude empowered by the RenDanHeyi, characterized by Entrepreneurship & Innovation, Zero Distance, and IoT & Ecosystem Thinking.

Demonstrating our resilience and adaptability, our business grew rapidly over the course of the year, with our sales revenues increasing by nearly 20% to €3.2 billion, a testimony of our commitment to provide innovative and connected products to our customers.

In the pursuit of innovation and digitalization as key enablers of sustainability, we reached over 5 million registered users on our hOn app and sold 20 million smart appliances worldwide. By helping customers leverage IoT features in a connected ecosystem of products, we offer them appliances tailored to their needs and support to adopt sustainable behaviours by saving energy, water and food. Preventative maintenance alerts and health status monitors also enable detecting anomalies and repairing products to extend their lifetime. In 2022 energy efficiency continued to represent a key priority for us. Aside from considerable improvements in our existing product lines, more than 50% of our sales of washing machines are A class and above.

Opening remarks

We also launched WashPass, the first washing ecosystem that integrates technologies such as Disaggregated Chemistry, the IoT, and Artificial Intelligence in a circular business model.

We continue to pursue digital transformation to drive efficiencies and reduce environmental impacts, while protecting the security of our data and that of our users through strong and embedded policies and data management systems.

At the operational level, while we continue investing in new plants, we are also improving the performance of existing ones.

Some of these improvements include more efficient heating system updates in our Brugherio factory, that reduce the demand for energy by heating the production site only when needed. Other actions include implementing a water recycling system, reducing use by 38% in Brugherio and Jingling, China. Smart metering systems and energy efficient solutions in Turkey reduced emissions by more than 50% since 2021. These initiatives also enabled us to reduce our Scope 1 and 2 emissions, respectively to about -23% and -7% compared to 2021. Finally, while all our plants have obtained the ISO 9001 standard on product and service quality management, we have a clear roadmap to achieve a fully integrated operational system on health and safety, environment and energy management by 2025.

These achievements would not have been possible without the dedication and contribution of our exceptional employees whom we thank. Today we are proud to share our 2022 Sustainability

Report, through which we aspire to encourage a meaningful dialogue, one that fosters mutual growth, as we progress on the journey towards integrating sustainability in our business. With transparency and collaboration, we envision a future where progress is shared, and together, we forge a path towards a responsible future. We acknowledge that this is only the starting point: we are excited for this journey and for what is yet to come. Thank you for your interest and continuous support.

Yours sincerely,
Yannick Fierling
CEO, Haier Europe

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Our 2022 in brief

Sustainability is becoming the new paradigm for businesses and, as leaders in the household appliances sector, Haier Europe is aware that its integration is pivotal. By leveraging connectivity and the Internet of Things, we are working hard to develop innovative solutions, while optimizing resource consumption and extending products' lifetime. Our strategic vision fits into our mission to become the first consumer choice for smart home solutions and is aligned with the United Nations Sustainable Development Goals (SDGs).

OPERATIONS: focus on the production footprint

€155 million

invested in production efficiency across 2 new factories in Turkey and 1 in Romania

-23%

the reduction achieved by Haier Europe in terms of Scope 1, and emissions from 2021, and -7% Scope 2 emissions

96%

waste recovery rate thanks to separation and recycling of components and material and 38% of water use reduction across plants

WHO WE ARE

Haier Attitude

in 3 pillars: Entrepreneurship & Innovation, Zero Distance, IoT & Ecosystem Thinking

New LEED certified HQ

recently inaugurated in Vimercate's Energy Park

No. 1

the Haier brand achieves the first position in the global ranking of household appliance manufacturers

PEOPLE: Haier Europe's employees

Living Wage Employer

Haier Europe accredited UK living wage employer in 2022 and Haier Smart Home in Forbes Best Employers across 52 countries

9,861

employees who contributed to the results of Haier Europe achieved throughout 2022

550 hours

of live trainings conducted online and in classrooms with 339 participants involved

SMARTABILITY: smart and innovative solutions delivered to customers

Lead in A Class

widest range of freestanding and built-in products in A Class (90% market share for Haier brand, 50% for Candy and Hoover)

+5 million

households connected for sustainability on the hOn app & 20M smart appliances sold worldwide in 2022

WashPass

first AI-driven washing subscription service enabling circular solutions for washing

RESPONSIBLE DATA: data strategy in the IoT era

hOn app

Haier Europe's app to leverage IoT and connectivity serving efficiency durability

IoT for energy

energy communities and smart solar systems for users offered in partnership with Hive Power and Edison

Safe connectivity

Gold IoT Security Rating on all product lines, ensuring security beyond compliance



A challenging scenario

1.5°C

threshold agreed to in COP21 to limit the average increase of global temperatures

2050

year within which the EU aims to become the first net-zero continent

Fit for 55

rules and measures aimed at reducing gas emission by at least 55% by 2030

An unprecedented acceleration

2022 has been the warmest year so far, marking the 9th consecutive year of record-breaking temperatures. As of today, the global average temperature increased by 1.15°C compared to the pre-industrial average with evidence unequivocally pointing out to man-made activities as the primary cause. This has led to extreme heatwaves, droughts, and catastrophic floods, with billions in costs¹. Such scenario prompted the world's major governments to limit average global temperature increases to 1.5°C compared to pre-industrial levels during the Paris Conference of the Parties (COP21) in 2015.

In spite of the targets set by the international community, current actions are not proving enough

Notwithstanding the efforts undertaken so far and the fact that 91% of global GDP is currently covered by national decarbonization

¹World Meteorological Organization, State of the Global Climate (2022)

²PCC, Climate Change 2022: Impacts, Adaptation and Vulnerability (2022)

³ IPCC, Synthesis Report of the IPCC 6th Assessment Report (2023)

targets by 2050, current actions have not proven sufficient to mitigate climate change. Without an adequate intervention, temperatures will rise by 2.7°C by the end of the century². In its latest report however, the Intergovernmental Panel on Climate Change (IPCC) affirmed that said trajectory can be reversed, but global greenhouse gas emissions (GHG) will have to peak by 2025 and reach net zero by 2050³.

The European Union is taking a leading role towards climate neutrality

In this context, the EU has taken on a leading role by issuing the Green Deal in 2020, a €1 trillion investment program driven by the overarching goal of achieving climate neutrality by 2050. The initiative aims at accelerating the transition to a carbon neutral economy based on resource efficiency. To achieve this ambitious goal, in July 2021 the EU Commission introduced the Fit for 55, an intermediate target aimed at reducing greenhouse gas emissions to at least 55% below 1990 levels by 2030.

SMARTABILITY



Haier Europe
Sustainability

7,2%

secondary materials re-introduced and re-used into the global economy

x6

quantity of minerals needed to fulfill the transition to global net-zero by 2050

10,3 kg

electronic waste generated per person and collected each year in Europe

The need for low carbon products and a circular business models

The premise on which the ambitious carbon neutrality goals are built is that their achievement is conditional upon the creation of a European zero impact economy with low carbon products.

This is particularly relevant for energy-intensive sectors such as the household appliance industry: as their stock is predicted to increase over the next decade, improvements in efficiency and lower carbon intensity are needed.

It is therefore necessary to consider an increasing shift from linear to circular business models, to reduce the extraction of virgin raw materials and keep resources in use for longer. Nowadays only 7,2% of secondary materials are being reintroduced into the global economy, highlighting a circularity gap of over 90%⁴.

In March 2020, the new Circular Economy Action Plan (CEAP) was hence issued by the EU Commission to establish measures across the entire life cycle of products. CEAP's ambitions to boost sustainability is supported by the proposal for the Eco-design for

⁴ Circle Economy, The Circularity Gap Report 2023 (2023)

⁵ IEA, The Role of Critical Minerals in Clean Energy Transitions (2021)

⁶ Eurostat, Electronic Waste in Europe (2022)

Sustainable Products Regulation (ESPR), published on 30 March 2022, by extending the scope to all product categories placed on the EU market. The new framework will require companies to design products taking circular principles into account such as durability and reparability.

An EU Plan to decrease the dependency on critical raw materials imports in the region

An increasing number of technologies across industries in the EU rely on the use of critical raw materials that are key to achieve carbon neutrality goals. Since the production of critical raw materials such as silicon, lithium and cobalt is concentrated in a few regions of the world only, Europe heavily depends on imports from third countries, increasing its exposure to shortages and price fluctuations. According to the International Energy Agency (IEA), the transition to achieve global net-zero by 2050 would require a six-fold increase in mineral quantities by 2040 compared to current levels⁵. With the Critical Raw Materials Directive issued in March 2023, the EU has set clear targets to strengthen the region's capacities: by 2030, extraction, refining and recycling will have to respectively meet at least 10%, 40% and 15% of its critical raw materials needs. **Circularity would be key to solve this challenge: considering that the electronic waste generated and collected amounts to 10.3 kg per person, this represents a mine of untapped raw materials already circulating in Europe⁶.** Circularly designed products would enable to recover critical raw materials and decrease the heavy dependence on foreign imports.



OPERATIONS

200 kg

the amount of CO₂ generated from the manufacturing of a dishwasher

~93%

of the household appliances sector's total emissions belong to Scope 3

Due diligence

integration of human rights and environmental aspects in the value chain

Energy and carbon footprint monitoring at the core of companies' action

Companies globally are increasing their efforts to reduce energy consumption and minimize the carbon footprint of their production facilities. The starting point consists in quantifying Scope 1, 2 and 3 emissions and setting Science Based Targets. However, this process may encounter some hurdles: monitoring and managing Scope 3 emissions poses greater challenges since they arise from activities along a company's value chain that are not directly under its control. With regards to the household appliances industry, these emissions account by far for the highest proportion of total emissions with an estimate of up to 93%⁷. Committing to reducing Scope 3 emissions requires the engagement and active participation of all stakeholders along the value chain while difficulties arise in terms of the availability and quality of information.

Companies will soon be required to manage sustainability due diligence processes

In parallel, sustainable procurement through the integration of Environmental, Social, and Governance (ESG) standards when managing and selecting suppliers is pivotal. Yet, larger businesses with a vast supplier base are challenged to find methods to integrate sustainability in the most effective way whilst ensuring critical suppliers follow suit. The EU Commission's proposal for the Directive on Corporate Sustainability Due Diligence, issued in early 2022, will soon require companies to identify and prevent, end or mitigate the negative impacts of their activities on human rights and the environment in the value chain. Proactively establishing the necessary requirements to comply with the Directive before its adoption can be a prudent strategy to avoid potential exposure to legislative gaps. However, hurdles arise ranging from the potential lack of transparency regarding practices adopted by suppliers or lack of adequate resources to manage complex due diligence processes.

⁷ The European House – Ambrosetti, Own elaboration of industry data (2023)

PEOPLE



Haier Europe
Sustainability

Industry 4.0

technologies emerging such as IoT, AI that are impacting the labour market

+75%

companies expected to adopt new technologies over the next five years

132

the years needed to fully reach gender parity at the current rate of 68,1%

Automation trends are highlighting the need for upskilling and reskilling

With the rise of automation and Industry 4.0, new professions are emerging, highlighting the need for urgent training, particularly for companies in technical and connectivity-driven sectors⁸. However, this endeavour can be challenging due to the lack of students enrolled in science, technology, engineering, and mathematics (STEM) disciplines. Indeed, upskilling and reskilling demand substantial resources, which pose challenges for companies grappling with resource constraints or operating in fiercely competitive environments. Therefore, it becomes imperative for organizations to identify areas where skills are lacking and offer appropriate training to address these gaps. It is estimated that by 2026, companies that have not effectively addressed such gap will face a significant reduction in growth opportunities, potentially up to 20% of their revenues⁹.

⁸ World Economic Forum, Future of Jobs Report (2023)

⁹ Cloud Academy, The Cloud Skills Shortage: What it is and how to solve it (2022)

¹⁰ Eurostat, Gender pay gap statistics (2023)

Equality remains a priority for business to encourage innovation

Simultaneously, despite the progress made, gender equality remains an ongoing priority for businesses. In 2022, the global gender gap stood at 68,1%. At the current rate, it will take 132 years to reach full parity. Globally, the share of women in senior leadership position amounts to 31,9% and in Europe, women still earn 12,7% less than men¹⁰. To address this issue the EU adopted the Pay Transparency Directive which requires companies to share salaries for work of equal value as well as the Gender Balance on Boards Directive, which requires that at least 40% of non-executive directorships in listed companies are held by female members.



RESPONSIBLE DATA

20%

reduction in global CO₂ emissions by adopting digital technologies by 2030

GDPR

the legal framework to regulate the processing of personal data in the EU

41 billion

the number of devices expected to be connected and IoT enabled by 2025

The digital transition as key enabler of the ecological transition

At the core of the EU's carbon neutrality goals, the twin transition plays a crucial role. The digital transition, focused on the development and adoption of innovative technologies, will constitute a key lever to reach the sustainable transition by 2050. On these premises, the EU launched the Digital Compass, a digitalization plan to translate such ambitions in concrete actions concerning digital skills, the digitalization of public services, secure and sustainable digital infrastructures and businesses' digital transformation.

Addressing the risks of increased data management

In an ever more connected context, risks associated with personal data sharing increase. A first threat is represented by personal data breaches, when information belonging to employees,

customers, suppliers, and others is compromised through unauthorized access, loss, destruction, or alteration. To build a common framework at the EU level, the General Data Protection Regulation (GDPR) was issued in May 2018, to provide specific rules for the processing of personal data pertaining to individuals.

Simultaneously, cyber insecurity and cybercrime feature as short-term risks, as highlighted by the increase of attacks by 21% in 2022 compared to the previous year¹¹. Given that 41 billion devices are expected to be IoT enabled by 2025, strong cybersecurity responses are required¹². The EU has implemented increasingly stringent measures to tackle these concerns. In December 2020, the Commission introduced the EU Cybersecurity Strategy to enhance its resilience against cyber threats. In addition, as part of the 2021-2027 Digital Europe Programme the EU allocated €1.6 billion towards bolstering cybersecurity capabilities.

¹¹World Economic Forum, Global Risk Report (2023)

¹²European Council, Cybersecurity: how the EU tackles cyber threats (2023)

Who we are

Established in 1984 in Qingdao, China, Haier Smart Home manufactures household appliances and digital transformation solutions and is listed on Hong Kong, Shanghai and Frankfurt Stock Exchanges. The Company designs, develops, manufactures, and sells smart home appliances such as refrigerators, freezers, washing machines, air conditioners, water heaters, small domestic home appliances and smart home solutions.

Haier Smart Home



200

markets served globally by Haier Smart Home



160

countries and regions reached worldwide



1 billion

families using Haier Smart Home's products



€32.6 billion

sales revenue achieved in 2022, with a 7.2% year-on-year growth



100,000+

employees that are part of Haier Smart Home



122

manufacturing centers, supported by 108 marketing centers and 29 industrial parks

Haier Europe's vision is to become the global leader in Internet of Things (IoT) serving household smart solutions and customers' first choice for smart home appliances.

Through Haier Smart Home, the Company commercializes 7 brands, the scenario brand **Three-Winged Bird**, which provides bespoke solutions covering home appliances and **COSMOPlat** an industrial IoT Internet platform for full-process user engagement and experience, with independent intellectual property rights in China.

Premium Brands
High value service



Scenario Brands
Solutions for the whole scene



Ecosystem Brands
Endless experience



Haier Smart Home

Present across all 5 continents, Haier Smart Home counts 14 global research and development (R&D) centers, 71 research institutes, 33 industrial parks, 133 manufacturing centers, 108 marketing centers and over 100,000 employees. **In 2022, the Company reached a sales revenue of €32.6 billion, reporting a growth of 7.2% year-on-year.**

History: from domestic refrigerator manufacturer to global leader in home appliances and smart home solutions

- Establishment in Qingdao, China**, as Qingdao Refrigerator Co. to manufacture refrigerators for the domestic market.

1984
- Major restructuring, **product diversification** through **acquisition of domestic businesses** and name change to Haier Group.

1991
- Internationalization** and entrance on the **Shanghai Stock Exchange**, becoming a publicly listed company

1998
- Global branding** and consolidation of R&D, manufacturing, and marketing activities.

2005

- 2006

Launch of the **“Zero Distance to the Customer”** initiative, aiming to improve customer service and satisfaction by flattening the traditional organization into a network in which **employees act as entrepreneurs** directly responding to user requests.
- 2009

Establishment of the open innovation platform **“Haier Open Partnership Ecosystem”** reaching out to the broader innovation community.
- 2012

Acquisition of Fisher & Paykel Appliances, premium home and kitchen appliance manufacturer, and entry into the high-end appliance market.
- 2016

Acquisition of the home appliances division of **General Electric**, becoming **the third-largest appliance manufacturer globally**.
- 2019

Acquisition of Candy-Hoover Group, specialized in home appliances, and coverage of the **entire European domestic appliances market**
- 2020

Adoption of the **Ecosystem Brand Strategy**
- 2022

Haier Smart Home is once again listed on the **Fortune Global 500** and is awarded the **2022 ESG Award and BDO Environmental, Social, and Governance Reporting Awards**.

Haier Smart Home

In 2022, Haier Smart Home received several international recognitions and achievements.

BrandZ Top 100 Most Valuable Global Brands

KANTAR BRANDZ
2022 MOST VALUABLE GLOBAL BRANDS

Haier, the world's **only IoT ecosystem brand** on the list for **4 consecutive years**

Euromonitor International Ranking



EUROMONITOR INTERNATIONAL

Haier has been the No.1 brand of major household appliances in the world in retail sales for **consecutive 14 years**

BrandZ Top 100 Most Valuable Global Brands



FORTUNE
THE WORLD'S MOST ADMIRABLE COMPANIES 2022

Haier Smart Home was named once again one of the Fortune's **most admired companies in the world** for 2023

Euromonitor International Ranking



FORTUNE GLOBAL 500

In 2022, Haier Smart Home was once again listed on the **Fortune Global 500**

BrandZ Top 100 Most Valuable Global Brands



ESG China Awards 2022

2022 ESG award 2022 BDO Environmental, Social and Governance reporting Awards



Haier Europe



Haier Europe
Sustainability

Haier Europe in 2022



54

subsidiaries operating
across Europe and China



9,861

employees in 2022 of
which 64% male and 36%
female



1

new LEED certified EU
headquarter recently inaugurated
in Vimercate's Energy Park



7

manufacturing sites
located across 5 countries



22

warehouses belonging
to the Company present
globally



2,700

worldwide suppliers of
components and services

Candy S.p.A.¹³ (also referred to as “Haier Europe” or “the Company”) was acquired by **Haier Europe Appliance Solution S.p.A.** in 2019 and the headquarters were established in Italy, Brugherio (MB). Haier Europe operates in the domestic appliances market, offering a wide range of products, from ultra-high premium level to entry level alternatives, a brand positioning that allows the Company to reach all consumer segments.

¹³ Candy Hoover Group S.r.l. is subject to management and coordination by Candy S.p.A. and is part of Haier Group

As connectivity plays a key role in sustainability, enabling capabilities for greater monitoring of environmental performance and education to the user, the Company's vision is to become customers' first choice in smart home solutions, to be among the top players in the European industry and to develop the first IoT ecosystem for outstanding user experiences and services while contributing to sustainability.

Haier Europe's Zero Distance Philosophy aims to accompany the customer on a sustainable journey throughout the lifetime of the product use. Through this philosophy, Haier Europe is able to:

- determine the needs of the customer to enhance everyday livelihoods
- greater awareness for the customer on sustainable habits
- make it easier and more accessible for users to repair, update and provide maintenance that enhance durability and extend the life of their products and household items
- help reduce resource demand
- innovate solutions that meet the needs of society

To achieve zero distance to consumers, **Haier Europe flattened the traditional organization model into a dynamic network in which employees can be entrepreneurs** and where low bureaucracy and people empowerment are key. Employees are driven by users' needs and expectations in creating value. Haier identifies its unique organization model in the “**RenDanHeyi**” principle, where

Haier Europe



“Ren” refers to employees having the spirit of entrepreneurship and innovation, “Dan” is the value created for users, and “Heyi” means the integration and alignment of employee value and user value realization.

Guided by the RenDanHeyi, the “Haier Attitude” was developed on 3 traits that characterize Haier Europe’s employees where sustainability is built into their experience:



Entrepreneurship & Innovation, self-driven, open minded and risk takers that are passionate with results, measuring impact and capturing innovation.



Zero Distance, relentless learners, fueled by customers’ satisfaction, oriented towards a start-up mentality and a disintermediated relationship with customers.



IoT & Ecosystem Thinking, A change agent. Thrives for idea contamination with a hyper-collaborative approach that breaks silos internally and externally. Creates an open ecosystem of users, internal/external developers and partners to imagine the future ... a circular community beneficial to all parties.

The RenDanHeyi model can further be broken down into examples of behaviors and attitudes that contribute to the Company’s sustainability objectives:



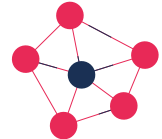
Entrepreneurship & Innovation

- We empower people to be themselves
- We challenge bias that can inhibit creativity and innovation
 - Harness the power of diversity to bring new ideas and ways of thinking
 - Always look for new ways to optimize resources and minimize our impact in the industry



ZeroDistance

- We empower a culture of feedback in our workplace
 - We create products that make connecting easy and reduce time and energy to update, repair and purchase
 - We engage stakeholders to ensure we meet the needs of the future



IoT & Ecosystem Thinking

- We create Ecosystems and applications that empower the consumer and reduce demand for resources
- We improve livelihoods of consumers through our products
- We educate consumers on healthy and sustainable habits

The Company manufactures solutions in the Washing, Cooking and Built-in, Refrigeration, Heating, Ventilation and Air Conditioning (HVAC), and Small Domestic Appliances (SDA) categories.

Haier Europe



Haier Europe
Sustainability

Haier Europe's categories and product lines



Home laundry

High-capacity tumble dryers and washer dryers



Refrigeration

Multidoor and high-capacity fridges, upright and top freezers



Wine cellars

Wine fridges and freestanding coolers



Heating, ventilation and air conditioning

Residential and commercial air conditioning solutions



Dishwasher

Free-standing and built-in



Large cooking

Cookers, ovens and hobs



Small Domestic Appliances

Kettles, Fryers, Toaster, vacuum cleaners

With the acquisition of Candy Hoover Group in Italy, Haier Smart Home established itself as a leader in Connectivity and IoT, encompassing the entire domestic appliances market, from ultra-high premium to standard ranges, with high-quality user experience to meet customers' increasingly sophisticated demands for customized products.

Haier Europe's brands hence include Candy, Hoover and Haier. Candy is the brand that offers innovative but simple and easy

to use solutions and products, with an accessible positioning. Hoover delivers high-quality products, designed to ensure high-performing and reliable home appliances. The premium offering falls under the Haier brand, which aims to deliver superior design products, that are tailor made and integrate unique and advanced technologies.

In 2021, the acquisition of **Fisher & Paykel Appliances Italia (F&P)** followed, a company based in Borso del Grappa, in the Veneto region, that has been manufacturing cooking appliances for over 70 years. F&P owns the Elba brand, and markets De'Longhi household appliances under license, that are now part of Haier Europe's brand portfolio.

Today, Haier Europe counts 7 production sites located across Italy (Brugherio and Borso Del Grappa), Turkey (Eskişehir), Romania (Ploiești), China (Jiangmen), and Russia (Kirov and Chelny), while offices are distributed in the region. Initially headquartered in Brugherio, Italy, at the start of 2023 most functions, except from manufacturing related ones, relocated to the new office premises inside the Energy Park in Vimercate: the novel headquarters account for over 2,600 total square meters across three floors and are located in an eco-sustainable technology park in the Brianza area.

The value chain of Haier Europe encompasses all the activities involved in designing, manufacturing, and delivering products to customers and each step is subject to the Company's commitment to improving the sustainability performance of its activities.

Haier Europe's Governance



Research & Development: designing, prototyping and testing new and energy efficient products and less impactful material and packaging solutions, considering customers' evolving needs, legal requirements, and the drive towards more circular products.



Procurement: acquiring raw materials, semi- and finished components from global suppliers starting to integrate ESG criteria in the selection process.



