



HAIER SMART HOME CORPORATE SOCIAL RESPONSIBILITY REPORT 2019

A-shares code: 600690 D-shares code: 690D

Report Description

This report is the 2019 Corporate Social Responsibility Report (hereinafter 'CSR Report') released by Haier Smart Home Co., Ltd. (hereinafter referred to as 'Haier Smart Home', 'Company', or 'We'), which contains such social responsibility work done by Haier Smart Home from January 1, 2019 to December 31, 2019, with certain additional information. This report comprehensively describes the performance and management principles of Haier Smart Home in terms of corporate social responsibility in 2019, focuses on the concerns of stakeholders, and presents such work in terms of the sustainable development of economy, environment and society.

Reporting cycle

The report is an annual report.

Report scope

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

Report compilation basis

- Sustainability Reporting Guidelines (GRI-standards) issued by the Global Reporting Initiative (GRI);
- Guidelines on Preparation of Corporate Social Responsibility Reports of Chinese Enterprises (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences;
- Guidelines on Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange issued by Shanghai Stock Exchange;
- Guidelines for Environmental, Social and Governance Report, Appendix 27 of the Listing Rules of the Stock Exchange of Hong Kong.

Information source

Text information and cases in this report mainly come from the