Manufacturing: transforming raw materials and components into finished products through assembly, testing and quality control at Haier Europe's manufacturing plants.



Packaging: finding alternative packaging solutions through research and development activities by testing these solutions on the Company's products to determine most viable and less impactful options.



Marketing: creating brand awareness, advertising the products, conducting promotions, and managing distribution channels.



Sales: selling products directly to customers (D2C) or businesses through retail stores, online marketplaces, and authorized dealers.



Distribution, logistics and installation: transporting, storing, and distributing products to retail stores, online marketplaces, and authorized dealers, and where necessary installing products.



Customer service and support: providing after-sales service, customer support, warranty services, repairs, and spare parts delivery.

Organizational structure and Corporate Governance

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-12] [GRI 2-13] [GRI 2-14] [GRI 2-15]

Haier Europe established a governance structure built on the principles of good faith management, standardized governance, and transparent information. Haier Europe's Corporate Governance is composed of and regulated by the governance bodies and specific documents that define their functioning.

Board of Directors

The Board of Directors consists of a President (or Chairman), a Managing Director, and 3 Directors. The President and one Director are appointed by Haier Smart Home in China. Their independence and competencies are duly taken into consideration in the nomination process, to ensure an equal balance between commercial and financial skills. The chair of the highest governance body is hence a senior executive in the organization and the Company takes measures to ensure conflicts of interest are prevented.

Senior Leadership Team

The Senior Leadership Team (SLT) guides the Company's vision and strategy and leads all European operations. It is composed of 15 executive members who represent the key functions at the Company level ranging from finance, operations, technology to marketing and product lines.



Haier Europe's Governance

Board of Statutory Auditors

The Statutory Board is composed of independent figures, with the role of overseeing the financial reporting process, the audit process and the Company's adherence and compliance to laws and regulations. It is composed of 3 members and 2 alternate auditors, namely a President, 2 effective auditors and 2 alternate auditors.

The Codes defining our way to conduct ethical business

[GRI 2-15] [GRI 2-23] [GRI 2-24] [GRI 2-25]

Haier Europe operates according to the Code of Conduct which was recently updated in July 2022. Such Code stands as a moral compass to guide the behaviours of employees as well as the Board of Directors, auditors, shareholders, contractors, consultants, advisors and any party employed by the Company. The Code of Conduct is essential for promoting Haier's RenDanHeyi model with the aim of maximizing employees' entrepreneurial mindset and creating value for customers.

Haier Europe established its Code of Ethics, also updated in July 2022, which defines the rules, principles, standards of ethical behavior, and values to be observed by the above-mentioned recipients. Amongst the updates, the Company integrated the 3 main traits of the Haier Attitude: Entrepreneurship & Innovation, Zero Distance, IoT & Ecosystem Thinking. The Code was also

updated to integrate ESG principles and reaffirm the Company's commitment to control gas emissions, waste, substances of concern and social responsibility. **The Board of Directors is responsible for its application as well as the implementation of sanctions in case of breaches.** In the Code of Ethics, Haier Europe also describes the process adopted to ensure conflicts of interest are prevented, specifying that employees shall avoid situations in which their own interests may conflict with those of the Company.

Additionally, Haier Europe defined an ESG Business Code of Conduct which builds on the values set out in the Code of Ethics and is inspired by the principles of the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO), and the OECD Guidelines for Multinational Enterprises. More specifically, it states the ESG principles, values, and standards all suppliers and business partners are required to comply with. Said Code also encourages recipients who become aware of any violations to report them anonymously through a compliance hotline or a dedicated e-mail address.

Haier Europe's Governance



Organization, Management and Control Model 231

[GRI 2-16] [GRI 2-27]

Pursuant to Italian law, each Company belonging to Candy Hoover Group S.r.l., controlled by Candy S.p.A. has adopted the Organization Management, and Control Model in accordance with Legislative Decree No. 231 of 2001 (Model 231). This Model defines the operational procedures that must be followed by all individuals working with and for the Company with the aim of minimizing the risk of engaging in any misconduct associated with business activities.

To ensure said Model is respected, each Company appoints its own Surveillance Body, endowed with autonomous powers of initiative and control, and in charge of supervising the operation of and compliance with the Model, as well as seeing to its updating. To ensure adherence to the Model 231, in 2022, **Haier provided training to all new hires, for a total of 229 people involved** – with a 23% of completion rate – and soon the course will be extended to all Haier Europe population, starting from Italy and following to all European branches. The Model is available to all employees through the Company's website and Intranet.

Violations can be reported through dedicated channels established by Haier Europe's Whistleblowing Policy, reviewed in 2022, in response to an update to the Company's organizational structure. Employees are encouraged to report concerns or potential

violations also concerning the Company's ESG Business Code of Conduct and Code of Ethics. The updated Policy establishes a confirmation response to all reports 7 days from the date of receipt, to inform whistleblowers on the status of their report, and an escalation mechanism to the supervisor. The channels made available to employees guarantee the anonymity of the whistleblower and include:

- an IT platform and hotline, which allows reports to be made electronically and by telephone;
- the e-mail address of the Chairman of the Surveillance Body;
- transmission by mail, in a sealed envelope, to the attention of the Surveillance Body Chairperson.

In 2022, Haier Europe recorded 0 instances of non-compliance with laws and regulations.

Anticorruption and antitrust system

Haier Europe also adopted the Anti-Corruption Risk Management Standards Policy, aimed at preventively managing any risk of bribery or corruption through a framework aimed at ensuring compliance with the Anti-Corruption laws of the countries in which the Company does or intends to do business. The Company also defined a Sanctions and Export Controls Policy, which

Haier Europe's Governance



ensures legal control over export activities.

At the start of 2023, the Company adopted the Antitrust Compliance Program, including the Antitrust Code of Conduct and the Antitrust Guidelines. Haier Europe also appointed an “Antitrust Compliance Officer” responsible for the introduction and maintenance of the Program. To ensure employees are aware on antitrust and competition law, Haier also provided training on antitrust to all UK, Ireland, Spain and Italian employees, for a total of 2,900 people involved of which 49% have completed it. Following the same process for the Model 231 training, this course will be extended to the entire workforce.

Certified management systems

Haier Europe has adopted a **Quality, Health and Safety, Environment and Energy Policy** to offer its employees workplaces free of dangers, providing consumers with safe products and services as well as operating in full respect of the environment and natural resources preservation.

In parallel it has defined a roadmap to integrate sustainable practices throughout its manufacturing plants while addressing environmental impacts, optimizing operational efficiency, reducing the environmental footprint and enhancing customer satisfaction.

Haier Europe's certified management system



To date, all of Haier Europe's production sites in Italy, Turkey, Romania, China and Russia have obtained the ISO 9001 standard on **product and service quality management**.



Already achieved for China and Romania's plants, the ISO 14001 standard, which sets out the requirements for an **environmental management system**, is being implemented in all other locations. The goal is to certify all other plants between 2023-2025.



The standard ISO 45001 for **occupational health and safety management systems** has also been implemented in China, Romania and Turkey, and will be extended to Italy and Russia by 2025.



Since 2019, the Cooking plant in Turkey adopted the ISO 50001 standard **for energy management systems to reduce energy consumption and greenhouse gas emissions**, on the way to be implemented in the other sites by 2025.



The Zero Waste certification, awarded to organizations that have achieved a **high level of waste reduction and diversion from landfill**, is planned to be extended from the Turkey plants to all remaining ones in the near future.

Haier Europe's Governance

ESG Governance

Commitment begins at the top

[GRI 2-17]



Sustainability Board Committee

Strategic decision making on sustainability topics that sets the direction for the business



Cross Functional Executive Sustainability Committee

Engages leadership across business units



Sustainability Working Groups

Owners of priority topics / carry out / engage employees

The Company has implemented a ESG governance with defined roles and responsibilities to integrate sustainability into decision-making processes and ensure that sustainability goals are threaded with business objectives.

The **Lean Central Team** seats within the Corporate Communication team and is working alongside all governance bodies as **coordinators and subject matter experts** (SMEs) on the overall strategy, communications, reporting and various sustainability topics. It will map together with internal and external stakeholders, main sustainability priorities driven by self-assessments, regulation, stakeholder expectations and competition, that affect the business.

The company's sustainability roadmap is reviewed and approved by the **Sustainability Board Committee** which ensures high level strategic decisions and information are captured and significant impacts to the business are considered. The Sustainability Board Committee is composed of 4 members (2 men; 2 women) meeting quarterly with the Lean Central Team.

The **Cross Functional Executive Sustainability Committee** (CFESC) is responsible for delivering on the roadmap, developing initiatives, deploying their own resources to execute them, and ultimately embedding sustainability into business agendas with a focus on products, operations and supply chain. The cadence of their meeting is bimonthly.



Haier Europe's Governance

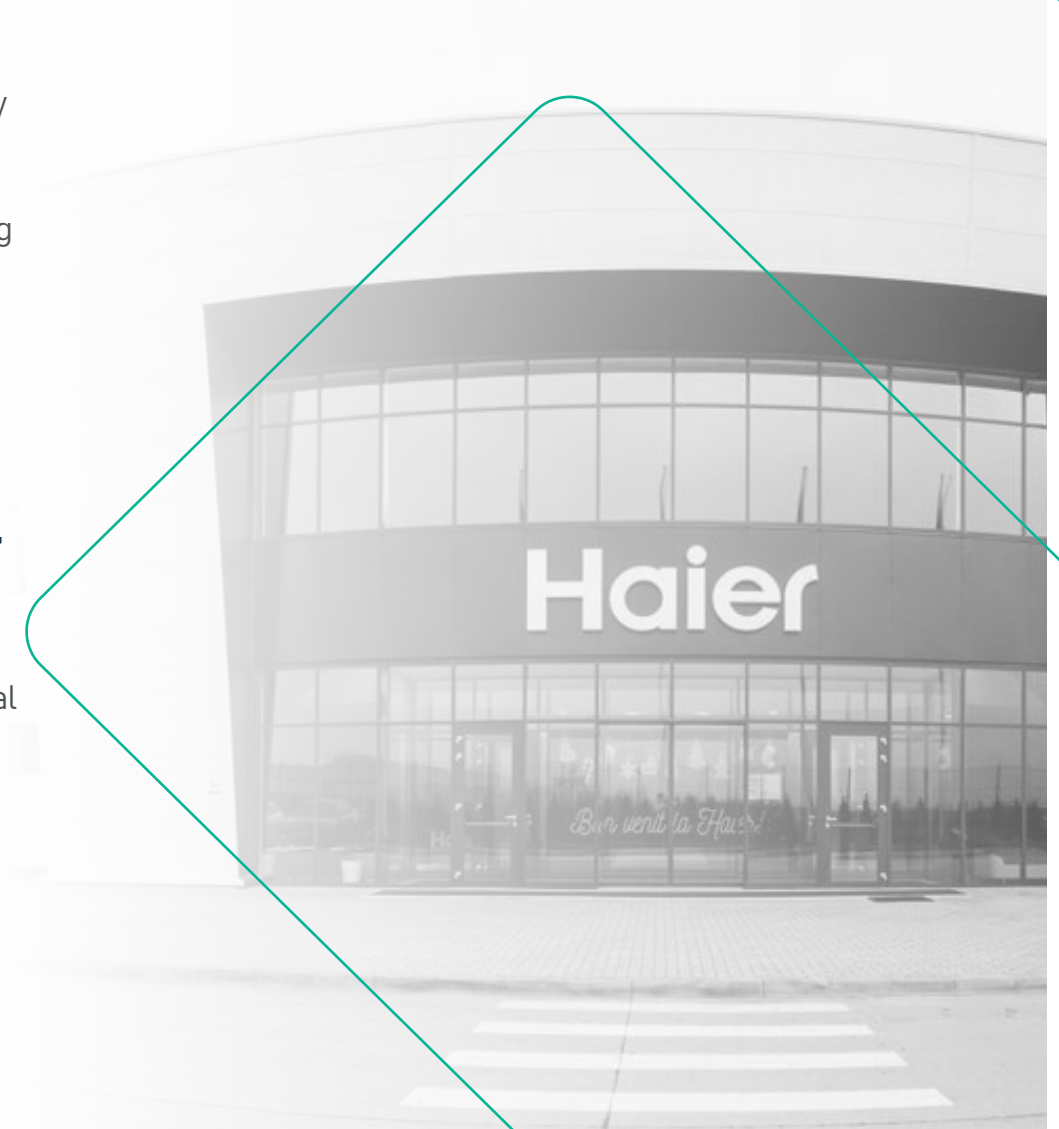
Agile **Sustainability Working Groups** (SWGs) are composed of relevant people who will focus on carrying out the specific tasks on priority projects relevant to their roles, and to execute on the priority initiatives. Most of the working groups have already informally launched as a continuation of existing efforts and priorities and will continue to change or develop as needed. The ones currently running focus on emissions reduction and the integration of sustainability in the Company's products and supply chain.

External working groups

Haier Europe leverages an extensive network to collect and integrate feedback that drive priorities from external stakeholders, including clients, NGOs, governmental organizations, and trade associations. Members of the ESG governance participate regularly to trade association topics on sustainability such as circularity, decarbonization, repairability. Partnerships with external consortiums and consultants help build knowledge that allows Haier Europe to strengthen its capabilities to drive sustainability and progress towards its goals.



Haier Europe is a proud member of APPLiA, a Brussels-based trade association that provides a single, consensual voice for the home appliance industry in Europe, promoting industry's mission to advance Europeans' lifestyles. APPLiA members recognize and take on their responsibility to act as good corporate citizens.

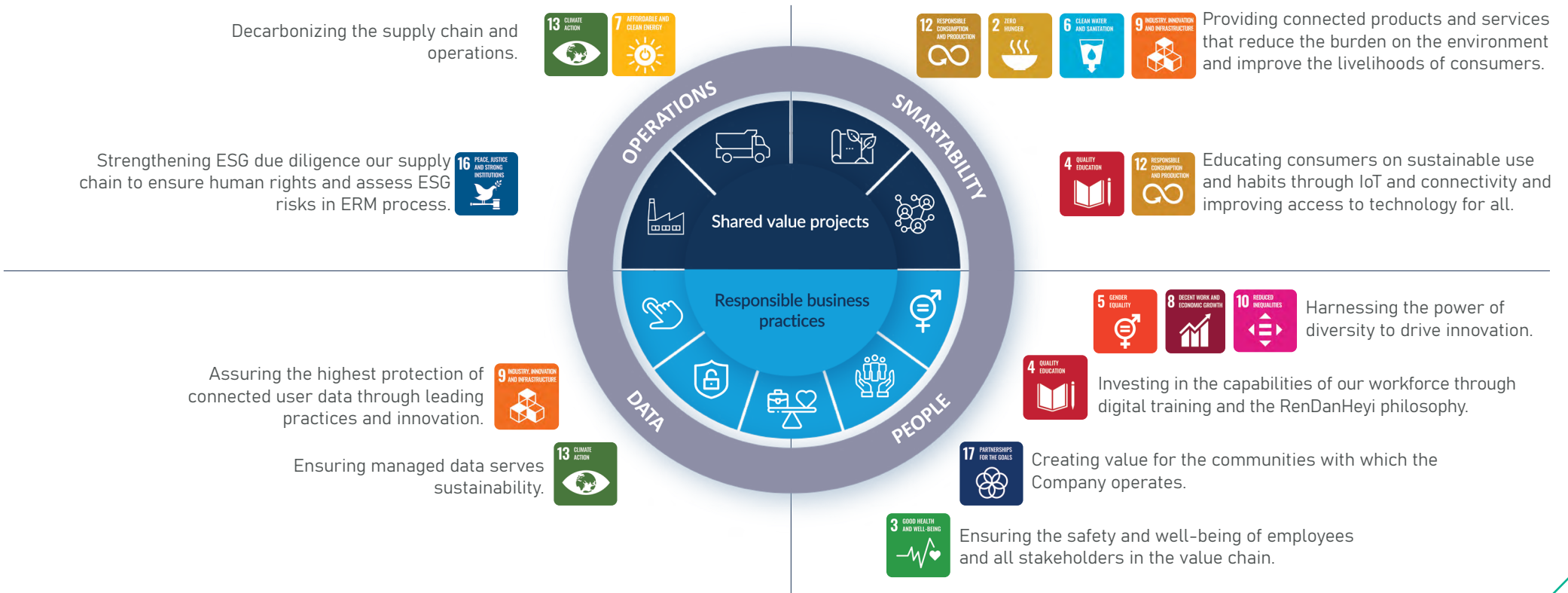


We grow sustainable

Our contribution to Agenda 2030

Under the premise “no one left behind” and with the aim of creating a pathway for achieving peace and prosperity for people and the planet, the United Nations (UN) developed in 2015 the **2030 Agenda for Sustainable Development**, a global call to action with the aim to

achieve 17 Sustainable Development Goals (SDGs) and 169 targets by 2030. The SDGs are developed with the awareness that action in one area can affect results in others, and thus require **shared resources, know-how, and commitments at the global level**. Haier Europe aims to make a difference through its business and sustainability targets, designed in synergy with the SDGs.



We grow sustainable

Materiality analysis

[GRI 2-29] [GRI 3-1] [GRI 3-2]

Reporting on sustainability means offering stakeholders the information they need to understand the key characteristics of an organization, considering the impacts generated across the various dimensions of sustainability. **In 2020 Haier Europe carried out a materiality analysis following the approach proposed by the Global Reporting Initiative (GRI), the most widespread sustainability reporting standard globally.** This process enabled the identification of the most relevant environmental, economic and social issues for the Company.

Based on an analysis of the sustainability context and Haier Europe's peers, a long-list and consequently, a short-list of potentially relevant topics was identified and examined. The result of this analysis led to the definition of 14 relevant topics, which were validated by involving 20 external stakeholders selected on the basis of their relevance to the activities carried out by the Company and knowledge of the business.

A dedicated workshop was organized during which the stakeholders shared their views on the priority of the issues of greatest relevance. Based on the diversity of experiences, skills, values, a debate led to define a ranking of priority issues. The results of the meeting were in turn examined by the top management, which carried out final evaluations, drawing the materiality threshold, the cut-off point beyond which a topic is sufficiently important,

and identifying the **6 material topics** on which to focus the reporting activity.

Aware of the evolution of current reporting standards and particularly, with the introduction of the European Sustainability Reporting Standard (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG) and approved by the EU Commission, the Company's next materiality assessment will be aligned to the double materiality requirement

Haier Europe's material topics

- 1 Resource productivity in circular economy and clean solutions**
 Encouraging sustainable consumption by achieving energy efficient products, that are designed according to circular principles.
- 2 Digital consumer journey**
 Deploying 4.0 technologies as levers for environmental sustainability, developing digital ecosystems to enhance the customer experience.
- 3 Climate action and energy efficiency**
 Satisfying consumption needs with clean energy sources and increasing efficiency in energy and resource use while decarbonizing products and operations.
- 4 Responsibility along the supply chain**
 Ensuring sustainable procurement through the introduction of criteria on environmental, social and labor standards for suppliers, surveying, auditing, evaluating and engaging suppliers.
- 5 People attitude and well-being**
 Guaranteeing equality and inclusion while promoting diversity, ensuring the health and wellbeing of employees, and providing training for the upskilling of employees.
- 6 Cybersecurity and data privacy**
 Accelerating technological change by leveraging Artificial Intelligence and the Internet of Things, ensuring data protection and cybersecurity.

We grow sustainable

Sustainability Plan

Haier Europe developed a Sustainability Plan founded on the identified material topics divided in the 4 pillars Smartability, Operations, People, and Data. For each pillar, the Plan establishes medium to longer term targets and ambitions to be achieved by 2030. The Smartability pillar represents the pivot to home sustainability through smart and innovative solutions delivered to customers. Operations focuses on the Company's production footprint whereas the People pillar is centered around its employees. Finally, Data is the pillar guiding the Company's data strategy in the IoT era.

All business functions were involved in ironing out the following objectives, setting baselines and quantitative goals based on the potential for improvement and aspiration for each business line. There are further goals that set more specific targets outline in different sections of this report.

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Pillar and Material Topic	Goal	Target to 2025	Progress in 2022
1. Resource productivity in circular economy and clean solutions	Providing connected products and services that reduce the burden on the environment	<ol style="list-style-type: none"> 1 million fossil fuelled heating systems replaced/year by 2025 >5% of sales (i.e. 250.000 machines/year) in auto-dose washing machines by 2025 Life cycle assessment on at least one product per category in MDA and SDA covering water + carbon 	<ol style="list-style-type: none"> NEW Reached: 5,2%, 250K units of auto-dose washing machines sold LCA started on Cooling product, launch of LCA planned for 2024
	Improve circularity, recyclability, durability and energy efficiency	<ol style="list-style-type: none"> 100%¹⁴ of products that can be connected to the h0n app by 2030 29.000 users that are connected through the h0n application by 2028 7.500 issues solved with remote update, 7.500 avoided technical interventions and 7.500 shipments avoided by 2025 First dishwasher to be made with 50% recycled plastic by 2025 100% Cooling, oven and gas cooktops separable by consumer for recyclability by 2025 Replace EPS packaging of Stove and cooktops with recycled mold pulp packaging by 2025 Energy upgrade for DW to A class for Haier and Candy brands by 2024 First floorcare model made with 50% recycled plastic by 2024 	<ol style="list-style-type: none"> 45% (20% remote control; 15% NFC; 9% Smart Contents)¹⁵ 5.127,00 Reached: 7.5K repairs avoided and 83% OTE success rate of the OTA update against the connected products NEW NEW NEW Reached: 100% On track

¹⁴ Excluding the brands products (OEM as IKEA) and secondary brands as Zerowatt, Iberna etc, Tactical ranges
¹⁵ Remote control Products (Command&Control, Extra cycles etc), Smart Contents (only contents, as Tips, Manuals, FAQ etc), NFC Products (legacy app, not migrated to h0n).

We grow sustainable

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<p>2. Digital consumer journey</p>	<p>Empowering consumers on sustainable use and habits</p>	<p>1. 50% increase in engaged active users via digital channels by 2025 2. Direct to Consumer (D2C) models for MDA and SDA by 2025</p>	<p>1. 500k users registered in 2022, a 40% increase compared to 2021. ME innovation has led to D2C shop for Hoover floorcare brand, reducing the time and resource consumption of the product journey. 2. 100% D2C model for Hoover available in major countries in 2022. Partial Haier WM, SDA and cooling products available directly to consumers.</p>
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<p>3. Climate action and energy efficiency</p>	<p>Decarbonizing our operations and supply chain</p>	<p>1. 60% of energy consumption from 100% renewable energy by 2025 2. 96% of waste recovery by 2025 3. 70% of water recovered and reused in most water intensive factories by 2025 4. 100% factories ISO 50001 certified by 2025 5. 100% factories ISO 14001 certified by 2025</p>	<p>1. Photovoltaic panels in China and Turkey plants currently under construction 2. Reached: 96% recycling rate achieved 3. 40% water use reduction 4. 12% ISO 5001 5. 25% ISO 14001</p>
<p>4. Responsibility along the supply chain</p>	<p>Ethical supply chain and operations</p>	<p>1. Set minimal ESG requirements to be accepted and signed by all suppliers 2. Formalize HE Suppliers Code of Conduct 3. Implement an auditing / due diligence system 4. Integrate the in-house portal with ESG requirements 5. Increase % of suppliers screened using environmental criteria</p>	<p>1. Initial ESG requirements have been integrated for new suppliers in the pre-qualification phase 2. Reached: ESG Code of Conduct formalized 3. Updated Due Dilligence Program launch in Q3 2023 4. In-house portal integrated with ESG requirements for new suppliers 5. In 2022, the Company selected a first cluster of direct suppliers, accounting for 80% of the Annual Purchased Value to initiate a due diligence assessment</p>

We grow sustainable

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5. People attitude and well-being	Investing in the capabilities of our workforce through digital training and RenDanHeyi philosophy	<ol style="list-style-type: none"> 100% people assessed for digital literacy by 2022 100% of assessed people getting personalized vertical training on digital workplace tools by 2023 	KPIs under review for 2024
		<ol style="list-style-type: none"> # trainings on GrowU with their completion rate # employees participating to internal events # of employees with access to LinkedIn Learning Re-Connect Program sessions 100% of research and development employees trained on Ecodesign by 2025 	<p>KPIs under review for 2024</p> <p>Incremental targets have set for next 5 years across PLs</p>
	Ensuring the safety and well-being of our workforce and all stakeholders in our value chain	<ol style="list-style-type: none"> 40% reduction in occupational accidents by 2025 63% reduction in occupational accidents by 2030 100% of factories to be certified with an ISO 45001 occupational health and safety management system by 2025 Achieving an occupational accident rate of at least 0.2 by 2030 from 2.5 in 2020 	<p>Reached: 82%reduction</p> <p>50% of factories are certified ISO 45001 and in 2023 63%</p>

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6. Cybersecurity and data privacy	Enhance products' security	<ol style="list-style-type: none"> 100% of HE branded products rated UL Gold rating and UL Diamond rating by 2025 100% of factories and IoT platforms compatible with a yearly cybersecurity assessment by 2025 Launch and deploy of the Product Cyber Security Incident Response Team (PSIRT) focused on the identification, assessment and containment of security incidents on connected products by 2025 	<ol style="list-style-type: none"> IoT module for Haier branded product UL gold certified Pilot project carried out in the Brugherio plant Reached: The PSIRT was established
	Improve employees' awareness on cybersecurity	<ol style="list-style-type: none"> 100% of employees engaged in the Cybersecurity communication campaign by 2022 Cybersecurity policies and procedures and best practice sharing (tips and tricks, security news, etc.) by 2022 	<ol style="list-style-type: none"> 100% of employees engaged in the cybersecurity campaign The cyber security newsletter was shared in 2022

Economic performance



What's next: the EU Taxonomy

On March 8, 2018, the EU Commission published the Action Plan on Sustainable Finance, outlining a series of measures to direct capital flows towards sustainable and responsible investments, manage financial risks related to climate change, and promote transparency in economic and financial activities.

The first initiative of such strategy is the European Taxonomy - Regulation EU 2020/852 - which aims to become the first internationally recognized classification system for identifying sustainable economic activities: activities that contribute to the growth of low-carbon sectors and to the decarbonization of carbon-intensive sectors. The goal of the EU Taxonomy is to make truly sustainable activities transparent and recognizable, thereby assisting investors in making effective and informed investment choices.

The Regulation identifies a list of potentially sustainable economic activities that can contribute to one of 6 environmental objectives established by the European Commission.

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

According to the Regulation, an activity can be considered sustainable ("aligned to the EU Taxonomy") if:

- it meets the technical screening criteria that define the conditions under which an activity substantially contributes to achieving at least 1 of the 6 objectives,
- it does not cause significant harm ("Do no significant harm," DNSH) to the other objectives,
- it adheres to a set of minimum social safeguards through corporate policies and codes that ensure compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the ILO Declaration of Fundamental Principles and Rights at Work.

Haier Europe welcomes the adoption of Regulation 2020/852 and has started analyzing the EU Taxonomy to be prepared for a future disclosure, starting from identifying which activities in the Climate Delegated Act and Environmental Delegated Act Haier Europe carries out that can potentially bring a contribution to the objectives of the Regulation. The next steps include calculating the alignment to the Regulation to disclose the Company's performance in future Sustainability Reports.



Smartability



Haier Europe
Sustainability

Product Leadership at Zero Distance



Haier Europe's makes significant investments towards the development of innovative products that match the rapidly evolving needs of its customers and achieve a zero-distance approach.

Haier Europe's product leadership is accelerated as the Company focuses on providing energy efficient solutions and leveraging IoT as an enabler of sustainability.

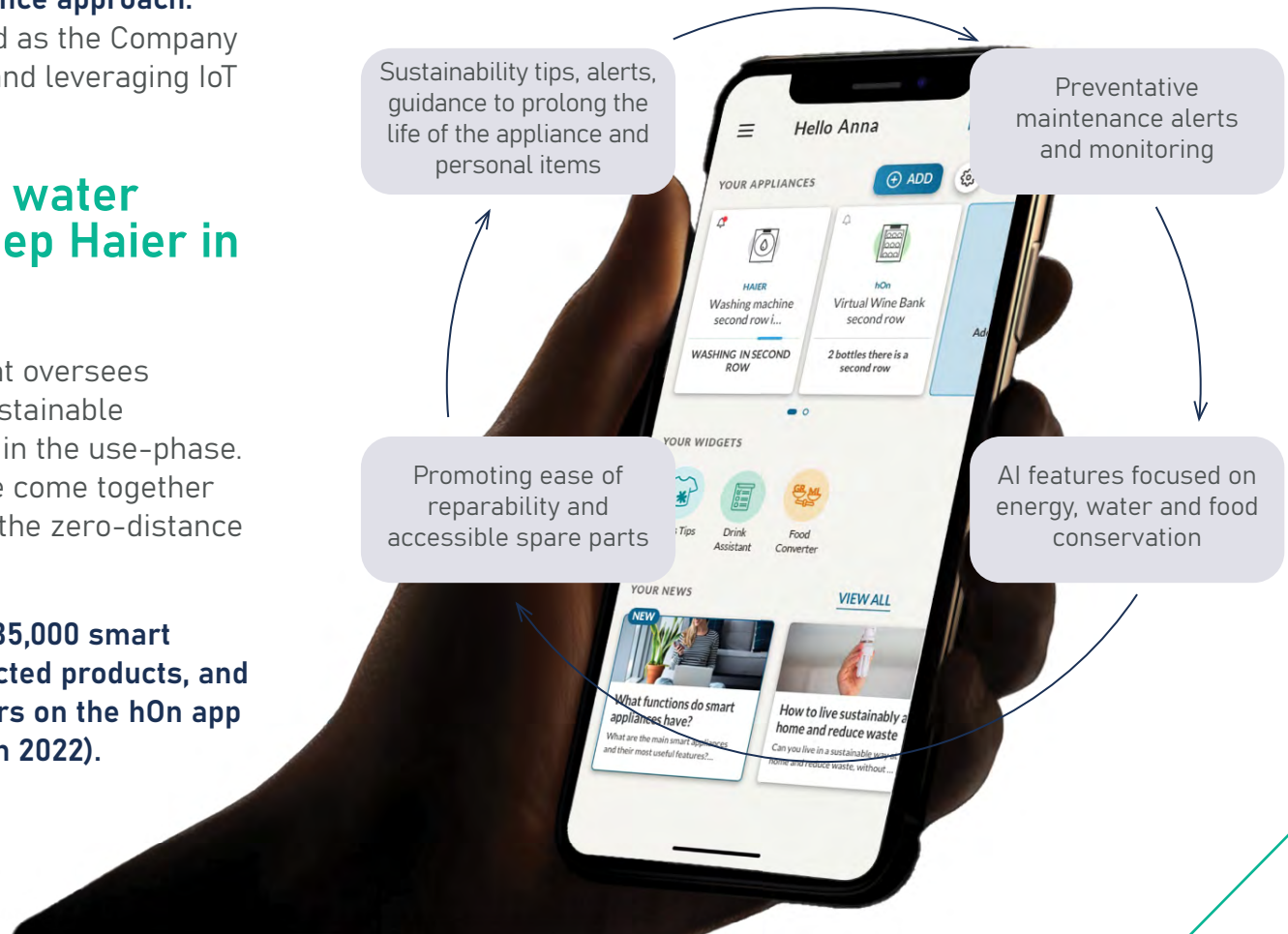
hOn the app that takes energy, water efficiency and durability one step Haier in the customer journey

The connected home becomes a real partner that oversees and provides guidance to customers to adopt sustainable behaviors and reduce the environmental impact in the use-phase. Technology, innovation, and Artificial Intelligence come together with the Internet of Things and lie at the core of the zero-distance corporate philosophy.

Haier Europe's hOn app is the key tool to control IoT features in products: designed to enhance customers' daily lives, it provides them with solutions designed around the appliances they own offering a 360-control center that is connected to multiple appliances. The app is intuitive and easy to use for efficiently planning and using products.



To date, Haier Europe counts over 35,000 smart appliances for 18 families of connected products, and more than 5 million registered users on the hOn app (500k users were registered only in 2022).





Product Leadership at Zero Distance

Zero Distance approach: making it easier to resolve and prevent issues

The hOn app also supports Haier Europe's assistance network by allowing technicians to connect to compatible products and consult any errors, detect anomalies, verify software versions and re-program control boards. Through this tool, technicians can also improve the quality and speed of the assistance provided and contribute to extending products' lifetime. With the hOn app, technicians can:



gain access to an overview of the control boards installed, including their software version, and information about updates to be performed



consult in real-time the error history of the model being serviced



perform troubleshooting to quickly resolve issues



check updates and install them remotely via smartphone, without manual intervention

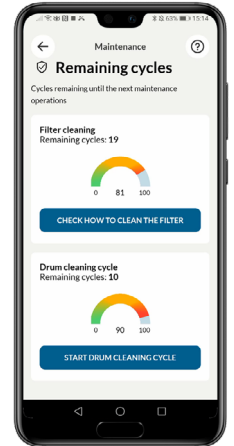


have direct access to technical information on all products, with the possibility to download it in real-time and conveniently consult it offline.

LIFETIME MAINTENANCE ASSURING THE BEST PERFORMANCE

Users can rest easy; reliability and efficiency are assured thanks to the **maintenance programs** included into the App! The appliance health is **constantly monitored** in order to inform users about potential issues and actions to take, **maximizing performance, duration and preventing malfunctions**.

For instance, the App reminds the users when it's time to clean the filter or the drum.

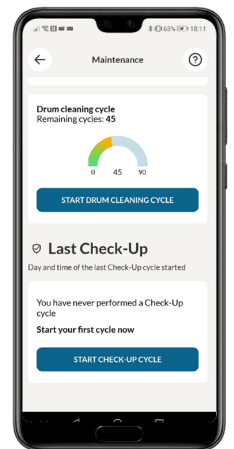


HEALTHY PRODUCT WITH SMART CHECK UP

Want to know the **health** of you Smart Appliance? The **Smart Check-Up** tells the user about the **appliance conditions by monitoring the health status**, after every usage or at user request.

The Smart Check-Up feature provides a simplified **management for longer efficiency**.

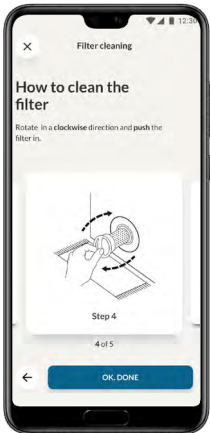
In case of error or malfunctioning, the **smart guide** helps the **customer identify the best solutions**.



Product Leadership at Zero Distance

EASY TROUBLESHOOTING SOLVING SMALL-ISSUES BY YOURSELF

In trouble with your product? **hOn** is right by your side. You are going to get **notified** any time an **error** occurs, receiving guidance, with a new level of **troubleshooting**. All the errors get detected and decoded by the App to guide the user to **quick and simple resolutions**. e.g. Smooth illustrations show the user how to clean the filter.



Accompanying the customer on a sustainable journey

In line with its Zero Distance approach, Haier Europe is dedicated to bringing insights and tips for energy, water savings and prolonging the life of their personal items with our products through multiple channels of communication. Haier releases ongoing communications via social media channels and emails as well as on through connected devices to bring customers tips across all types of appliances that will help them make the best choices for them and the environment. These energy saving tips are shared not only with customers but also employees and include energy savings tips in the workplace.



Product Leadership at Zero Distance



Partnership for sustainable behaviour with Procter and Gamble

In its transformational journey from a traditional manufacturing company into a co-creation and win-win IoT community ecosystem, the Company is pleased to announce the partnership with Procter & Gamble, and with the Dash, Ariel, Lenor and Fairy brands.

With the aim to promote eco-friendly and sustainable behavior, through the hOn app users will be able to discover tips & hints to optimize the efficiency of appliances and reduce their environmental impact, such as using less water, consuming less energy, and polluting less using the correct detergents and dosage, and adopting simple actions that make a difference.

As part of the Sustainability section on the hOn website, visitors will be able to browse and read articles promoting sustainable practices. Starting from research conducted by P&G, the first two articles that illustrate the use of low-temperature washes and reduction of water consumption by avoiding rinsing the dishes are available on the hOn website.



Product Leadership at Zero Distance



WASHING

In the washing product category, Haier Europe offers **dishwashers, washing machines and tumble dryers manufactured in Europe**. For this product category, efficiency and connectivity are top priorities when it comes to sustainability. Haier Europe leads the market in A class washing machines with over 50% of sales being of A class.

Features such as auto-dose, softer pillow drums, water and heat recirculation, connectivity and efficient heat pump inverters all contribute to the efficiency and resources savings of the washing machines.



Washing machines and tumble dryers

WashPass: an innovative business model towards circularity and efficiency

In the course of the year, Haier Europe **launched the A Class WashPass, the first AI-driven washing subscription service that brings the professional washing experience to customers' homes**. The monthly subscription service includes installation, repair and maintenance services. Aside from the innovative business model followed, its distinctive features include:



Disaggregated chemistry: which enables to distribute the 4 Nuncas detergents (Active Ingredients) by optimizing its selection according to washing temperatures.



Intelligent auto-dosing 2.0: through the hOn app, customers receive tips to use the right type and necessary quantity of detergent for each wash, reducing the amount of chemicals released into the water with less waste.



Automatic refill: AI enables to identify when detergents are running low, automatically reordering them via the app and direct home delivery.



Direct Motion Motor for long lasting efficiency: designed to have a longer lifespan compared to traditional motors, it ensures durability and reliability, as well as greater energy efficiency by requiring less electricity in the use phase.





Product Leadership at Zero Distance

An initial LCA screening, revealed that the WashPass model has a lower environmental impact compared to a traditional washing machine. Defective machines are collected at the end of life to boost recovery of components, recycling of materials and revamping of electric appliances where possible. It also doses a specific quantity for each detergent (avoiding potential extra-consumption by consumer) in an automatic way (depending on the washing cycle program selected by customer), thanks to four dosing pumps (one for each detergent employed). This leads to energy, water and detergent efficiency in the use phase with consumption being reduced per washing cycle.

In terms of kg CO₂eq emitted across the entire product lifecycle, the WashPass model emits 26% less compared to a traditional washing machine. Also the impact on land use resulted being lower for the WashPass, 11% compared to the traditional washing machine.



Overall, looking at all environmental indicators measured, the WashPass registered an overall environmental impact of 3% lower compared to its counterpart.

Under the Haier brand, 2022 saw the launch of the A Class I-PRO Series 7 front-loading washing machine with a Direct Motion Motor that, operating without a belt, is directly attached to the drum, vastly reducing noise and vibrations, increasing durability alongside reducing energy and water consumption. Through the Smart Detecting feature, the washing machine weighs the laundry and adjusts the water consumption and cycle time accordingly.

Efficient and durable heat pump inverter

As part of the same line of products, the I-PRO Series 7 tumble dryer is equipped with heat pump technology that conserves the heat inside the dryer's drum, lowering its energy consumption up to 50%. The absence of carbon brushes in the product vastly reduces friction, leading to less vibrations.

Product Leadership at Zero Distance

Increasing the presence of energy efficient washing machines on the market

As a result of the Company's efforts into increasing the sustainability performance of its products, **in 2022, almost 50% of Candy and Hoover washing machines and over 90% of Haier brand products reached the A Class for energy efficiency.**

For the Candy brand, highlights include the Rapidò ECO and the A Class Rapidò Pro ECO washing machines that generate savings for up to 20% of energy and water thanks to the speed-drive inverter motor which enables to reach the quickest laundry cycles with low resources consumption. The Smart PRO Hon washing machine allows customers to increase the efficiency of their laundry, saving up to 50% of resources and associated costs.

In terms of IoT features for the latest washing machines ranges¹⁶, consumers receive alerts to clean filters or advice on the level of maintenance required. Integration with weather services allows the app to warn in case of rain and through smart scheduling features, customers can customize the timing of product use without burdening the power grid or having to increase the meter power. The Snap and Wash feature was introduced also for washing machines: thanks to AI, consumers upload a picture of their laundry and receive suggestions on the best program to choose from.

¹⁶ H-Wash 700, H-Wash 350

Other AI and connectivity solutions developed for washing machines and tumble dryers include:



live over-the-air updates that allow for preventative maintenance monitoring and troubleshooting, making it easier for users to ensure optimal product health and prevent service calls;



live energy and water monitoring during use helping the user understand the impact of different cycle options;



Smart Grid scenario, a peak energy scheduler that allows users to seize low carbon intensive times to run the cycle, leading up to 50% payback of the washing machine in 3 years;



the Syncro function, which proactively adjusts the drying duration based on the type and amount of laundry washed and its starting humidity level to set the right cycle and reduce energy demand.

Product Leadership at Zero Distance



Looking ahead

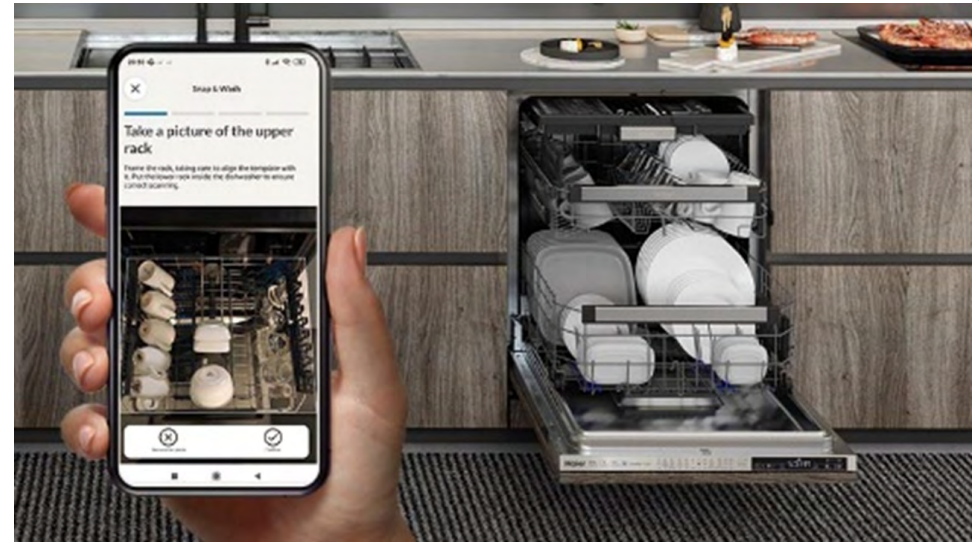
In 2023, the first A -40% efficiency X-Series 11 Washing Machine made its debut, while more auto-dose modes are also being developed in order to decrease resource and energy use.



Dishwashers

Features for greater efficiency and improved user experience

Haier Europe released two new IoT enabled features aimed at increasing the efficiency of dishwashing, while reducing waste and costs for users: the **Snap and Wash** and the **half-load pro**. Snap and Wash, developed in collaboration with Politecnico Di Milano and Accenture, is an AI tool that educates the consumer on the best way to load the dishwasher and the best cycle to use, allowing to optimize resources. Users can take a picture of their load and the app indicates the best program for their washing. The half-load pro is a dishwashing option that allows to only target a selected basket of the dishwasher, saving up to over 25% energy and water compared to the already low-consumption ECO cycle. Smart AI programs help users see the consumption values of the different cycles and select the one that consumes the least water and energy.



Bringing more A Class Dishwashers to customers

Haier brand H-20 range, developed starting up to B class in 2022 setting the groundwork for the launch of the **first Haier A Class dishwashers for September 2023**. The objective is to raise the share of A, B and C Class products while decreasing D and E Classes in the coming years. All new H-20 dishwashers produced in the new Turkey plant are also equipped with an inverter motor.



Product Leadership at Zero Distance

While the Hoover brand saw the launch of a top efficiency range of up to B Class dishwashers with advanced connectivity features, Candy launched the Rapidò dishwasher which offers a 35-minute wash and dry cycle. The products reach the B Class in energy efficiency and are equipped with a novel speed drive inverter motor.



Looking ahead

2023 will see the launch of the first A class dishwasher, hOn connected to further efficiency and durability thanks to the Brushless Inverter Motor and the most advanced technologies to drive efficiency even further, with automatic open doors to improve natural drying time.



Focus on: Care + Protect maintenance and cleaning solutions

Care + Protect is a brand belonging to Haier Europe offering products for the care and maintenance of washing machines and dishwashers, including a wide range of accessories, descalers, hygienic cleaners and fragrances.

Its Ecological product line represents the Company's commitment to guarantee top quality products while respecting the environment with a conscious use of raw materials.

Such new range products have obtained the Ecolabel EU certification, are biodegradable, plant-based raw materials and prove to be effective even at lower washing temperatures and in rapid cycles.

These features lead to a reduced need for energy consumption while maintaining high quality and care of the products. In fact, by operating at lower temperatures, such products are able to guarantee the same results by using less energy in washing.





Product Leadership at Zero Distance



REFRIGERATION

The refrigeration category includes fridges and freezers, through which Haier Europe aims to curb energy loss and advance food preservation through design and technology.

Concerning energy classes, upgrades are being managed well ahead of regulatory requirements up to Class A starting from 2023. This includes upgrading F Class products well in advance to their legal phase out. As an example, a new A class was introduced for the 2D BM 60 model and up to D class for the multi-door Cube 83 fridge.



Multi-door functionality: which prevents energy escape when retrieving food compared to traditional 2-door designs;



MyZone feature: a humidity zone drawer which keeps the nutritional value of fruit and vegetables unaltered for longer thanks to the innovative humidity control system technology;



Switch Zone: a “from fridge to freezer” feature that allows users to adjust the temperature to create additional fridge space or a freezer to increase the capacity as needed and better conserve the food;



Built-in water dispenser: installed in refrigerators and directly connected to the household water network, avoiding single use bottles and curbing the need to open the fridge for water use.

Interactive display

The new Cube 90 Series 9, with its outer touch and interactive display, supports functions that encourage sustainable behaviors by providing recipes for food waste reduction and adjusting temperatures according to external weather conditions without opening the doors. Across the connected and smart refrigeration products, additional features that support users in the sustainable use of appliances include:



¹⁷ The F Class is to be phased out by 31 December 2023



Product Leadership at Zero Distance



the food locator, an AI technology that educates consumers on the best location for food products in the fridge that will help food last longer and sends alerts before food expires



a smart cooling feature, which avoids lost time and saves energy waiting for products to cool by alerting users when the right temperature is reached



the inventory at users' fingertips, which helps consumers keep track of food purchases to avoid duplication and unnecessary food waste



Looking ahead

Candy Fresco is a flexible refrigerator, available in free standing and built-in models. Thanks to its Total No Frost Circle + technology and unique connectivity solutions, it is designed to adapt to any need and lifestyle and keeps food fresh up to 40% longer, anywhere it is stored. The design of this fridge for adaptation to versatile needs means that it can accompany the customer wherever they are at on their life journey, ensuring more use during its lifetime.





Product Leadership at Zero Distance



HEATING, VENTILATION AND AIR CONDITIONING (HVAC)

Air conditioning can play an important role in a time where extreme heat represents a growing challenge, especially for vulnerable groups, such as the elderly, children, and individuals residing in care facilities. In fact, air conditioning represents a solution to mitigate the risks associated with extreme heat, assisting vulnerable groups in coping with the consequences of a changing climate. Haier Europe's HVAC category includes heating and ventilation solutions, and air conditioners. **Under the Haier brand, the Company developed diverse new models designed for greater efficiency.** The heating element of our units also contributes to the reduction of CO2 emissions by reducing the use of fossil fuels.

Pearl R290: sustainable refrigerants

Pearl R290 air conditioner with a low Global Warming Potential (GWP) refrigerant, the R290 stands as a natural, safe and cost-effective alternative refrigerant and reduces the fluid load by 60%, further reducing the product's carbon footprint. This model is capable to kill bacteria and viruses thanks to its Steri-Clean technology, which heats the evaporator to 56°C for 30 minutes and then instantly cools down to achieve better sterilization performances.

Jade Supermatch: matching output with energy needs

Jade Supermatch equipped with an eco-sensor which automatically adjust the cooling by detecting the intensity of the light, the movement of people and level of activity. It is also equipped with Puri-clean, leveraging an innovative IFD filter able to remove up to 99.9% of air pollutants and allergens. The model also holds the 56°C Steri-Clean feature.

Expert A+++: cleaner air for healthier homes and top efficiency

A Class Expert air conditioner which offers purification and sanitation of components thanks to UCV Pro lamp, a technology supported by UCV rays inhibiting viruses and bacteria. The model is also provided with a Clean Cool technology, which ensures the release of clean air.



Product Leadership at Zero Distance

Heat Pump water heater: reducing water waste through remote availability

Heat Pump Water Heater - HP200M3 in the water heaters category, which only uses the electricity required for compressor and fan to operate. Unlike conventional water heaters, this product provides hot water using the heat already present in the air.

Training to implement proper maintenance and installation of air conditioning units for better efficiency

When an air conditioner is not installed or not used correctly, it can reduce performance by as much as 30%¹⁸. Training of installation technicians is key to ensure quality installation guidelines are met and the right size of equipment is used for the location. In addition regular maintenance will ensure the system works at optimum efficiency.

The end of 2022 also saw the launch of the Company's dedicated **HVAC training Hub in Barcelona**. The fully equipped and functioning training rooms welcome customers, installers and consultants to experience products firsthand and provide tailored training sessions on products from the residential, commercial and heating range. These technicians are also equipped to provide service and

advice to customers that will help them get the most efficiency out of the product.

Haier Expert AC wins the prestigious Red Dot Design Award

The Red Dot Design Award recognizes the strength of Haier's air conditioning products in industrial design and technological innovation and shows how Haier continues to provide professional and **smart healthy air solutions through technological innovation**.



¹⁸ United States Environmental Protection Agency, www.energystar.gov

Product Leadership at Zero Distance



COOKING AND BUILT-IN

Under the cooking and built-in category, Haier Europe commercializes cookers, ovens and cooking hobs. The driver for this category is to make it easier for people to save energy and live more consciously with intelligent cooking. Aside from the hOn app which allows to monitor the appliances' consumption, smart features that act as enablers for an improved sustainability performance for cooking appliances include:



indoor cameras in ovens that prevent energy escape and detect the type of food being cooked to set the right cooking cycle;



possibility to **set a limit of energy consumption** for all induction hobs;



ecosystem synchronization synchronized hob and hood optimizes power needs for efficiency;



sync Hob-Hood which regulates the suction speed of the hood based on the use of the induction hob, avoiding it running in excess;



Probe Stand Alone automatically sets the correct temperature to the most conservative settings;



multi-level cooking which streamlines cooking time and energy use, avoiding multiple separate cooking programs and longer cooking times;



recipe library of over 300 recipes and videos promoting more sustainable food choices.

Steam assisted oven for healthier cooking

One key product developed and launched in 2022 saw a steam assisted oven that allows to cook with less energy consumption and in less time. For ovens Haier Europe also switched to online instructions, cutting down on the production of paper instruction manuals.

Supernova Induction hob - helping users control energy consumption

In the induction category, an energy-saving technology was developed to maintain the right temperature and avoid energy losses, and a power management feature to set a limit to energy consumption. **The Supernova Induction hob is equipped with a boiling sensor that alerts when water is boiling** and prevents a prolonged cooking time, with associated energy waste.

Product Leadership at Zero Distance



SMALL DOMESTIC APPLIANCES

Small Domestic Appliances (SDA) include handstick vacuums and handheld vacuum cleaners, kettles, fryers, blenders and toasters. 2022 focus was on durability and quality, with the launch of the Hoover HF9 which comes with an additional 5-year warranty guaranteeing quality and long-lasting performance. Additionally, the Brown Box project, a project focused on the sustainable packaging of SDA products, shared additional insights into the challenges of legacy products for sustainability, and helped the product line set future priorities and ideas for future design.



Looking ahead

Through connectivity, Haier Europe offers a combined physical and digital experience for SDA that enables users to set the right programs for their appliances, avoiding over-consumption and increasing efficiency. **With the hOn app, customers can set their appliances remotely, monitor their use and consumption habits, keep track of energy savings, and receive tips and troubleshooting for their products.**

Designed to launch in 2023, the Series 5 air fryer was designed to remove the need to open to check cooking progress, preventing air and heat from escaping, increasing the efficiency of the cooking process and reducing energy loss. Haier's Kettle Series

5 is developed to save up to 40% energy when boiling a cup of water compared to most kettles on the market through a precise temperature control feature.

Additionally, the Kettle Series 7, to also be launched in 2023 was designed with vacuum insulation that saves up to 80% of energy and time when boiling and re-boiling water by retaining heat and keeping water warm for up to 12 hours. This model stands out for its easy maintenance, thanks to the fully removable lid and the automated cleaning program.



Innovation and design

Research and Development

With over 10 dedicated research centres, Haier Europe merges technology, connectivity and design with **over 23 million euros invested in 2022 and 300 R&D engineers** that work to develop and innovate the Company's offering.

Aside from dedicated research centres, the Company has established a specific product design hub and promotes innovative ideas through the microenterprise ecosystem and investments in high-growth ventures.

Milan Experience Design Center

Year-round, Haier Europe experiments with innovation and design at the Milan Experience Design Center, a strategic hub located in the Brugherio site, Italy. Here, the Company creates branded product experiences that reflect the expansion in product line connections and the shortening of distances with consumers. The Center was created in 2020 with the aim of providing a customer-centric design to continuously improve user experience and create ecosystems. The Centre is composed of 20 people from 8 different nationalities and with an average age of 30, divided into 3 specialized disciplines: experience strategy, experience interaction, and product experience. **The idea is to connect design with the IoT and R&D functions to include the customer into the design process** and create quality products that match users' needs.

In 2022, Haier Europe participated to the Milan Design Week presenting the HomeSwitchHome exhibition, where the Company showcased the result of its attention to technology, connectivity and design. The installation focused on sharing the story of the smart home, as conceived by Haier Europe, according to its international brands Candy, Hoover and Haier.

Microenterprise ecosystem, empowering our people to become entrepreneurs

As a result of Haier Europe's RenDanHeyi model, **the Company embraced the microenterprise (ME) as the organizational unit where employees become real entrepreneurs and have full decision-making powers.** More specifically, a ME arises out of a self-organized, agile and multi-disciplinary team, and a solid 5-year business plan. It then embarks upon the plan execution phase, subject to periodic reviews and mitigation plans to monitor its functioning and performance.

There are 3 main types of microenterprises (MEs): User MEs, focused on user needs and delivering innovation, Incubating MEs, which explore new business opportunities, and Node MEs, focused on providing services to other MEs. Microenterprises are grounded on the concepts of empowerment and ownership, each withholding 3 rights:

Innovation and design

- 1 **Right to make decisions**, manage work, priorities, and set leading goals without depending on centralized decision making
- 2 **Right to hire talent**, to be part of the microenterprise team
- 3 **Right to distribute compensation**, as a means to motivate people to perform in line with objectives.

In order to fully embrace and enact Haier Europe's guiding principles, ME owners attend the RenDanHeyi masterclass and design thinking workshops to consolidate a high IoT and digital awareness with the support of technology partners. With a solid set of hard and soft skills, ME members become empowered agents of change who own and champion their IoT strategy.

In France several MEs have been created within the following product lines: Washing, Cooking & BI, Cooling and SDA. In the UK, Spain and Germany, MEs have also been implemented along the same product lines while the Italian market has seen a full launch at the end of 2022. Examples of MEs are the consumables product lines, WashPass and many MEs are directed towards internal process improvement that drives innovation for new products.

Haier Europe Open Enterprise

In June 2022 the Haier Europe Open Enterprise was launched, a venture building project through which the Company aims to expand its ecosystem by engaging with scale-ups and high growth companies in the segment adjacent to its core business. Open Enterprise will contribute to the pursuit of an increasingly connected and AI-driven user experience through investments in ventures and support of entrepreneurial projects developed in collaboration. Companies joining the corporate venture project will benefit from Haier's experience and expertise in product development.

The aim is to encourage an ecosystem co-creation towards new solutions in smart home appliances with high potential impact. Open Enterprise focuses on 6 different business areas: IoT-enabled business models; services, platforms and solutions for automation in the smart home; solutions for the smart kitchen; digital platforms for scalability in home and personal services; products that can leverage Haier Europe's industrial and commercial capabilities; and AI applications for consumer use cases. Thanks to the Open Enterprise, the Company has successfully incubated 5 unicorn companies and 37 gazelle companies¹⁹.

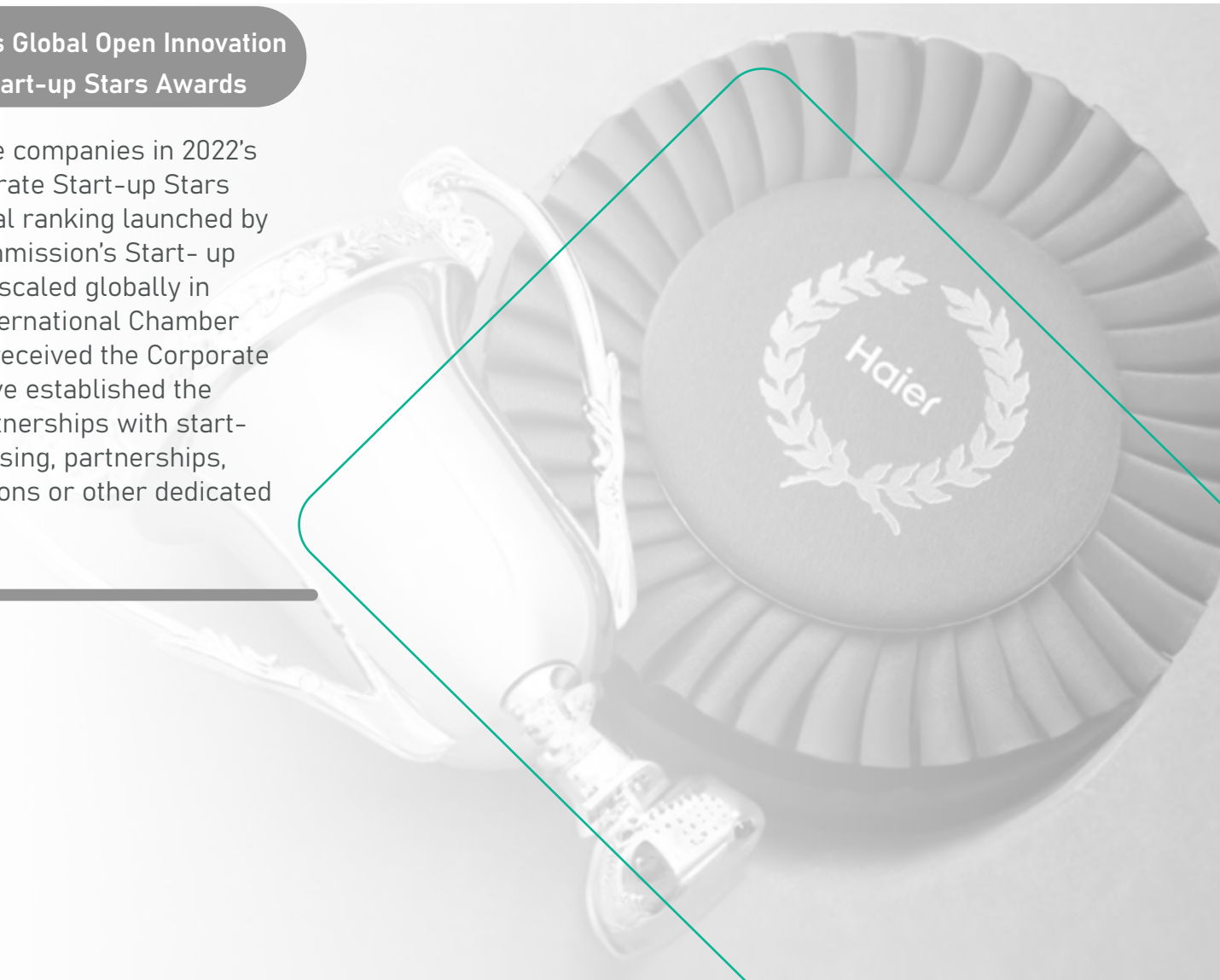
¹⁹ A gazelle company is a high-growth company that has been increasing its revenues by at least 20% annually for four years or more

Innovation and design



Focus on: Haier recognized as Global Open Innovation Challenger at the 2022 Corporate Start-up Stars Awards

Haier Europe has been named among the companies in 2022's Corporate Start-up Stars Awards. Corporate Start-up Stars Awards represents the prestigious annual ranking launched by Mind the Bridge under the European Commission's Start-up Europe Partnership initiative in 2016 and scaled globally in 2020 thanks to a partnership with the International Chamber of Commerce (ICC). The companies that received the Corporate Start-up Stars awards are those that have established the most successful, mutually beneficial partnerships with start-ups, whether through procurement, licensing, partnerships, accelerators, direct investment, acquisitions or other dedicated programs.



Towards circular products

Towards circular products

Aware of the rapidly evolving regulatory framework and the needs of stakeholders such as consumers and distributors, Haier Europe is setting the basis to enhance products circularity throughout their life-cycle. Starting from the procurement of raw materials, Haier Europe developed and started implement an ESG questionnaire for new suppliers. In parallel, the Company is also researching alternative packaging solutions for its products that are more sustainable. Main streams of research concern the reduction of packaging weight and the phase out of plastic and EPS.

In 2023 the first SDA floorcare model will be made with 50% recycled plastic



Towards circular products

In the **design phase**, Haier Europe is defining the methodology for performing Life Cycle Assessments on products in order to evaluate their environmental impact. The Company is also investing in R&D efforts in order to apply eco-design principles to all newly introduced products. Haier Europe is currently performing a science-based analysis of the environmental impact of the Bottom Mount 60cm refrigerator manufactured in our Romanian factory during its entire lifecycle, as an instrument to monitor and improve the environmental performance of cooling products. As of now, the first phase of product assessment has been completed. The Company has also set forward looking targets to increase the percentage of recycled plastic in a number of product categories.

In the **use phase**, Haier Europe is focusing on creating more energy and resource efficient smart solutions, increasing the durability of products through preventative maintenance, and educating consumers on how to use appliances in a more sustainable and efficient manner through connectivity.

For **extending the life** of products, Haier Europe is adopting multiple strategies to extend products' lifetime:

50%
of a DW model will be made with recycled plastic by 2025



Ensure repair manuals are easily accessible to all customers through connected apps



Reduce the price of spare parts and increase their availability



Extend the warranty on products



Extend the repair network



Partner with local businesses to give a second life to products



Offer consumers the option to recycle their old appliances



Preventative maintenance alerts inform customers when appliances need an update or show an issue



Provide care and maintenance tips alert to educate users



Monitor the health status of products through automatic sensors



Over 7.5K service calls avoided thanks to Over the Air updates

Towards circular products

To progress towards closing the loop in the production phase, the Company is laying the foundation for a 5-year circularity and waste reduction plan. The decarbonization journey launching in 2023 will bring complimentary information and priorities to drive circularity for all product lines. Haier Europe has identified key product lines taking inventories of materials to seize opportunities to replace less circular materials with recycled and recyclable materials that also ensure durability.

Bringing second life to products

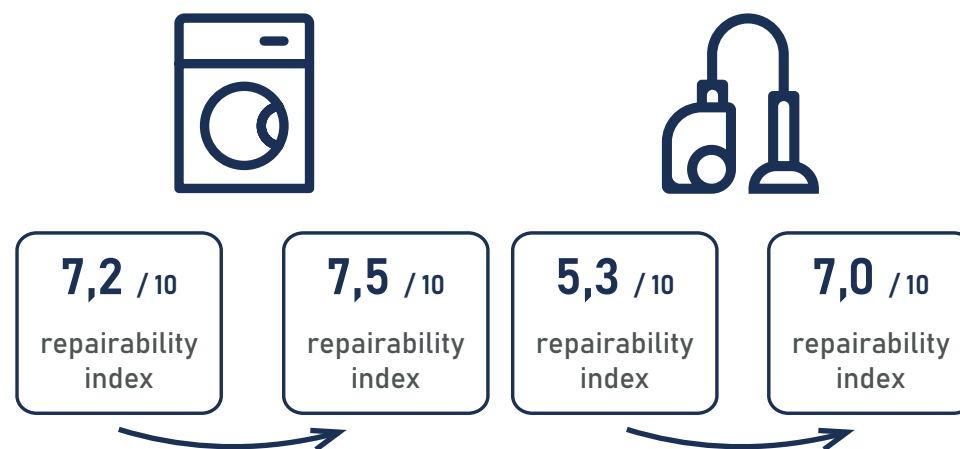
Currently, the Company is partnering with local businesses to bring second life to products in France where about 4k units were returned with 70% back on the market year to date.

Haier Europe is not only considering product components and packaging, and connectivity as part of its circularity plan, but it is also focused on solutions to bring second life to products. We are also focused on enhancing these solutions through connectivity in key markets in Europe.

To date, the Haier, Hoover, Candy, and Rosieres brands provide a repairability index on over 210 products: of these 95% fall in the score range between 6% and 7,9% and 5% obtained a score above 8 out of 10

Focus on: applying Loi Anti-Gaspillage pour une Économie Circulaire (AGEC law) in France

A more tangible application of circularity in products is visible in France. In response to the AGEC Law²⁰, Haier Europe has already adopted the repairability index on washing machines, dishwashers and vacuum cleaners.



²⁰ Decree 2022-748 under the French Anti-Waste for a Circular Economy law (AGEC) obliges all producers, importers and dealers of waste generating products in France to showcase environmental qualities and characteristics of packaging and products. These latter include recyclability and incorporation of recycled material, presence of rare earths, precious metals and dangerous substances in products, possibilities of reuse, compostability of products as well as their reparability and durability index

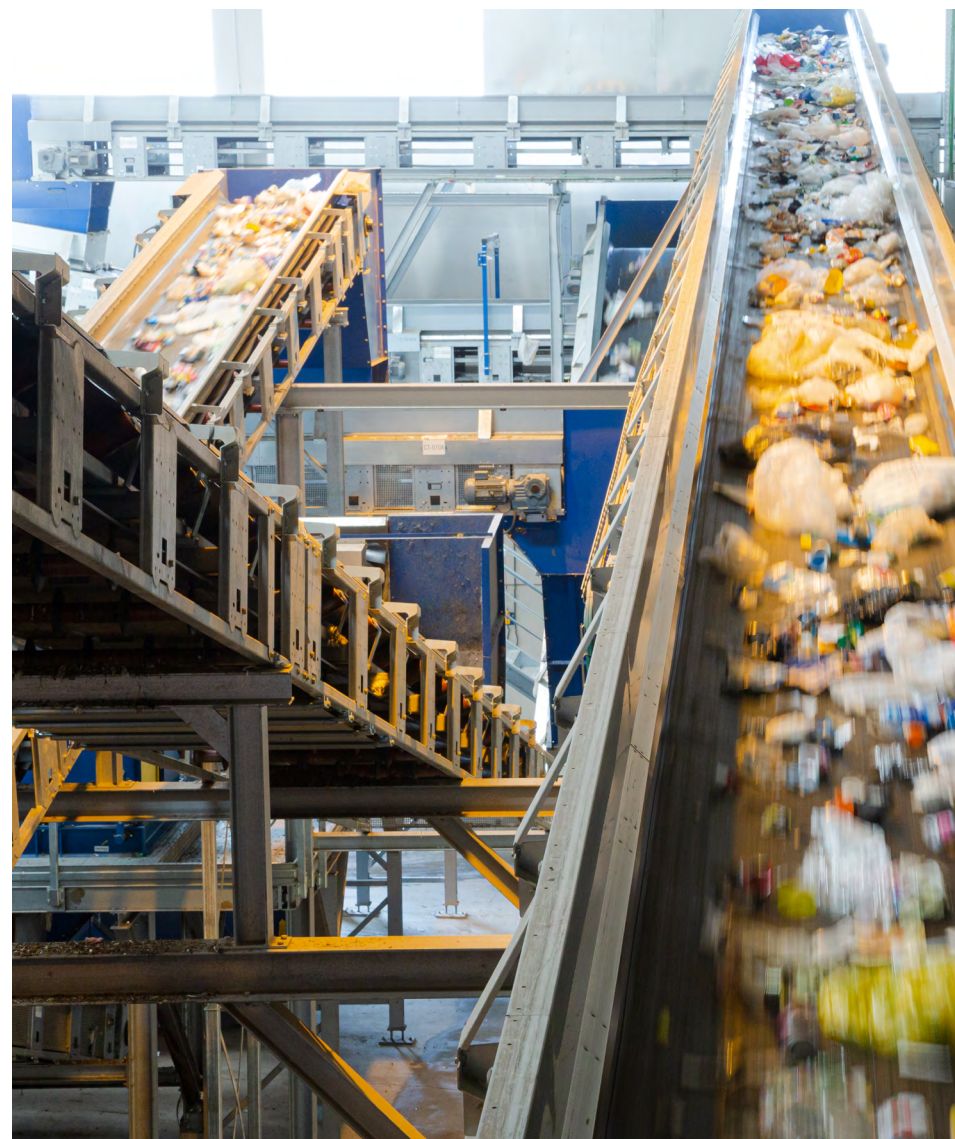
Towards circular products



Washing machines saw their score increase from 7,2% to 7,5% and vacuum cleaners from 5,3% to 7,0% by implementing solutions such as the availability of spare parts (14 years for washing machines and dishwashers and 9 years for vacuum cleaners), remote repairs and technical documentation. With regards to second life products, in France Haier Europe started working with a selected partner to refurbish around 4,000 units/year and selling them in 5 shops in France.

Aside from reparability, the AGEC Law also requires companies to report on the recyclability and incorporation of recycled material in products, the presence of rare earths, precious metals or dangerous substances, their compostability and durability.

In the French market Haier Europe submitted 1,239 stock keeping units (SKUs) in the AGEC database: 43% of products issued in France are either composed with over 30% recycled materials or reusable packaging.



Upholding highest quality standards

Upholding highest quality standards

[GRI 416-1] [GRI 416-2] [GRI 417-1] [GRI 417-2]

Quality and safety represent two crucial principles for the Company, which has defined a set of procedures formalizing Haier Europe's way of delivering products and services. These are continuously updated to reflect best practices and guarantee a preventive approach.

To date, 100% of our factories have obtained the ISO 9001 quality management system certification. Quality is managed by a dedicated team that oversees products' certification and audits, operating horizontally across the different business areas. Products are guaranteed for 2 years for all conformity defects. In addition, a further 3-year warranty is provided on selected home appliances.

To guarantee maximum product safety, the manufacturing phase involves a series of reliability tests and field inspections through Failure Modes and Effects Analyses (FMEA). Prior to the latter, 100% of the Company's products are assessed for health and safety impacts' improvement²¹. The quality function also oversees the new product introduction (NPI) procedure as well as testing laboratories.

²¹ In 2022 Haier Europe registered 2 incidents of non-compliance with regulations resulting in a warning. 0 cases were registered between 2021 and 2020

Haier Europe is investing in further improving the quality delivered to customers through the QCUBE, "Quality Consumer Ubiquity Based Era". This quality project is founded on 3 axis:

- 1 Maintaining quality promises beyond defectiveness;
- 2 From correction to prevention, designing for quality where failure can be predicted and avoided;
- 3 Consumer ubiquity, reducing distance to customer placing consumer rating as guidance for quality decisions and improvement.

To further guarantee quality and transparency, product information and labeling is required for components' sourcing, dangerous substances, safe use and disposal of products as well as energy labelling. **The percentage of significant product categories covered by and assessed for compliance with such procedures amounts to 87.5% of its products at the EU level, a 9% increase from 2020.**

Concerning incidents of non-compliance concerning product and service information and labeling, in 2022 Haier Europe registered 6 incidents with regulations resulting in a warning. In 2021, the Company registered 7 warnings and 2 cases, that remained open through 2022, which resulted in a penalty. Haier Europe is

Upholding highest quality standards

always striving for improvement and the quality and safety are number one. These processes and controls process allows us to further improve and further develop robustness of information and transparency in labelling.

Haier Europe's approach to customer service

Haier Europe aims to accompany the customer along the entire journey of their products lifetime, serving sustainability and accessibility by making it easier to troubleshoot, correctly install, repair and use the product in the most efficient manner possible. Haier Europe's customer service offers multiple channels and formats from traditional repair services in the field to soft services expressed in different forms (apps, digital channels), to tailored and more premium services.

Traditional repair services in the field consist in different service networks set up depending on a variety of factors ranging from most tailored solutions to standardized ones. The standard solutions include a branded service network of Haier Europe employees (Field Service Engineers) which connect and travel to local services partners who cover repairs. This service is mostly present in the UK with 237 FSEs and Germany with 3.

The Haier brand also offers to customers a Premium Service Programme which provides:



Priority Line, a dedicated line active from 8am to 10pm on weekdays and operating from 10am to 7pm on Saturdays, supported by a Live chat facility and Recall option;



Premium Assistance Scheduling, specialized technicians calling out to customers' home within 2 days from the request for technical assistance, or at a customer's preference arranged during the call;



Dedicated consultants, a team of professionals ready to answer product-related questions or technical requests;



Care & Maintenance, specialized technicians providing advice for optimum care and maintenance of appliances, ensuring these are cleaned and sanitized after the intervention.

Upholding highest quality standards

The Active Service allows customers to receive assistance for washing, cooling and cooling products in 19 different languages.

Users can register on the hOn app and pair their appliances. In case an error appears on the product's display, a code is automatically passed onto the app which performs a local troubleshooting. Afterwards, the user contacts the call center, and the operator checks the appliance's errors and, for each, identifies root causes and solutions. Based on these, an engineer will check the error and intervene.

2022 also saw the revamping of the new hOn Service app, another version designed to improve the assistance for products with different technologies. The app was enhanced to carry out quick diagnosis and perform operations remotely, also thanks to the introduction of the BLE (Bluetooth Low Energy) technology which improves connections and data transmission between appliances and the app.



Additionally, the updated version is compatible with Android and IOS and improves technicians' ability to provide higher quality assistance through a search guided by the serial code. It also enables Haier Europe to:

- Ensure greater stability, faster user experience, and a higher level of security and privacy for users;

- Reduce appliance replacements and duplicate interventions, by increasing the number of interventions closed during one appointment;
- Monitor usage statistics of the app to develop and improve functions;
- Reduce the time of the intervention;
- Cover the entire fleet of machines (both connected and not connected – with technical note and Service Manual);
- Manage controllers and processors;
- Improve transparency towards customers.

Haier Europe recently introduced a Soft Service as a simplified system to manage warranty requests from customers. Its process flow starts with an incoming user request. The case is managed through troubleshooting and available technical documentation – if necessary, a spare part is sent to the final customer.

In 2022 Haier Europe's Soft Service led to a total of over 7,000 services calls were avoided.

As a result of Haier Europe's drive for maintaining the highest quality customer service, **the Company reduced its overall turnaround time to complete a process or fulfill a request by 17% for the Haier brand and 12.4% for Candy since 2021.**



Operations



Haier Europe
Sustainability

Operations



Between 2022 and 2023, Haier Europe transitioned 2 of its offices to locations with more sustainable energy consumption and other features which protect biodiversity and consumption of resources, one of these includes Haier Europe's Central Headquarters in Italy.

The new Vimercate head office is designed to reflect Haier Europe's attention to energy efficiency, in an entirely plastic-free environment certified to the highest energy and environmental resource management standards. **Vimercate in fact obtained the Leadership in Energy and Environmental Design Platinum certification (LEED)** as a testimony of its efficiency, low carbon and cost-saving features. The latter include photovoltaic panels installed on the roof to power the building and rainwater collection tools which is re-used to feed toilet drains and irrigation. It also hosts a dedicated area for product display where stakeholders can experience IoT and connectivity in real-simulating kitchen, laundry and living scenarios.









Barcelona hub

Haier Europe's new offices in Barcelona have moved to the technological hub of the Catalan capital, Torre Llevant. To ensure the lowest environmental impact in its business operations, the Torre Llevant was developed under efficiency and sustainability principles and has an A energy rating as well as Bream Very Good certification to ensure the least possible environmental effect in its commercial activities.



Our production sites

In 2022, Haier Europe’s production sites were 7 in total, located across Europe and Asia.

Haier Europe’s plants			
<p>Brugherio, Italy WM Plant, manufacturing of washing machines and dryers</p> 	<p>Borso Del Grappa, Italy ELBA Plant, production of cooking hobs and ovens</p> 	<p>Eskişehir industrial park, Turkey, comprised of: Renta DW Plant, production of dishwashers <small>NEW</small> Renta TD Plant, production of dryers <small>NEW</small> Cooking Plant, production of cookers, hobs, ovens, built-in and free-standing</p> 	
<p>Ploiești, Romania Higher Tech Plant, production of refrigerators <small>NEW</small></p> 	<p>Kirov, Russia Vesta FL Plant, manufacturing of washing machines and dryers</p> 	<p>Jingling, Jiangmen China Jingling FL & TL Plant, manufacturing of washing machines and dryers</p> 	

Between 2021 and 2022, Haier Europe expanded its production capacity and efficiency in the Eskişehir industrial park, Turkey, and in Romania. In Eskişehir, the Company invested €45 million on the Renta Tumble Dryer plant and another €40 million were allocated to the Renta Dishwasher production facility.

The Renta factories are designed for maximum energy efficiency, waste reduction and productivity, with the most advanced industry 4.0 standards based on lean manufacturing. The Renta Dishwasher plant represents the Company’s largest production and export center in Europe, serving European and global markets with a production capacity of 1 million units per year. Part of the Dishwasher plants advanced production process includes 100% automatic measuring systems, leakage detection and full traceability of critical components.

For the Haier Tech Cooling plant located in Ploiești, is Haier Europe’s biggest cooling export hub, with an investment amounted to €70 million and a production capacity of €1 Million in refrigerators per year. **The site became operational in 2022, manufacturing both built-in and freestanding refrigerators.** The plant features latest industry 4.0 innovations for waste minimization and maximized productivity and employs over 1.000 people. The site also recently obtained the ISO 14001 environmental management system certification.

Our production sites

For its new plants, Haier Europe follows innovative engineering trends that will offer standardized and scalable processes that serve sustainability such as modularity, circularity, efficiency in logistics and activities, transparency in production, monitoring and tracking, digitalization.

Key energy and consumption achievements in the new factories

To monitor its production sites, Haier Europe measures a wide range of performance indicators on a monthly basis, from environmental to health and safety KPIs, to customer, production and supply chain indicators.

In Eskişehir in 2022, for the environment, health and safety, and customers indicators **the new Renta Dishwasher plant outperformed the yearly targets set out by about 70%**, while the previously existing Doruk plant recorded a lower performance on the same indicators. **The new Renta Tumble Dryer plant achieved a 40% reduction in energy consumption**, about 5.7 kW per tumble dryer, while in the older site, the consumption was equal to 9.23 kW per tumble dryer.

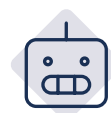
Haier Europe is investing towards an increased digitalization in its operations to improve traceability, performance, speed and reduce waste. To date, Italy and Turkey have already reached full digital maturity according to the roadmap set, while Romania, Russia and China are on track towards its completion.

KPIs monitored to determine the efficiency of Haier Europe's production sites

Environment	Health, Safety & People	Customer	Production	Supply chain
Power consumption Water consumption Waste recycled Natural gas consumption Total waste Waste recycled	Incident rate Accidents Absenteeism rate Headcount Overtime	Defects Quality Scrap costs Hold products	Efficiency Productivity	Logistics workers Volume accuracy Inventories Orders rate



Track and Trace system: allows to track down appliances (sub-) components with serial labels and process parameters;



Robotics: Haier Europe is integrating remote robot controlling to increase the precision and speed of production processing, while reducing costs;



Prometeo: a software dedicated to programming and managing the maintenance (preventive, corrective, predictive) of the factory environment. Maintenance teams feed Prometeo with detailed data on different features of the industrial site and the software develops maintenance schedules, dashboards for decision-making and organizes the machine ledger for all equipment.

Reducing our impact

Energy management

[GRI 302-1] [GRI 305-1] [GRI 305-2]

In 2022, the consumption of energy associated to Haier Europe's activities amounted to **392,863 GJ, -15% compared to 2021**. The Company's direct energy consumption is associated with fuels used for vehicles and the heating of offices and plants, whereas the indirect consumption corresponds to non-renewable electricity purchased for the functioning of Haier Europe's industrial processes.

GRI 302-1 | Energy consumption within the organization

Indicator	Units of measure	2020	2021	2022
Non-renewable direct energy consumption				
Diesel consumption	liters	666,012.40	839,758.00	757,530.40
Petrol consumption	liters	54,622.72	91,888.00	85,613.72
Natural gas consumption	Smc	6,023,170.00	5,459,259.00	3,986,493.00
Purchased electricity	kWh	58,915,770.00	66,084,354.00	62,353,784.00
Total energy consumption²³	GJ	445,790.89	460,131.20	392,863.50

²³ Conversion factors used for Diesel: 0,038 GJ/liters (DEFRA 2022); Petrol: 0,034 GJ/l (DEFRA 2022); natural gas 0,034289 GJ/sm3 (Italian Greenhouse Gas Inventory 1990-2020 - National Inventory Report 2022)

Responsible for the consumption of diesel, petrol and electricity for mobility, **Haier Europe's corporate fleet comprises 299 leased vehicles, of which 21% are electric or hybrid.**

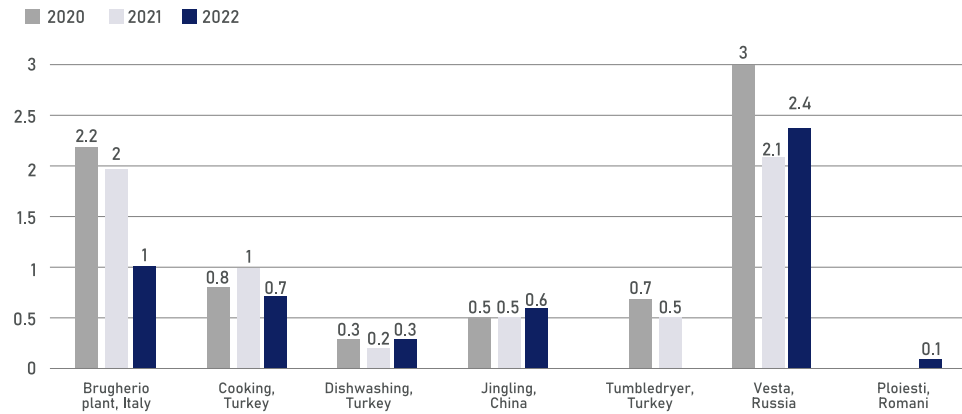
Haier Europe's corporate fleet in 2022	
Type	Vehicles (n)
Petrol	4
Diesel	232
Battery Electric Vehicle (BEV)	34
Plug-in Hybrid Electric Vehicle (PHEV)	17
Mild Hybrid Electric Vehicle (MHEV)	12
Total	299

In 2022 natural gas consumption lowered by 27% since 2021. The reductions are mainly across Haier Europe's factories and offices in Brugherio, Turkey and Vesta thanks to the replacement of the old heating systems with a radiant system that heats the production sites only when needed, while heat pump systems were installed in the offices. Additionally, warehouses are no longer heated in Brugherio, a choice that led to considerable energy savings.

Reducing our impact

In almost all factories, Haier Europe implemented a heat recovery system from compressors that feed the heat back into the factory processes and heating system reducing energy demand.

Gas use (m3/pc) trend 2020-2022



To monitor the energy consumption across its operations, the Company is working to obtain the ISO 50001 on Environmental Management Energy in all of its factories.

Certification (% of certified factories)	2021	2022	2023	2024	2025
ISO 50001 Environmental Management Energy	11%	11%	33%	77%	100%

Central energy monitoring project

The Elba and Turkish plants have been equipped with a smart metering infrastructure to monitor and manage energy consumption. Haier Europe started developing a Central Energy Monitoring Project to gather into a single repository consumption data from all plants. This project, which will begin its implementation in 2023, will enable to create an integrated system with common KPIs to measure and compare the operational footprint of all plants.

Renewable energy

To date Haier Europe only purchases non-renewable energy, however, the Company has set an intermediary target of 60% renewable energy by 2025 and to sustain part of its operations with self-produced renewable energy, thanks to the implementation of solar panels across its plants. In 2022 the Company installed a 3,5 MW solar panel in the Jingling plant able to produce 3,600,000 kWh each year, covering 15% of its energy consumption²⁴. There were some issues in the initial installation, and the solar panels were not fully operational until 2023, so the reduction in non-renewable energy consumption will be reflected from the year 2023 emissions data and will serve over 80% of the site's energy consumption. Solar projects in the remaining Turkish, Italian and Romanian plants are currently in the evaluation phase.

²⁴ The solar plant is not yet operational

Reducing our impact

Carbon emissions

In 2022, the consumption of fuels by Haier Europe generated 12,380 tons of CO₂, -23% from 2021. Whereas the Company's Scope 2 emissions, associated to the consumption of electricity, amounted to 25,570 tons of CO₂, -7% from 2021. In total, Haier Europe's total emissions sum up to 37,950 tons of CO₂, for a reduction of 13% compared to 2021.

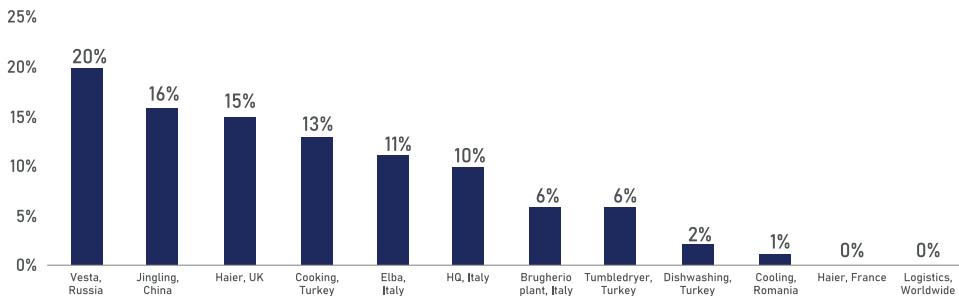
GRI 305-1, 305-2 | Direct GHG emissions (Scope 1), Indirect GHG emissions (Scope 2)

Total emissions (ton CO ₂)	2020	2021	2022
Scope 1	12,955.80	16,019.51	12,380.23
Scope 2 - Location Based ²⁵	23,009.93	27,529.06	25,570.58
Total emissions (Scope 1 + Scope 2 Location Based)	35,965.73	43,548.58	37,950.80

Looking at the Scope 1 emissions by operating unit, a sizable portion of Haier Europe's emissions can be attributed to the Vesta plant in Russia responsible for 20% of the Company's emissions, and the Jingling factory, for 16%. The Vesta plant faces a peculiar challenge due to its geographical location characterized by harsh winters which make it necessary to consume a substantial

quantity of gas for indoor climate control. The Jingling factory ranks second as it registers the highest production volumes and has a vertical integrated supply chain. The UK is responsible for 15% of total Scope 1 emissions, a share that is not associated to industrial operations but to the service corporate fleet present in the country.

Scope 1 incidence by operating unit

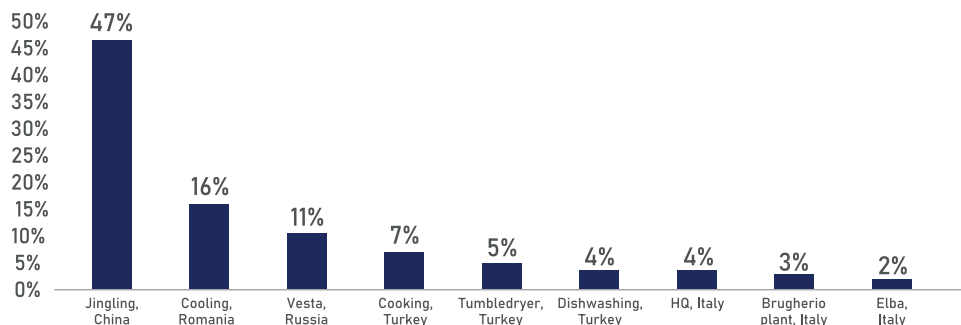


Turning to the distribution of Scope 2 emissions by operating unit, the most emissions intensive plant is Jingling in China, with 47% of emissions. The next unit by emissions is the Cooling factory in Romania, responsible for 16% of Scope 2 emissions due to its energy intensive production (refrigerators). Lowest emitters remain the units in Italy. The new Renta factories also highlight a low contribution to the total emissions of Haier Europe.

²⁵ The Location Based method calculates emissions based on the average emissions factor of the electricity grid of the specific geographic location where the company operates, without considering the actual energy sources or company purchases

Reducing our impact

Scope 2 incidence by operating unit



Setting GHG emissions reduction targets in line with science

In 2023, Haier Europe announced the commitment to setting targets in line with the Science Based Targets initiative. The Company will submit a plan for the emissions reduction targets in line with a 1.5-degree pathway scenario by 2025. The comprehensive plan will include targets for Scope 1 and Scope 2 emissions, in addition to emissions in the value chain, where contributions are also measured under operations.

Water management

[GRI 303-3] [GRI 303-4] [GRI 303-5]

In 2022, Haier Europe's consumed 521 Megaliters (ML) of fresh water for its operations, coming from third-party sources. Of the water consumed, 12% comes from a water stressed area in proximity of the Eskişehir plants²⁶.

GRI 303-3 | Water withdrawal

Water withdrawal by source and from areas with water stress (ML)	2020	2021	2022
Total water withdrawal from third-party water ²⁷	796,04	763,02	524,00
in water-stressed areas	39,82	64,75	62,74

Since 2020, Haier Europe's withdrawal of water decreased by 34%, thanks to recycling and reuse efforts across plants. One achievement has been the implementation of a recirculation system in production processes across the Brugherio and Jingling plants. Thanks to this system, used water can be recycled, diminishing the need for withdrawals.

Since 2020 the Company's water use rate has reduced by 38% in 2022. More specifically, the Brugherio plant achieved a 60% reduction in water consumption, attributable to the adoption of innovative cooling systems that no longer rely on water usage.

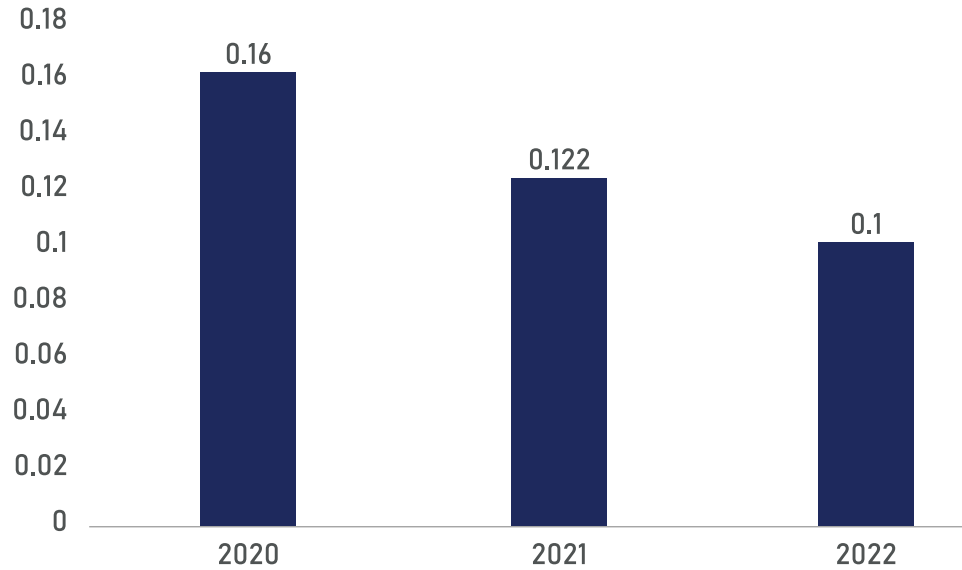
Haier Europe also implemented water recovery and recycling initiatives in the Jingling facility where the water used for testing purposes is reclaimed and reused.

²⁶ The area was identified as such by using the Aqueduct Water Risk Atlas

²⁷ Municipal water service providers and wastewater treatment plants, public or private utilities, and other organizations involved in the provision, transportation, treatment, disposal, or use of water and wastewater discharges

Reducing our impact

Haier Europe water use m³/pc

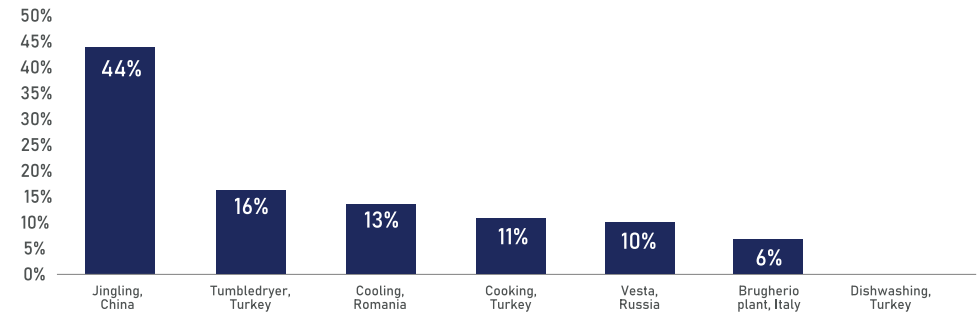


Waste management

[GRI 306-1] [GRI 306-2] [GRI 306-3] [GRI 306-4] [GRI 306-5]

The main types of waste Haier Europe produces in its offices and production plants. The main types amount to paper and wood, and metal and plastic associated to the packaging of products' amount to paper and wood, and metal and plastic associated with the packaging of products.

Waste impact by operating unit



The Company keeps track of generated waste, to identify those sites where the greatest impact is caused. The plant generating the greatest share of waste is Jingling in China (44%), followed by the Tumble Dryer plant in Turkey (16%), the Cooling plant in Romania (13%) and the Cooking plant in Turkey (11%).

The total waste generated by Haier Europe in 2022 amounted to 23,437 tons slightly less compared to 2021. Of the waste produced, 98% was non-hazardous and attributable to paper, wood, metal and plastic, while the remaining 2% classified as hazardous.

Reducing our impact

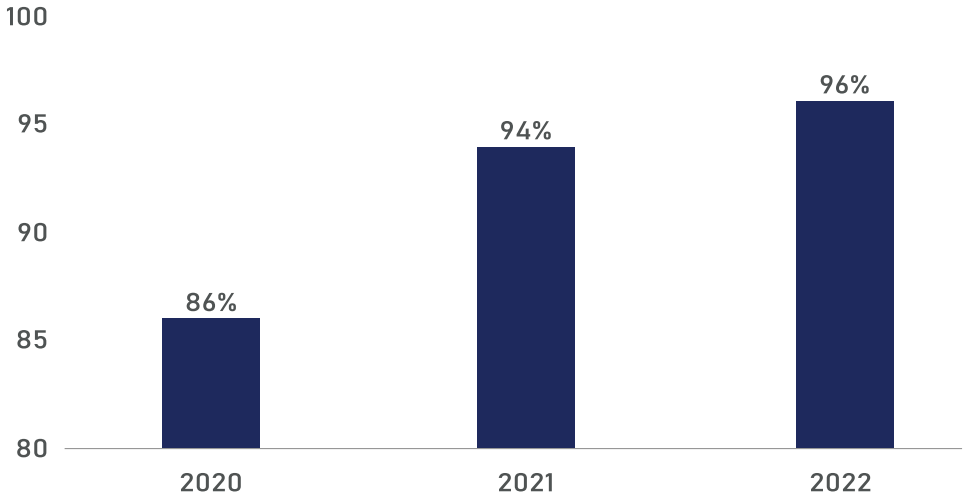
GRI 306-3 | Waste generated

Total waste generated	2020	2021	2022
Waste generated (t)	19,337	23,074	23,437
Of which non-hazardous	19,050	22,615	23,022
Of which non-hazardous (%)	99%	98%	98%
Of which hazardous	287.00	460.27	415.18
Of which hazardous (%)	1%	2%	2%

Haier Europe’s waste management includes a preliminary assessment conducted by the Purchasing Office on suppliers selected from qualified national registers. The requirements are further monitored by the Health, Safety & Environment Team. Once selected, the waste collecting operators must issue a declaration concerning the destination of the waste and the percentage destined to recycling.

Thanks to the Company’s efforts in ensuring the separation and recycling of individual components and other material, Haier Europe is able to recycle over 96%, equal to 22,141 tons of the waste generated. In 2022, the waste directed to landfill amounted to 880,55 tons, a reduction of 66% compared to 2020.

% of Recycled Material



Reducing our impact

GRI 306-4, GRI 306-5 | Waste diverted from disposal, Waste directed to disposal

Weight of waste diverted from disposal (t)	2020	2021	2022
Total weight of waste diverted from disposal	16,425.00	21,260.00	22,141.71
Of which hazardous waste	0.00	0.00	0.00
Of which non-hazardous waste sent to recycling at an external site	16,425.00	21,260.00	22,141.71
Weight of waste directed to disposal (t)			
Landfilling	2,625.00	1,355.00	880.55
On site	0,00	0,00	0,00
Offsite	2,625.00	1,355.00	880.55

The improper treatment of Waste from Electrical and Electronic Equipment (WEEE) can cause significant environmental damage and pollution. Haier Europe partners with local non-for-profit partners in Italy to ensure proper disposal and treatment of its WEEE. In 2022, the total WEEE waste produced by Haier Europe locations in Italy and consequently managed, amounted to 246,246 tons and 10,092 tons of waste from batteries and accumulators. Thanks to this, in 2022 the following were achieved:

- 25,634,571 kWh saved;
- 165,608 ton of CO₂eq avoided;
- 21,116 tons of recycled materials.

In order to fully address waste and water management in its operations, Haier Europe has started to work towards obtaining the ISO 14001 across its plants by 2025.

Certification (% of certified factories)	2021	2022	2023	2024	2025
ISO 14001 Environmental Management	0%	11%	66%	77%	100%



Responsibility along the supply chain

Our suppliers

[GRI 204-1] [GRI 308-1]

With access to nearly all business functions, procurement is not only critical to driving efficiency, but is also increasingly becoming pivotal to tackle ESG commitments. **In 2022, the Company strengthened its commitment to achieve sustainability in procurement by integrating sustainability factors into suppliers' selection**, both in the pre-qualification phase as well as throughout the business relationship.

Haier Europe developed an ESG Business Code of Conduct to guide suppliers in adopting good governance and sustainability principles. Through this, the Company ensures that suppliers adhere to the ethical values set out in the Code of Ethics and that they address human rights, health and safety in the workplace, protection of the environment, anti-corruption, social development and shared value.

Rare minerals and conflict minerals sourcing

Haier Europe commits to the responsible sourcing of minerals, adopting an ethical and sustainable approach that safeguards the human rights of everyone in the Company's global supply chain while preserving the environment. Any connection between the materials used in Haier Europe's products and armed violence

or human rights abuses is not tolerated. Critical materials for the Company's supply chain are tin, tantalum, tungsten and gold (3TG), the trade of which can be used to finance armed groups, lead to forced labor and other human rights abuses, and support corruption and money laundering.

Suppliers are also required to comply with Haier Europe's requests to provide complete and accurate information about minerals supplied for the products, and to perform further due diligence on the source of any minerals in products. These factors represent a prerequisite for becoming a supplier of Haier Europe and for developing a relationship of lasting collaboration.

The Company also requires that suppliers extend these expectations to their own suppliers. Suppliers are required to include provisions equivalent to Haier Europe's ESG Code of Conduct, which include a commitment to responsible minerals sourcing and prohibition of forced labor, in their supply chain agreements and to flow down the same requirements throughout their supply chains.

Chemicals and persistent organic pollutants

Suppliers of components, materials and substances are required to declare if they exceed the threshold of restricted chemicals indicated through the various regulations set out by the EU. Further Upcoming EU regulation will impose stricter rules to



Responsibility along the supply chain

ensure that consumers are not exposed to substances that are common in many cooking products such as PFAS. Haier Europe has developed a chemicals task force and planning to implement a materials testing lab to verify the presence of restricted substances in materials and to research solutions to reduce the presence of any hazardous or restricted substances over the next 5 years.

Prioritizing a local supplier base

In 2022, for all commodities, the Company defined a 5-year action plan to transition to a local for local supply base closer to the production facilities, also with the aim of curbing emissions associated to logistics and the distribution of resources. This strategy will also increase Haier Europe's resilience to geopolitical risks and global supply chain disruptions, while leveraging on regional synergies between plants in Turkey and Europe, and sites in Russia and China.

To date, Haier Europe spends 76% of its procurement budget on suppliers that are local to production sites, a share that has increased by 7% since 2020. China is the region where Haier Europe sources the most locally, with 99% of spend destined to local suppliers. Italy follows, with 74% of local suppliers.

GRI 204-1 | Proportion of spending on local suppliers

Proportion of spending on local suppliers	2020	2021	2022
Italy	76%	81%	74%
Turkey	62%	62%	65%
Romania	55%	55%	56%
Russia	41%	55%	41%
China	97%	99%	99%
Total	71%	76%	76%

With regards to the integration of ESG factors in the selection and evaluation of its supplier base, the Company is starting to take two different approaches for existing and new suppliers.

Haier Europe is piloting a due diligence on a cluster of existing suppliers to identify their risk profile. The risk rating follows a categorization by product category or commodity, by the dependency on the supplier, followed by its Country of operation. The risk profiles include considerations for climate and natural disasters and geographical vulnerability in addition to assessment of the Human Freedom index and reports provided by not-for-profit organization Human Rights Watch. Based on the risk category, the Company defines first and second priority actions. **In 2022, the Company selected a first cluster of direct suppliers, accounting for 80% of the Annual Purchased Value to initiate the light due diligence assessment.**

Responsibility along the supply chain

In parallel, Haier Europe has developed an online vendor portal for new suppliers. The registration involves going through a process divided in 3 phases:

- 1 **Pre-qualification phase**, in which suppliers insert their general data, receive Haier Europe's ESG Business Code of Conduct, compile the questionnaire integrated with ESG questions to determine suppliers' maturity level on a range of ESG topics;
- 2 **Qualification initialization phase**, applicable to suppliers who passed the first step and thus qualify for conducting business with Haier Europe, during which terms are negotiated. A financial due diligence on the supplier is then performed, together with a screening of the organization against sanctions and watchlists at the international level;
- 3 **Qualification completion phase**, which sees the approval of the contract by the supplier and the Procurement and Accounting departments.

In 2022, the Company received a response on ESG topics from 17% out of the 1,145 new suppliers. The Company is currently evaluating mechanisms to increase such response rate and integrate the ESG questionnaire also for the existing supplier base.

The ESG due diligence process involves the implementation of continuous screening for increasing coverage and to accompany our decarbonization journey and supplier engagement needs. A

full decarbonization plan defined within the next two years will help us set targets for supplier engagement that complement our decarbonization journey and reduce ESG risks.

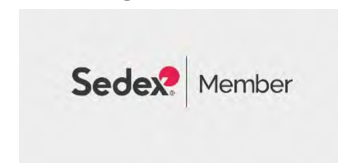
GRI 308-1 | Supplier Environmental Assessment

New supplier environmental assessment	2020	2021	2022
Number of new suppliers	653	657	1,145
New suppliers screened using environmental criteria (%)	16%	17%	17%



Focus on: ethical audit in the supply chain

Since 2019 Haier Europe has been a member of Sedex, a leading ethical trade organization businesses can affiliate with. Except for the plant in Russia, all of Haier Europe's sites have been audited by third-party certifiers such as TUV, Intertek and Verisio with valuable data being automatically gathered online to increase transparency and accountability. Amongst these, SMETA (Sedex Members Ethical Trade Audit) is leveraged as a social auditing methodology, ensuring businesses assess working conditions across their supply chains. The SMETA audit is then uploaded on the SEDEX file sharing platform as well as forwarded to clients requesting it.



Responsibility along the supply chain

Product packaging

[GRI 301-1] [GRI 301-2]

Haier Europe is investing significantly in the reduction of packaging and its associated waste to transition to more sustainable alternatives. The Company monitors packaging materials by collecting data for raw and semi-finished materials and consumables. **Out of the total materials used by Haier Europe in 2022, 82% are plastics, in the form of EPS, PS, LDPE²⁸, and the remaining 18% are represented by wood in all forms.**

Where possible to protect the quality of products during transport, Haier Europe will transition to cardboard packaging across all its product lines. Research and development is being performed to reduce EPS and plastic in favor of cardboard alternatives.

In parallel, the Company installed in the Ploiești plant a plastic waste recovery system that allows to reduce the use of raw materials by 20%. In 2022, Haier Europe activated recoverable and returnable packaging projects with local suppliers, starting from Turkey.



Focus on: Packaging Validation Laboratory

In 2022, Haier Europe's Packaging Validation Laboratory situated in Brugherio became operational, representing the reference point for the quality, R&D and logistics functions. The Laboratory carries out research and development activities by studying packaging solutions at the design stage and identifying sustainable and quality solutions to standardize across the Company. It also performs audits and manages packaging focused suppliers.

The packaging validation laboratory is equipped with high technological standards to test the packaging quality, ranging from a compression test, vibration table, to a stack test tower, amongst other features. **Haier Europe's roadmap for sustainable packaging pursues four main areas:**



Re-use & Recycle: ongoing projects to implement sustainable plastic-free packaging for products;



Reduce: focus on current packaging options to reduce their weight, optimize loads in logistics, and recover packaging, reducing material use and emissions associated to transport;

²⁸ Polystyrene (PS), Low-density polyethylene (LDPE)

Responsibility along the supply chain



Sourcing recycled materials: focus on alternative solutions to virgin materials in packaging towards 100% recycled packaging across all product lines;



Researching new materials: Extensive tests are performed in order to evaluate the quality and performance of the packaging alternatives that can uphold the quality and protection of the product in parallel to being 100% recycled and recyclable as well as non-fossil fuel based.

Haier Europe receives the CONAI Award for eco-friendly packaging

In 2022, Haier Europe participated in the 9th edition of the “CONAI contest for prevention and packaging sustainability”, aimed at rewarding the most innovative and ecofriendly packaging solutions placed on the market.

The LESSAIR project Air Cushioning Protection was ranked among the top 10 most innovative and sustainable packaging solutions, standing out for their economization of raw materials. Specifically, the award was recognized for the following improvements:

- weight of the polythene film (air bubbles) was reduced by **50%**
- weight of the cardboard box reduced by **40%**
- saturation of the pallet increased from **42** to **96** boxes
- recycled content increased from **0%** (before) to **15%** (after)

The contest recognized prevention solutions realized using CONAI's Ecodesign drivers: design for reuse, saving raw materials, logistics optimization, design for recycling, use of secondary materials, packaging optimization or processes optimization.

Proposals are evaluated through the Eco Tool CONAI, which calculates the effects of the prevention solutions on their packaging in terms of energy, water and greenhouse gas savings.

In 2021, a large number of applications were submitted for the CONAI Award: a total of 326 applications were received from 156 companies. 185 sustainable packaging projects were approved. Haier Europe was among the top 10 brands awarded by CONAI.

Responsibility along the supply chain

Brown Box Project

In 2022, the SDA product line launched the Brown Box initiative with the aim to deliver value without cost to sustainability by:



Transitioning the product range to an Eco Brown Box solution, which meets sustainability standards and customer expectations;

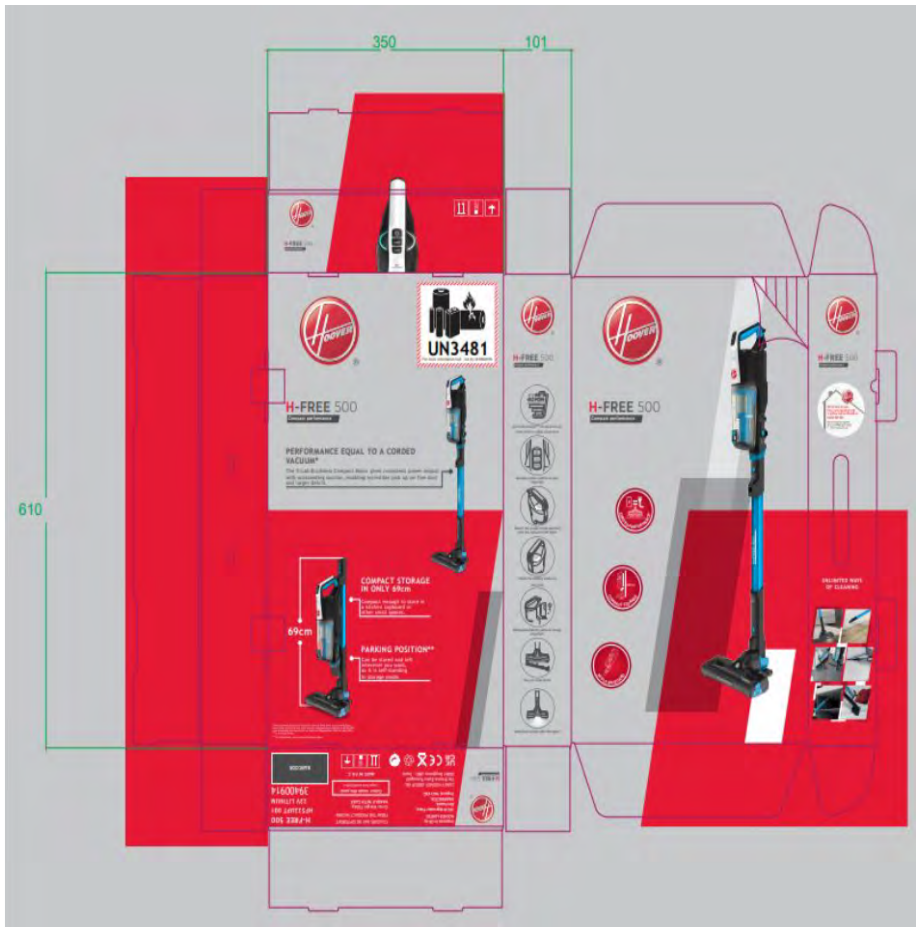


Eliminating all plastic packaging where possible;

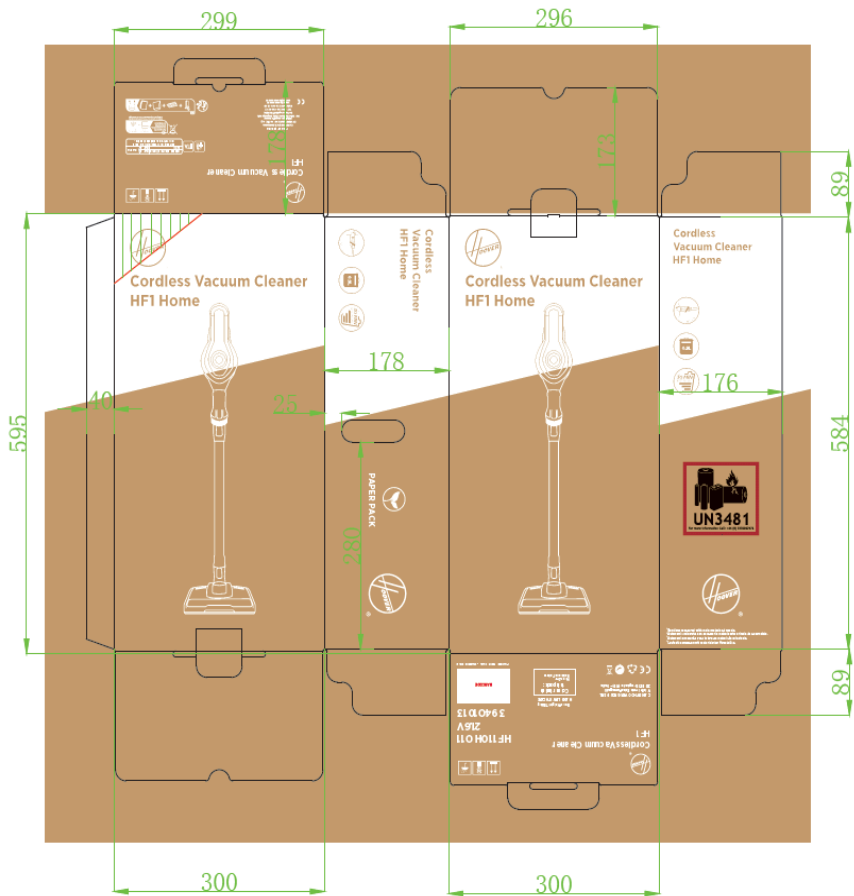


Reducing in box instructions and moving to online digital media where possible.

Previous packaging design vs new eco packaging design



Responsibility along the supply chain



The project started with a focus on new and high-volume products first and a dedicated team ensured its execution. Many of the lessons learned during the process will be considered during the design process of future products.

Key changes in the brown box project



Changing the plastic handle to a cutout cardboard handle



before



after

Redesigned internal packaging to remove all single-use plastic bags



Replace plug protectors which were originally made with plastic with a cardboard pulp



Replacing the single-use cable tie with a permanent cable band



People



Haier Europe
Sustainability

People



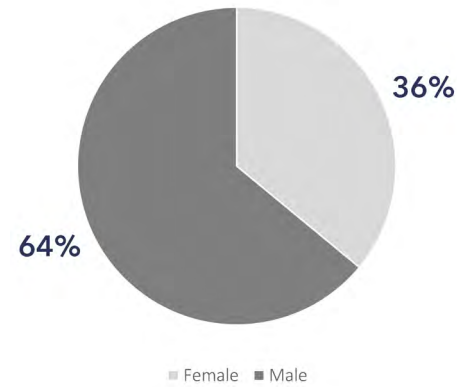
[GRI 2-7] [GRI 401-1] [GRI 405-1] [GRI 405-2]

Our Team

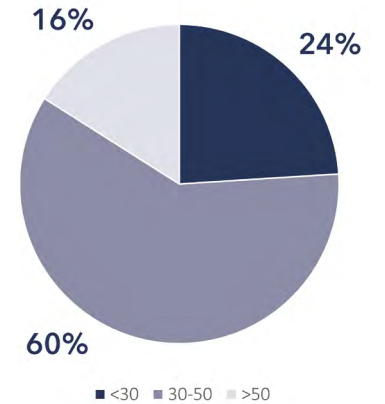
 100% employees receive a 6-month probation period proceeding to full-time contracts	 99% workers have a full-time contract and 97% are permanent employees	 1% of part-time contracts, implemented to meet employees' specific needs based on individual requirements
 3% of the total workforce is represented by temporary workers	 +2% increase in women executives, 13% of women in the Board, +9% increase in women factory workers	 62% of new hires in 2022 are female vs 38% men and out of the total 44% are below 30

As of December 31, 2022, Haier Europe successfully achieved its results thanks to the contribution of 9,861 employees.

Gender ratio amongst Haier Europe's employees



Age split amongst Haier Europe's employees



At the regional level, 32.3% of the workforce sits in Russia, 12.1% in Italy, 11.8% in China, while the remaining 43.8% is distributed across the remaining geographic locations in which the Company operates.



Our team

GRI 2-7 | Employees by gender and region²⁹

	2022		
	Female	Male	Total
China	409	759	1,168
Germany, Austria & Switzerland (DACH)	43	83	126
France & Benelux	100	128	228
Italy	391	801	1,192
Russian Federation	1,469	1,717	3,186
South Europe (Greece, Portugal)	13	28	41
Spain	41	79	120
East & North Europe ³⁰	672	487	1,159
United Kingdom (UK)	191	464	655
Overseas (Argentina, Morocco, Turkey, UAE)	237	1749	1,986
Total employees	3,566	6,295	9,861

GRI 405-1 | Diversity of governance bodies by gender and age

Senior Leadership Team (SLT) ³¹	2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
< 30 years	0	0	0	0	0	0	0	0	0
30 -50	2	6	8	2	4	6	0	3	3
> 50	0	10	10	0	11	11	2	10	12
Total	2	16	18	2	15	17	2	13	15

GRI 405-1 | Diversity of employees by gender and age³²

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Executives	1%	2%	1%	2%	1%	3%
Managers	5%	6%	4%	5%	5%	8%
Office employees	46%	25%	40%	25%	37%	24%
Factory employees	48%	67%	55%	68%	57%	65%

	2020				2021			2022		
	<30 y	30-50	>50 y	n.d.	<30 y	30-50	>50 y	<30 y	30-50	>50 y
Executives	0%	2%	5%	1%	0%	2%	6%	0%	2%	6%
Managers	1%	8%	9%	0%	1%	6%	7%	1%	9%	8%
Office employees	26%	32%	40%	20%	26%	30%	34%	28%	30%	28%
Factory employees	73%	58%	46%	80%	74%	61%	53%	72%	59%	58%

²⁹ Said data is reported in head count whereas data for the period 2020-2021 is not available as the Company was in the process on implementing its current HR management system. The regions identified represent the official financial cluster classification used which aggregate multiple countries in the same geographic area. No relevant fluctuations were registered during the reporting period

³⁰ East Europe: Croatia, Czechia, Hungary, Lithuania, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine. North Europe: Denmark, Finland, Norway, Sweden

³¹ In case of overlap for the same member due to succession planning, the STL member who spent the majority of time in the position was considered

³² Percentages reported below are calculated on the total numbers of female and male employees for the first table and on the total number of <30; 30-50; >50 years of age employees

Our team

Haier Europe's remuneration policy

[GRI 2-19] [GRI 2-20] [GRI 2-21]

Haier Europe's remuneration policy applies to all employees without any distinction between the top management and the rest of the workforce. The policy is based on market practices and on an internal grading system, which enables to offer competitive salaries on every market. The total package consists of a base salary, a target-based bonus, equal to a percentage of the base salary, and long-term incentives (LTI)³³ represented by a restricted stock unit with a vesting period of 3 years. Termination payments and retirement benefits are based on mutual agreements between the parties and rely on what is defined according to collective agreements or applicable legislation.

Pay reviews and management by objectives (MBO) reflect the individual achievement of goals. Pay review is based on individual performance evaluation and competitiveness assessment, MBO on the achievement of individual qualitative goals and financial KPIs.

³³ For SLT members and CEO, Long Term Incentives are approved by Haier Smart Home based on its guidelines

³⁴ For the purposes of the computation of the highest paid compensation package the base salary, STI paid in the year (cash principle), LTI paid in the year (cash principle) were considered. No reference was made to any benefit paid to the employee or any relevant gross up recognized in relation to any expat treatment or assignment from a foreign location. For the purposes of the median of all the rest of Haier Europe population, the base salary of every employee in each Haier Europe country was considered in addition to the relevant STI at target. The midpoint was then calculated, ordering the numbers from the lowest to the highest, excluding only the highest paid individual. Data for 2021 has not been provided because incomplete.

GRI 2-21: Annual total compensation ratio³⁴

	2021	2022
	Ratio	Ratio
Annual total compensation	163,86%	167,30%
Percentage increase	280%	117%



Welcome home, entrepreneur

Thanks to a new employer branding campaign, the companies' values and philosophy are much more strongly correlated and visible to all employees which is important in driving the behaviours and performance that makes it so successful. With the slogan "Welcome Home, Entrepreneur", this campaign builds on Haier Attitude's 3 pillars: IoT & Ecosystem Thinking, Entrepreneurship & Innovation and Zero Distance. By fostering an open ecosystem, where fresh ideas can be heard and implemented and everyone is encouraged to be an entrepreneur, the Company establishes itself as the home of smart entrepreneurs who want to build their own future in a hyper-collaborative environment.

Closing the skills gap and attracting the best talent

As an innovative business, Haier Europe relies on people with a strong technical background and capabilities fit to help the Company build the best solutions for the future needs of society.

The Generation Z (Gen Z) and millennials are forming the current and next generations of employees coupled with the high demand for STEM³⁵ professionals, Haier Europe is redesigning its talent acquisition process to attract and convert early STEM talents as well as Gen Z and middle professionals. In line with these generations' expectations, the Company is leveraging social media channels and physical events to reach potential candidates.

In 2022, Haier Europe partnered with Italian universities for over 18 events to share career opportunities with bright emerging talent and the range of skills needed to succeed. Universities included the Polytechnic University of Milan, European Design Institute, Rome Business School and Bocconi University.

The Greenhouse project

The Greenhouse project aims to train new technicians and service specialists of the Salesiani School in Sesto San Giovanni (MI) and foster the acquisition of professional knowledge and skills. The 'Greenhouse' Lab will provide a training space for the students of the School, who will have the opportunity to acquire the technical skills required for technicians and specialists in care services of household appliances. Students will have the opportunity to practice their skills on products from Haier Europe's three brands - Candy, Hoover and Haier - and, upon completion, find employment as Field Service Engineers.

Marketing challenge with Manchester Business School

In 2022, Haier UK & Ireland ran an innovation challenge with the Marketing Masters course students from the Alliance Manchester Business School. All students were challenged with client brief on Haier for their assessment, which they delivered in the Haier Brand Activation Centre.

³⁵ STEM stands for Science, Technology, Engineering, and Mathematics

Welcome home, entrepreneur

Reducing onboarding time, strengthening engagement, and enhancing transparency of opportunities

The Company's talent acquisition journey has been fully digitalized thanks to the implementation of Workday, a human capital management system which enabled to centralize the entire process. The implementation was carried out between 2020 and 2021 allowing Haier Europe to manage payroll, benefits, HR and employee data while simplifying its recruitment process for both internal and external applicants. Through the platform, two features were revisited in 2022: the Job Posting portal through which employees can explore internal opportunities and apply for a position as well as the Company's Referral Program Policy. Thanks to the latter employees can refer candidates through a transparent and user-friendly process.

It is extremely important to Haier Europe that new employees are equipped with the necessary information needed to succeed.

For new hires a tailored Orientation Program has been designed, a one-off event during which new joiners are provided with guidelines, rules, policies, and other relevant information regarding Haier Europe. Such orientation helps them to familiarize with the working conditions and equips them with the essential tools for a structured entry. More specifically, newcomers are introduced to the Company's values, wellbeing initiatives and various learning tools at disposal. To strengthen such framework, Haier Europe recently launched the Buddy Program. Through this,

new starters are followed in their initial stage by a colleague who will be their first point of contact and support them in guaranteeing a smooth and successful integration.

Training and skills development

[GRI 404-1] [GRI 404-2]

Central to Haier Europe's business model are smart home technologies and IoT capabilities, it is important that the Company's employees feel empowered and are equipped with the right tools. Haier Europe's talent development efforts extend beyond employee onboarding to continue throughout the entire employee journey.

Haier Europe delivers on its progress for digitizing processes. The company delivers learning opportunities through two main digital channels. **LinkedIn Learning**, an online e-learning platform with over 8,000 courses available in 6 languages to foster individual development. Employees can tailor their experience by selecting courses based on their current professional skills, career goals, and interests. The Company has also implemented **GrowU**, a digital platform with the scope of being a one stop shop for planning, offering, and tracking employees' training. It is enriched with various content, allowing Haier Europe's workforce to select from customized training courses mixing virtual sessions with face-to-face classes. Progress and performance can be monitored through the personalized dashboard.

Welcome home, entrepreneur

Training sessions offered to the various departments in the Company are divided in:



Mandatory sessions: 9 hours of compulsory training offered via GrowU on cybersecurity, antitrust, the Company's 231 Organizational Model and GDPR;



Company-focused training: which includes onboarding modules on the Company's values and Haier Attitude, the Open Enterprise and the RenDanHeYi Masterclass;

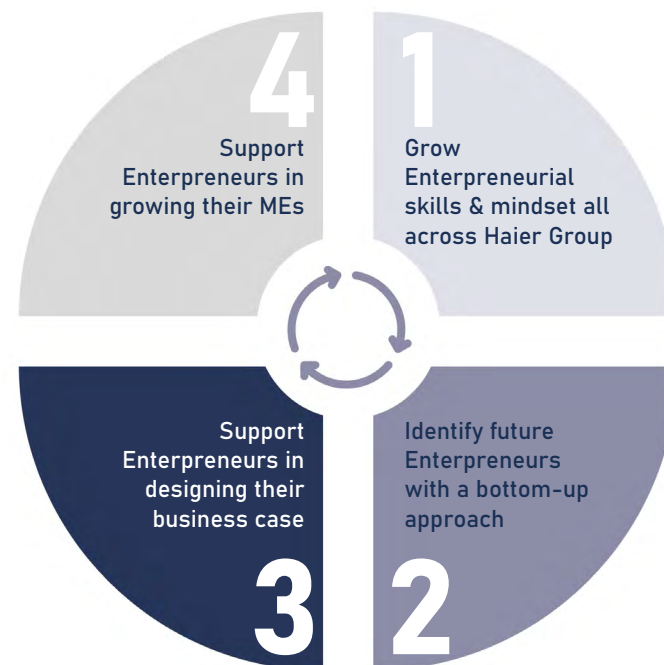


Development of technical and soft skills: this category includes Six Sigma training on methodologies and tools to improve business processes, language and IT skills courses.

In 2022 the Company provided a total of 4,160 hours³⁶.

In continuity with previous years, the RenDanHeYi Masterclass is organized twice a year, for a total of 12 hours involving 110 employees, to disseminate a practical approach for ME Leaders. This is part of the Company's vision to create a Learning Strategy fully embedded with entrepreneurship development. In the past

year, employees who attended the masterclass have filled in a feedback survey rating the overall experience with 8.24/10 and the potential of RenDanHeYi to transform Haier Europe with 8.41/10. In order to further support the understanding of the Haier Attitude traits, learning collections in LinkedIn Learning are also generated with quarterly suggestions of available training. More tailored learning paths are also offered to employees who may become entrepreneurs and run a Micro Enterprise on general management competencies such as finance, people management and customers relationship.



³⁶ Training hours refer to those offered in Italy (HQ) and the UK, and includes e-learning provided on GrowU and LinkedIn Learning, in addition to technical courses offered by the Service Department at a Global level, inside the dedicated internal Docebo Platform. The total population involved in trainings amounts to 1986 hence the average of hours per person amounts to 2

Welcome home, entrepreneur

In 2022 the Company also organized courses focused on developing technical and other essential skills such as communication and leadership across departments such as product lines, sales, brand & IoT, marketing, finance, quality, R&D, operations, supply chain.

40
hours

of Six Sigma
delivered

16
hours

of public speaking
delivered

96
hours

of language courses
delivered

11
hours

of ESG training

Champions Academy

A total of 260 hours of the Champion's Academy have been provided by The European House – Ambrosetti, consisting of an integrated education system combining digitalization, gamification and continuous learning divided across 3 courses designed as tournaments. These are included in a range of 10 courses funded by interprofessional funds such as Fondimpresa and Fondirigenti in Italy.

Annual ESG workshops

The first workshop on ESG took place in 2022, dedicated to the procurement function and was aimed at highlighting pressures and opportunities with regards to upcoming due diligence obligations. The second workshop involved all functions who are leading the Company's sustainability journey to zoom in on practical issues affecting each function in order to create a

common vocabulary across the organization. These workshops are scheduled on a yearly basis and the second one took place in 2023.

Health and Safety Training

With regards to health and safety, in 2022 163 hours of training were provided to employees in the Elba, Turkey and Vesta factories. The safety training of workers, supervisors and managers is tailored to the job and the risk assessment of the activity performed.

Empowering Haier wellbeing

[GRI 401-2]

In Haier Europe, well-being initiatives are not only managed centrally but also at the country-level to acknowledge the unique needs of employees across offices. Company's perks range from life insurance to family leave and sick pay policies, disability insurance coverage, parental leave, and pension contributions.

Other benefits include free onsite parking as well as employee rewards and discounts through Reward Gateway, the employee engagement platform which facilitates a culture of recognition. Employees have also access to the Company's professional study support and financial funding to take their career to the next level. Employees can seek assistance through the online portal or the centralized e-mail address.

Welcome home, entrepreneur



The Company established an online wellbeing portal to access support resources for promoting employees' mental, physical and financial health. In view of World Health Day, in 2022 Haier Europe introduced a partnership with The Wellbeing Doctors, a workplace service which allows employees to complete an online assessment and receive a personalized wellbeing score along with improvement tips. Each office appointed wellbeing representatives who act as focal points to answer any mental health and wellbeing query, cascading a health-driven culture to all business levels. As an example, in the UK in the months of April and May on-site medical checks were arranged and tips to conduct a healthy lifestyle were provided in Haier Spain. Knowledgeable professionals are available to provide resources and guidance addressing a range of wellbeing topics such as mental health and nutrition.

Haier Europe is also concerned with the financial well-being of its employees. Suggestions include leveraging personal financial management apps such as Mint and PocketGuard to set budgets and gain tips on how to manage capital based on spending trends.

Flexible working

Haier Europe offers a hybrid working model reducing the environmental impact of commuting and allowing employees to adopt a schedule more suitable for their family and personal needs. The policy allows for a combination of days working from home and at the office.



Welcome home, entrepreneur

Ensuring employees are heard

Employee engagement sits at the core of the zero distance to colleagues' approach which enhances the importance of understanding workers' opinions and develop actions to improve as a result thereof. Haier Europe leverages Peakon's 360-feedback survey tool to gather employees' feedback that is then used to inform and prioritize management's actions, in line with Haier's attitude.

Accredited Living wage employer

Since 2011 the Living Wage movement has delivered a pay rise to over 300,000 people and put over £1.6 billion extra into the pockets of low paid workers. Haier Europe is now an accredited Living Wage Employer in the UK. The real Living Wage is the only rate calculated according to the costs of living. It provides a voluntary benchmark for employers that wish to ensure their staff earn a wage they can live on, not just the government minimum. Since 2011 the Living Wage movement has delivered a pay rise to over 300,000 people and put over £1.6 billion extra into the pockets of low paid workers.

Raising awareness on the challenges of Menopause

Menopause is not only a gender issue and can affect both men and women in different ways in the workplace. In order to provide support and also raise awareness to build more understanding, on 18 October 2022, Haier UK & Ireland partnered with See Her

Thrive to provide a 1-hour lunch and learn session on Menopause to our colleagues, to give visibility and tools management in the workplace for colleagues who may be suffering at work and to leaders to build empathy around this topic.





Welcome home, entrepreneur

Healthy Mind Champions for Mental Health

Healthy Mind Champions are also our mental health and wellbeing ambassadors. They are passionate about reducing the stigma that is often associated with mental health issues and normalising conversations around mental health. Healthy Mind Champions are now available for our colleagues for an informal and confidential chat if they need to reach out to someone, or can assist if they need further support from within the organisation, for example via our employee assistance programme (EAP) or on our wellbeing centre. They can also point our colleagues in the right direction if they are seeking external professional support.



World Mental Health Day 2022

Healthy Mind Champions attended a full day interactive workshop covering a holistic overview on their wellbeing, as their wellbeing and mental health is paramount when carrying out this role. Furthermore, to aid our colleague's strength and performance the second half of the workshop focused on how to best support others in the business with their wellbeing and mental health.

Focus on Men's Health

In November 2022 in the UK and Ireland our colleagues banded together to help raise awareness for men's mental health by growing their facial hair and sending donations to the Movember Charity where £510 was raised.

Inclusion, Diversity and Belonging (ID&B)

As clearly stated in its Code of Ethics and ESG Code of Conduct, Haier Europe is committed to ensuring a discrimination-free environment amongst its employees and business partners. Haier Europe is committed to a policy of equal employment opportunity and does not discriminate in the terms, conditions, or privileges of employment on account of race, age, color, sex, national origin, physical or mental disability, or religion or otherwise as may be prohibited by local and regional laws. In order to strengthen such commitment even further and continue attracting diverse talent, the Company is currently developing a Diversity, Inclusion and Belonging framework to define a global policy and a roadmap with clear targets by 2024. To achieve this, a **DI&B Committee** was established to start building a solid foundation for progress focused on:



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Leadership support governance to ensure accountability;



Data that drives priorities and defines targets;



Programs that work to improve performance;



SMART goals that help manage expectations;



Quality monitoring and reporting to adapt and accelerate where needed.

Based on these overarching goals, an operational **DI&B Working Group** was launched to represent geographical regions under control and identify key people responsible for influencing or carrying out actions to fulfil the roadmap. The DI&B has a sound overview of key activities that are happening in their areas and can act as contact points for ID&E in their local regions.

In terms of activities, it provides stakeholder feedback specific to geographical region or business unit as well as data needed for assessments. It implements where possible key company-wide

initiatives and sets SMART targets in their areas of influence and monitors KPIs. Meetings take place monthly to share key updates and present any feedback or urgent topics collected. Key messaging and communications regarding ID&E events and news is agreed upon and decisions are taken to escalate urgent topics. The UK office is already leading on ID&B through a series of initiatives including being members of Inclusive Employers, the UK's leading membership organization for employers looking to build inclusive workplaces. Through this membership, the organization offers support on practical concerns and provides a host of resources and webinars to Diversity & Inclusion Champions. As trained ambassadors, the latter meet up bi-monthly to discuss issues and projects to increase awareness.



Training initiatives on diversity and inclusion have also been launched for UK-based employees whereas at manager level, a half a day awareness course was delivered virtually, and an hourly refresher course is provided on a yearly basis. In 2022 employees were reached through a Diversity & inclusion Pulse Survey to identify improvement areas.

Women are further supported by the Period Dignity at Work initiative collaboration with TOTM, a UK a purpose-led brand aimed to make sustainable period care mainstream. The scope is to create a culture which empowers female colleagues by

Welcome home, entrepreneur

normalizing openness and offering support. As part of the initiative, free sanitary products are provided in the office alongside discounted TOTM period care products.

PRIDE at Haier Europe

In 2022, Colleagues in the UK and Ireland offices helped to raise awareness and raise donations for the Manchester Pride Foundation. The Hoover Foundation also supported this initiative, matching £50 with every £100 raised.



Haier Europe provides training sessions & supports to hearing-impaired colleagues in Eskişehir, Turkey

Featuring both informative and practical sessions, Haier Europe organized a training program offering informative and participative presentations on such topics as agile thinking and lean production technique, consumer needs and desires.

Following the Zero Distance value and motivated by the desire to create inclusive environment, specific training sessions were organized to support 14 hearing-impaired colleagues. The class was led by a trainer with hearing impairment, who used sign language to explain the contents of the training sessions. The hearts of our hearing-impaired and nonverbal people and their teams were filled with immense happiness.

During the two weeks, 8 internal trainers named "Haier Training Forces" provided 20 hours per person to over 500 employees.

Community Relations

Community Relations



Focus on: Investing in the communities with which we operate

Haier Europe's Hoover Foundation was established with the purpose of raising funds for UK-based selected charities across the world. More specifically, employees can apply for donation support from the Hoover Foundation, for every £100 raises, the Foundation will donate £50.

Through this, the Company supported **Cash for Kids**, a UK-based not-for-profit aimed at improving disadvantaged children and young people's lives. Aside from a £500 donation, 16 colleagues from across departments donated over 100 Christmas gifts to children. This initiative is one out of the 19 charities that were supported in 2022 in the UK leading to an amount of £7,414 being raised.

In view of Earth Day, on the 22nd of April 2022, Haier Europe decided to partner up with Cool Earth to protect global rainforest projects. **Cool Earth** is a UK-based charity whose mission is that of protecting the rainforest from the perils of climate change and providing employment to its local people. As a part of this, the Company ran a 'small acts, radical change' and a #HaierRainforest social media campaign throughout the year. This was made up of reels and numerous static posts to keep followers engaged

across Instagram and Facebook, giving tips and examples of how to live more sustainably. When launching TikTok in November, the Company promoted the partnership to a new audience with the #HaierRainforest campaign. Three videos were shared with followers over one month, resulting in over 200,000 impressions, driving the channel's growth.

In August 2022, the Hoover Foundation collaborated with **Box4Kids**, a children charitable project in UK, for achieving seriously ill children's wishes to watch Rugby competitions.

Supporting education and health in Poland

As part of the 30th charity auction organized by the Great Orchestra of Christmas Charity (WOŚP - Wielka Orkiestra Świątecznej Pomocy), Haier Poland donated Haier's multi-door refrigerator hand-painted by the famous artist Duński ZUO Wacławik. We are delighted to share that we have helped to raise in total 12,000 PLN. The amount raised will be used by WOSP to promote the health and educational development of local children.

Ensuring Basic Needs are met for Refugee Housing

To support refugees affected by the crisis in Ukraine, Haier Europe has donated home appliances to the Humanitarian Aid Center PTAK in Poland. The donation includes over 60 refrigerators and microwaves.

Community Relations



Art Auction for Cancer Research

Haier brand is dedicated to the welfare of society. Our value of zero distance to consumers enables us to take steps towards corporate social responsibility in helping build a safer and healthier society.

Technology, creative flair and a noble purpose: these are the three pillars of the art project that featured students from the Liceo Artistico Munari of Vittorio Veneto (Treviso), who reinvented the design of ten Haier air conditioners: an exclusive collection that will be offered during the national auction organized by Airc Foundation in December to raise funds to support the best cancer research projects.

The initiative, promoted by Haier A/C Italy, was created to bring school and corporate realities closer together with a shared charitable goal. The project, which took place between October 2021 and May 2022, was aimed at classes of Figurative Arts, Graphics and Audiovisual Multimedia of the Liceo Artistico "Bruno Munari" high school in Vittorio Veneto.

Supporting people affected by natural floods in Italy

In 2022, Haier Europe donated 10 washing machines to Caritas Italiana to support communities affected by the flood in the Marche region, Italy.

Providing Health Services to Those in Need in Serbia

To support the Humanitarian Foundation "Budi Human – Aleksandar Šapić" towards providing an equal chance for everyone dealing with difficult health conditions, Haier Serbia joined the fund-raising campaign and raised over half a million dinars from the sale of Candy Fresco range of refrigerators during the months of June and July.

Rise Against Hunger

70 of Haier Europe's employees from all departments including management, gathered at the Company's headquarters in Brugherio, partnered with Rise Against Hunger to provide up to 600 meals to families over the Christmas Holidays.



Safety first

Safety first

[GRI 403-1] [GRI 403-2] [GRI 403-3] [GRI 403-4] [GRI 403-6] [GRI 403-9] [GRI 403-10]

To demonstrate its commitment to workers' health and safety, the Company has adopted an Environment, Health and Safety (EHS) Management System that applies to all operating units in Italy, Turkey, Romania, Russia, China, covering over 80% of the population of Haier Europe. This System ensures that workers are protected through thorough specific procedures, risk assessments, the employment of a safety manager and the use of appropriate personal protective equipment and clothing. **In 2022, plants in Turkey, Romania and China also obtained the ISO 45001 occupational health and safety management system certification.**

As part of the EHS Management System, internal procedures define how to proceed in identifying occupational risks and respect procedures. The risk assessment is updated through a change management process involving all stakeholders and is renewed according to local legal requirements. Workers' representatives are involved in assessing specific risks, and change management governance is active at the production unit level with regular meetings involving the EHS manager and workers' representatives. Workers can also contribute by reporting concerns through anonymous forms or periodic inspections.

Progress and Targets for % of certified facilities

Certification	2021	2022	2023	2024	2025
ISO 45001 Occupational Health and Safety	0%	50%	63%	77%	100%

Operational units in multi-site contexts are represented by a local EHS Manager and a country level EHS Director. Both are provided with a safety training, in the local language and in English, and are able to carry out first aid services. Furthermore, the Company extends health coverage for all its workers in every operating unit, offering additional supplementary insurance coverage and providing access to preventive activities at preferential prices.

0 accidents

registered in 2022 in over 370 consecutive days at the new Tumble Dryer factory in Turkey

Safety first



Transformation to highest safety standards

Since 2020, shortly after the acquisition of Candy Hoover Group, innovations have been made to track KPIs digitally and ensure that reports are made easily in regard to health and safety matters. A digital ESH management system has been launched accessible to everyone with a high participation rate. In 2022, a behaviour-based safety program was started in addition to the world class manufacturing safety pillar while increasing resources for improvements to ensure the higher safety standards than ever before.

In 2022, out of an increasing number of working hours the number of injuries has decreased by 63% compared to 2021. The severity index also significantly reduced by 67% showing that main types of injuries are due to less severe laceration, cuts and crushing. In addition, Haier proudly records zero employees with work-related health issues over the 2020–2022 period.

GRI 403-9 | Work-related injuries

Employees work-related injuries (n)	2020	2021	2022	Var. % 2020-2022
Recordable injuries	87	49	18	-79.31%
Injury rate	12.33	6.27	2.26	-81.66%
of which deaths	0	0	0	-
of which with serious consequences	4	3	1	-75%
Severity index	0.57	0.38	0.13	-77.84%
Main types of injuries	cuts, crushing	cuts, crushing	laceration, cuts, crushing	-
Hours worked (n)	7,058,437	7,809,738	7,964,757	+12.84%



Responsible Data



Haier Europe
Sustainability

Data Strategy



Haier Europe focus on being an Insights Driven Organization

The Insights Driven Organization vision considers analytics as a core capability across the organization, thus providing insights to support the decision-making process, to tackle its most complex business problems and to address the growing analytical trends.

On the 2nd of December 2022, Haier Europe conducted an Analytics Maturity Assessment. The purpose was to evaluate the level of the Company's analytical maturity, identifying strengths and weaknesses of the as-is situation and designing a short and medium-long term roadmap of initiatives to support strategic goals and ambitions. **The challenges** identified in the assessment include:



Generating value from data used to be an isolated concern for IT, operations, geospatial or statistics experts, while today, data is pervasive, and analytics tasks permeate the organization, being crucial to a company's success.



Data use is increasingly specific to each pillar and function, requiring more specialization, agility, and governance.



A new set of analytics and data management capabilities is required, supported by enablers, including people and culture, governance, partnerships and technology.



Not only IT teams, the entire organization must be involved, as data is woven into everything done.



New analytics capabilities, such as deriving insights from predictive models, need to be nurtured across the organization.



Better data management capabilities, for example to integrate data from many sources, must be fostered in every pillar and function.



Over time, new data abilities will also shape new innovative services and products. Adjusting to this reality implies a complex transformation, driven by the realization that data is a shared strategic asset.



Change also requires strategic discipline in capturing opportunities, navigating challenges and accounting for the complex tasks ahead.

Data Strategy

The key strengths identified during the assessment include Haier Europe’s awareness of its strategic goals and the leadership’s acknowledgment and propensity to business agility. Another strength is the good level of innovation, both on products and technologies, and the target architecture with Cloud technology stack.

Based on the challenges and strengths of Haier Europe, it was possible to identify **key areas for improvement**:



Analytics vision – How Data can bring incremental value to the Company;



Analytics Operating Model for IT and Business Functions;



Talent management – Skills and capabilities;



Processes formalization and documentation;



Data and Analytics Governance;



Enterprise-wide Data Integration to overcome siloed approach;



AI adoption on strategic domains;



Self-Analytics for Data Democratization.

Aware of challenges and strengths, Haier Europe’s Data Strategy is focused on achieving the highest maturity level of an insight Driven Organization (IDO), embedding data and analytics into the decision-making process.

The Company today is on track to build capabilities in its business to capture data across platforms and bring together powerful insights that fuel the decision making to match sustainability objectives and business continuity needs. Key levers to implement the strategy with success are the people in Haier Europe, that the Company educates and prepares on the data strategy, data privacy, cybersecurity standards and protocols on a regular basis, also designing internal processes based on these pillars.

IoT and ecosystem thinking

At Haier Europe, data is leveraged to serve sustainability: thanks to IoT and connectivity, connecting to sustainable living is made easier. Key priorities and actions are:



to leverage data to serve sustainability. Thanks to IoT and connectivity, connecting to sustainable living has never been easier;



to house the capabilities to transform data from our products, our commodities and even our processes into more accurate emissions scenarios to calculate environmental impact;



to accompany the customer on a sustainable journey by leveraging data to drive different decisions on how to use our products;



to work tirelessly to ensure that how we manage data protects the customer and is done with the highest safety and security protocols in place;



to make products that use data that inform the correct interventions, updates and protocols to extend the product lifetime and durability and prevent waste.

Haier Europe launches smart service roadmap for efficient energy consumption at home

In 2022, Haier Europe has focused on partnerships for sustainable consumption which will allow customers to obtain the utmost efficiency from the use of smart appliances.

Leveraging hOn to help customers reduce demand on the energy grid

One of the innovations that have been planned and launched include a feature that will allow the hOn app to plan the starting of an appliance based on the time frame by including tariffs in the consumers' power contracts, which are usually less carbon intensive times. A pilot project was launched in 2022, with push notifications which can nudge customers by asking them not to use the appliance until a specific time that day when energy demand is lower on the grid.

hOn Joins CSA - Connectivity Standard Alliance

In line with our Zero Distance philosophy that focuses on customers and their needs and data safety, hOn, the app that allows customers to manage and control Haier, Candy, and Hoover solutions, joins Connectivity Standard Alliance (CSA) – the

IoT and ecosystem thinking

company that since 2002 has been developing open and universal connection standards to allow all the items to be connected and interact safely. It is a new form of enlightened cooperation in the IoT, which revolutionizes the sector.

Partnership with Hive Power for energy communities

Energy communities aim to provide environmental, financial, and social benefits to encourage community members to create a positive impact through energy production, sharing, and collective consumption. With the proliferation of energy communities and smart buildings, data generation becomes increasingly necessary for effectively managing building functions and devices. These devices interact with the energy system through smart rationales and IoT technologies. Hive Power, the leading supplier of innovative solutions for smart grids, will collaborate with Haier Europe to install appliances within several energy communities. Together, they will participate in the European Horizon project, which seeks to establish energy communities in Europe and supply connected smart appliances that can be remotely controlled. The goal is to enhance local consumption of renewable energy by relying solely on home WI-FI and the hOn app.

Partnership with Edison Energia: Smart Solar

The partnership between Haier Europe and energy provider Edison Energia allows customers who have an Edison connected solar system to enjoy the innovative Smart Solar function that streamlines the starting of appliances and enables customers to save up to 70% of energy consumptions from the end of 2022. For example, it will be possible to load the washing machine or the dishwasher and set a time slot when Edison can take control and, through its Prosumer digital platform, start the hOn app when the energy production or the solar battery storage level allow the appliance to not have an impact on the energy costs. The same mechanism will apply to air conditioning or heat pump systems. The Smart Solar function allows customers to set a temperature in their preferred time slots to act automatically on grades, based on the solar system production, exploiting it to its maximum or reducing the withdrawal from the grid, in case of severe weather conditions.

Protecting our data

[GRI 418-1]

Haier Europe believes that the protection of personal data is a fundamental value for its business activities, and we strive to provide customers with all of the information that can help them protect their privacy and control the use made of data in relation to the various services and products we offer you and the interactions they may have with us.

Data is an asset of vital importance to Haier Europe. The Company relies on a comprehensive network of policies and frameworks to guarantee compliance with current EU regulations and local privacy regulations, thereby safeguarding the personal data³⁷ of all its stakeholders.

In line with the European General Data Protection Regulation (GDPR)³⁸, **Haier Europe has implemented its Data Protection Policy outlining obligations that all employees, officers and consultants have to comply with.** These measures specifically concern the processing of personal data by the Company ranging from its collection, storage, usage and management.

Arising out of the main policy framework, Haier Europe issued a number of policies tailored to each subject to which said personal data relates including:



Haier Europe's Data Privacy Policy is available to all customers and the public through various avenues where data might be collected or transmitted including connected applications and the corporate website. The data privacy policy explains which personal data Haier Europe collects and why, how we use it, if we share it with other companies, and how customers can exercise control over their data and the measures we enact to protect customer privacy.

From an organizational standpoint, Haier Europe has appointed a **Data Protection Officer (DPO)**, tasked with assessing and monitoring the processing of personal data by the Company

³⁷ Personal data means any information which, directly or indirectly, could identify a living person

³⁸ Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data

Protecting our data

to guarantee full compliance. The DPO is supported by a **Data Protection & Privacy Committee** whose aim is ensuring that appropriate measures are put in place and cascaded throughout the organization's processes and systems. Said Committee is composed by members with key roles within their respective functions in order to guarantee a technical (IT), compliance and regulatory (Legal) and organizational (Marketing) presence.

The Data Protection Policy also requires a Data Protection Impact Assessment (DPIA) to be carried out whenever the nature, scope, context and purpose of the processing is likely to result in a high risk to the rights and freedoms of the data subject. In order to facilitate such assessment, in 2022 the Company reviewed its procedure by adding an activation checklist in the preliminary assessment leading to the DPIA (DPIA Trigger). These checks enable to determine whether the conditions exist whereby the processing of personal data that is about to be carried out is considered a high risk for the individuals to whom the personal data relates. **In 2022, 0 breaches of customer privacy and losses of customer data were registered.**

To monitor data protection requests, Haier Europe has created a designated Data Protection mailbox to coordinate data subjects' requests with regard to their data processing. In total 43 in-scope requests were received in 2022. Having these mechanisms in place is important for guaranteeing customers' rights and satisfaction in order to truly achieve zero distance.

In addition to transparently monitoring and managing subjects' requests, Haier Europe has also established a procedure for dealing with personal data breaches that occur for instance when portable devices are stolen, when sending e-mails to wrong recipients or through the opening of non-trustworthy links. More specifically, all incidents must be reported to the IT helpdesk or the DPO and thereafter a full process is launched to discover, analyse and monitor said breach.

In order to ensure their full understanding and knowledge of privacy related obligations, the Company provides training courses for users as regards the GDPR and the Data Protection Policy.

At least on a yearly basis, each employee undergoes the privacy related course made available on the GrowU platform, with periodic reminders for completion. Further training might be arranged for designated members. In 2022 the GDPR essential training was provided to all employees.

The Data Classification Policy was issued in the course of the year in order to establish a proper classification and respective handling of the entirety of the Company's data. Company departments are responsible for classifying and handling data according to the public, internal, confidential and restricted classes. While public data poses no risk if made generally available, loss or unauthorized disclosure of the restricted information would severely harm the Company's reputation or business position, resulting in severe financial, reputation and legal loss. In 2023 the Policy will apply to all of Haier Europe's departments.

Cybersecurity



As a result of the growing number and sophistication of cyberattacks that have involved several companies globally, Haier Europe has enacted cybersecurity policies and procedures to protect its data and assets. More specifically, the IT cybersecurity department addresses the Company to the proper security rule in order to prevent any service disruption and client security breach.

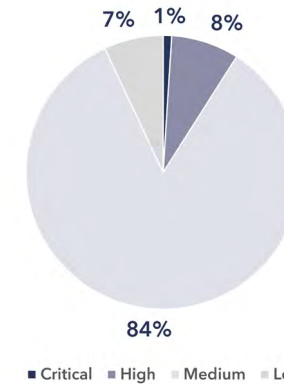
Enhancing awareness from cyberattacks

In order to protect the business's data and services against unknown and unpredictable cyber-threats, the IT security department carries out continuous penetration tests as well as internal and external assessments to verify the reliability of the Company assets and the products on the market. As to the external assessment, all the critical (1%) and high risks (8%) were addressed by mid-October 2021 whereas regarding the internal one, all the critical (4%) and high risks (6%) were tackled with a clear pathway shared with all IT departments.

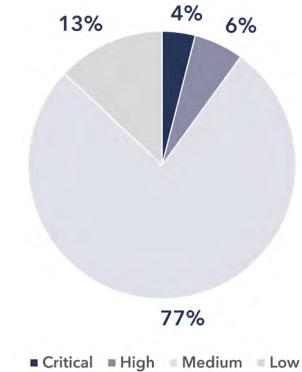
In February 2022, Darktrace Antigena was adopted as an autonomous solution that responds to cyber-threats in real time. The solution operates across email, network, and Microsoft 365 collaboration tools, and it was deployed in Brugherio and Elba, in all the factories in Turkey and Romania.

To increase internal awareness, a new edition of the monthly cybersecurity newsletter was issued to all employees to provide latest updates, resources and tips to help them stay safe online and be informed against cybersecurity attacks.

External vulnerabilities



Internal vulnerabilities



Periodic anti-phishing campaigns are launched to promote knowledge amongst all employees of how easy it is to be deceived and subject to a cyberattack. Results of phishing campaigns, split across regional offices, are delivered through the dedicated newsletter outlining percentage rates and actions' severity degree. Designated trainings are provided to employees via the GrowU platform, the latest of which was designed in 2022 with the name "Avoiding Phishing Message Threats". Other examples include:

- Cybersecurity Awareness Challenge 9480
- Anti-Phishing Essentials 9070
- Security Awareness Essentials Challenge 8323
- Security Brief: Cybersecurity Fundamentals 8335
- MSS: The Human Firewall 6399
- MSS: Voice Phishing 6391
- Phishing IQ Challenge 8606

Cybersecurity

Haier Europe security department has won the IT Outstanding Contribution Award at the Haier Global IT Summit held on September 21-22. The recognition was given for planning, designing, and implementing the very first Haier Europe Security Operations Center that supports the organization in monitoring and protecting intellectual property, personnel data, critical business systems, and the integrity and reputation of its brands.

The implementation of the Security Operations Center powered by SPLUNK as LogCollector has been completed on all Haier Europe servers thanks to the great support and cooperation from the Haier Europe HQ Infrastructure team and Local IT. Along with Sentinel One, which is one of the best-in-class industry solutions for threat detection, the service provides an efficient way to protect information assets against today's sophisticated threats.

Safeguarding products and assets

As part of Haier Global Product Cyber Security Policy, the Company has implemented the Haier Europe Product Cyber Security Policy (HE-PCSP) which defines the roles and responsibilities for managing security risks within connected products by implementing primary elements of the security process (e.g., secure software development and assessment, security vulnerability and incident response).

The Global Product Cyber Security Policy mandates to have a cybersecurity governance structure in place that includes regional

boards and councils. **Haier Europe's Product Cyber Security Executive Board** for Haier Europe is composed by the following functions who report into the Product Cyber Security Director:



Heads of Product Lines



Chief Commercial Officer



Brand Strategy and IoT



Head of Legal

The **Product Cyber Security Council** also responds to the Product Cyber Security Director and groups:



R&D Directors



Product Line Engineering Team



IoT Technology Director



IoT Technology Engineering Team



Legal Counsel



Cybersecurity

In 2022, the Policy also established the **Product Security Incident Response Team (PSIRT)** an entity which focuses on the **identification, assessment and containment of the risks** associated with products' security vulnerabilities. Its responsibilities, divided into 6 Service Areas include:

Service Area 1 coordinates and oversees internal (e.g., customer support) and external (e.g., supplier) stakeholders as part of the vulnerability management processes.

Service Area 2 supports the discovery of potential vulnerabilities that may affect product / third-party components.

Service Area 3 performs initial triage, assigns severity and validates the conditions which lead to the vulnerable state.

Service Area 4 oversees processes to handle incidents, coordinates the implementation of remediation plans, establishes metrics to measure the responsiveness of the process.

Service Area 5 notifies stakeholders with remedies along with the Public Relations Team by posting public communication on the proper channels.

Service Area 6 promotes training course and awareness on product security (e.g., secure coding).

In line with its targets, in 2022 Haier Europe was awarded the Gold IoT Security Rating in Europe by UL Solutions, the leading global product safety and certification organization. This is testament to the Company efforts to protect its products. The rating demonstrates that Haier Europe's products deliver advanced security levels in functions, including the protection of stored and transmitted data. By leveraging proven security best practices and rating the security posture of IoT products, said rating helps manufacturers and developers demonstrate the security due diligence of their products.



In line with its zero-distance approach, at the end of 2022 Haier Europe designed a cybersecurity blueprint to be applied in its operational technology (OT) environment to protect its technology infrastructure, people and data. More specifically, the scope is to create a standard OT ecosystem **for all factories across Haier Europe to improve the security posture and decrease the risk of attacks**. To achieve this, a technical and governance security assessment was carried out to highlight the technological and management gaps between market best practices and the current implemented solutions as well as procedures.

An initial assessment was conducted on Haier's production site in Brugherio to evaluate the network of the site, the physical

Cybersecurity

onsite, and the security of critical devices within the networks under analysis. The outcome showed the main area where to focus investment: Physical security (Access to the farm using badge), Monitoring, and Network segmentation. The objective of such assessment is to determine gaps in terms of cybersecurity and adopt containment plans. These assessments are now being extended to the Company's remaining production sites to reach the goal of having 100% of factories and IoT platforms compatible with a yearly cybersecurity assessment by 2025.



Focus on: becoming a member of the European Cyber Security Organization (ECSO)

Since 2022, Haier Europe is a member of the European Cyber Security Organization (ECSO), the EU cross-sectoral membership organization with the scope to develop cybersecurity communities and build the European cybersecurity ecosystem. With its 6 Working Groups, ECSO covers cybersecurity at 360 degrees, from standards development, to promoting awareness as well as building expert communities. Each Working Group addresses the most pressing cybersecurity challenges through the organization of events, competitions and compilations of resources ready to use. Haier Europe's IT Security Director chairs the CEC – CISOs European Community which enables Chief Information Security Officers from all companies in the EU to exchange best practices, share information on operational issues, develop positions and/or link with Information Sharing and Analysis Centers (ISACs) and EU institutions.

Methodological note

Methodological note

[GRI 2-2] [GRI 2-3] [GRI 2-29]

The Sustainability Report is the tool through which Candy S.p.A. also known as Haier Europe voluntarily communicates the results and objectives of its sustainability journey to internal and external stakeholders. The reporting period covered is the **fiscal year 2022**, from 1 January to 31 December, with a broader view of key indicators during the three-year period 2020-2023 to ensure relevancy of information. In terms of the perimeter, the reporting scope refers to Haier Europe unless otherwise indicated.

The Report has been prepared with reference to the GRI Standards in their updated 2021 edition. The GRI identification codes is provided in square brackets and distributed within the document to identify the information that meets the selected requirements.

In light with the Standards, the document was built on the **6 material topics** which represent the economic, environmental and social impacts generated by the Company and, therefore, able to influence the decisions of its stakeholders and corporate strategies. Haier Europe's material topics were identified through an analysis process carried out in 2021 by involving a group of 20 stakeholders. The process is described in more detail in the Materiality Analysis section.

The collection and processing of the data reported in the Sustainability Report took place in cooperation with all of Haier Europe's functions, each for the activities within its competence. In this way, it was possible to report the data and information collected in a timely and comprehensive manner, guaranteeing the soundness of the chosen reporting model.

For further information and any further details, please contact Haier Europe's Sustainability team at:
Sustainability@Haier-Europe.com.



GRI Content Index

Statement of use	Haier Europe has reported the information cited in this GRI context index for the period 1/1/2022 – 31/12/2022 with reference to the GRI Standards.
GRI 1 applied	GRI 1: Foundation 2021

General Disclosures

Standard GRI	Disclosure	Location (or information)
GRI 2: General Disclosure 2021	2-1 Organizational details	Legal name: Candy S.p.A. (over consolidated by HEAS) Nature of ownership and legal form: HEAS S.p.A. (direct control ownership) / Haier Smart Home Co. Ltd (690, indirect control ownership) Headquarters: Candy S.p.A. based in Brugherio (operational site) / Vimercate (administrative site) Countries of operations: 30 countries
	2-2 Entities included in the organization's sustainability reporting	§ Methodological note
	2-3 Reporting period, frequency and contact point	§ Methodological note
	2-4 Restatements of information	This document corresponds to the first edition of the Sustainability Report
	2-5 External assurance	The document is prepared on a voluntary basis and, as such, it is not subject to external assurance
	2-6 Activities, value chain and other business relationships	§ Haier Europe
	2-7 Employees	§ Our team

Standard GRI	Disclosure	Location (or information)
	2-9 Governance structure and composition	§ Organizational structure and corporate governance
	2-10 Nomination and selection of the highest governance body	§ Organizational structure and corporate governance
	2-11 Chair of the highest governance body	§ Organizational structure and corporate governance
	2-12 Role of the highest governance body in overseeing the management of impacts	§ ESG Governance
	2-13 Delegation of responsibility for managing impacts	§ ESG Governance
	2-14 Role of the highest governance body in sustainability reporting	§ ESG Governance
	2-15 Conflicts of interest	§ Code of Conduct and Code of Ethics
	2-16 Communication of critical concerns	§ ESG Governance
	2-17 Collective knowledge of the highest governance body	§ ESG Governance
	2-18 Evaluation of the performance of the highest governance body	§ ESG Governance
	2-19 Remuneration policies	§ Haier Europe's remuneration policy
	2-20 Process to determine remuneration	§ Haier Europe's remuneration policy
	2-21 Annual total compensation ratio	§ Haier Europe's remuneration policy
	2-22 Statement on sustainable development strategy	§ Opening remarks



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Standard GRI	Disclosure	Location (or information)
	2-23 Policy commitments	§ Code of Conduct and Code of Ethics
	2-24 Embedding policy commitments	§ Code of Conduct and Code of Ethics
	2-25 Processes to remediate negative impacts	§ Organization, Management and Control Model 231
	2-26 Mechanisms for seeking advice and raising concerns	§ Organization, Management and Control Model 231
	2-27 Compliance with laws and regulations	§ Organization, Management and Control Model 231
	2-28 Membership associations	APPLIA (European Home Appliance Trade Association)
	2-29 Approach to stakeholder engagement	§ Materiality analysis
	2-30 Collective bargaining agreements	Where applicable, employees are covered by collective bargaining agreements (e.g. Italy).

Topic-specific disclosures

Standard GRI	Disclosure	Location (or information)
GRI 3: Material Topics 2021	3-1 Process to determine material topics	§ Materiality analysis
	3-2 List of material topics	§ Materiality analysis
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	§ Organization, Management and Control Model 231
Material Topics		
Resource productivity in circular economy and clean solutions		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Product Leadership at Zero Distance; § Innovation and design

Digital consumer journey		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Innovation and design
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	§ Upholding highest quality standards
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	§ Upholding highest quality standards
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	§ Upholding highest quality standards
	417-2 Incidents of non-compliance concerning the health and safety impacts of products and services	§ Upholding highest quality standards
Climate action and energy efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Our production footprint; § Reducing our impact
GRI 302: Energy 2016	302-1 Energy consumption within the organization	§ Energy management
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	§ Water management
	303-4 Water discharge	§ Water management
	303-5 Water consumption	§ Water management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	§ Energy management
	305-2 Energy indirect (Scope 2) GHG emissions	§ Energy management

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GRI 306: Waste 2016	306-1 Waste generation and significant waste-related impacts	§ Waste management
	306-3 Waste generated	§ Waste management
	306-5 Waste directed to disposal	§ Waste management
Responsibility along the supply chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Responsibility along the supply chain
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	§ Suppliers
GRI 301: Materials 2016	301-2 Recycled input materials used	§ Materials in products and packaging
People attitude and well-being		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ People
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	§ Our team
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	§ Employees' well-being
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	§ Safety first
	403-2 Hazard identification, risk assessment, and incident investigation	§ Safety first; § Technical Appendix
	403-3 Occupational health services	§ Safety first; § Technical Appendix

	403-4 Worker participation, consultation, and communication on occupational health and safety	§ Safety first
	403-5 Worker training on occupational health and safety	§ Training and skills development
	403-6 Promotion of worker health	§ Safety first
	403-9 Work-related injuries	§ Safety first
	403-10 Work-related hill health	§ Safety first
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	§ Training and skills development
	404-2 Programs for upgrading employee skills and transition assistance programs	§ Training and skills development
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	§ Our team
	405-2 Ratio of basic salary and remuneration of women to men	§ Our team
Cybersecurity and data privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Protecting out data; § Cybersecurity
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	§ Protecting out data



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Technical Appendix

GRI 2-7 | Employees by contract, gender and region

	2022		
	Female	Male	Total
Total employees in China	409	759	1,168
Of which permanent employees	355	752	1,107
Of which temporary employees	54	7	61
Of which full-time employees	409	759	1,168
Of which part-time employees	-	-	-
Total employees in DACH	43	83	126
Of which permanent employees	43	82	125
Of which temporary employees	-	1	1
Of which full-time employees	38	82	120
Of which part-time employees	5	1	6
Total employees in France & Benelux	100	128	228
Of which permanent employees	96	128	224
Of which temporary employees	4	-	4
Of which full-time employees	95	128	223
Of which part-time employees	5	-	5
Total employees in Italy	391	801	1,192
Of which permanent employees	365	766	1,131
Of which temporary employees	26	35	61
Of which full-time employees	369	796	1,165
Of which part-time employees	22	5	27

Total employees in the Russian Federation	1,469	1,717	3,186
Of which permanent employees	1,450	1,711	3,161
Of which temporary employees	19	6	25
Of which full-time employees	1,466	1,713	3,179
Of which part-time employees	3	4	7
Total employees in South Europe	13	28	41
Of which permanent employees	12	27	39
Of which temporary employees	1	1	2
Of which full-time employees	13	28	41
Of which part-time employees	-	-	-
Total employees in Spain	41	79	120
Of which permanent employees	41	79	120
Of which temporary employees	0	0	0
Of which full-time employees	37	78	115
Of which part-time employees	4	1	5
Total employees in East & North Europe	672	487	1,159
Of which permanent employees	672	487	1,159
Of which temporary employees	-	-	-
Of which full-time employees	671	486	1,157
Of which part-time employees	1	1	2
Total employees in the UK	191	464	655
Of which permanent employees	188	459	647
Of which temporary employees	3	5	8
Of which full-time employees	163	459	622
Of which part-time employees	28	5	33

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Total employees Overseas	237	1,749	1,986
Of which permanent employees	214	1,600	1,814
Of which temporary employees	23	149	172
Of which full-time employees	237	1,749	1,986
Of which part-time employees	-	-	-
Total employees	3,566	6,295	9,861

GRI 401-1 | New employee hires and employee turnover by age group and gender

	2022		
	Female	Male	Total
< 30 y	503	1160	1,663
30 - 50 y	818	981	1,799
> 50 y	150	168	318
Total hiring	1,417	2,309	3,780
Total hiring rate	38%		
< 30 y	271	1,023	1,294
30 - 50 y	439	762	1,201
> 50 y	75	164	239
Total turnover	785	1,949	2,734
Total turnover rate	28%		

GRI 404-2 | Programs for upgrading employee skills and transition assistance programs

in 2022 Haier provided a broad range of programs to enhance its employees' skills and facilitate work continuity, totalling **4,160** hours.

Given the extensive number of these programs, only the main ones are listed below, divided into the following macro-areas:



Regulatory compliance (GDPR, anti-trust session, code of conduct, code of ethics, cybersecurity awareness)



Health and safety courses (Road safety, security, accident investigation training)



Professional development courses by role (6 Sigma, Mold Flow)



Soft skills, personal and digital courses (Excel, language courses, public speaking, RSHY masterclass, LinkedIn learning, Champion's Academy, team building)



Welfare and D&I course (transgender day training, what's next for inclusion, mental health awareness, D&I awareness and refresher)

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GRI 405-2 | Ratio of basic salary and remuneration of women to men³⁹

	2020 Ratio	2021 Ratio	2022 Ratio
Brugherio and Vimercate			
Executives	97%	99%	86%
Managers	93%	94%	95%
Employees	88%	88%	89%
Workers	92%	92%	93%
Turkey			
Executives	0%	0%	65%
Managers	101%	86%	80%
Employees	70%	72%	84%
Workers	95%	99%	97%
Romania			
Executives	66%	82%	85%
Managers	0%	0%	74%
Employees	79%	80%	93%
Workers	66%	99%	75%

³⁹ In terms of significant location of operation, the Company indicated Brugherio, Vimercate, Romania, Turkey, covering 1/3 of Haier Europe's workforce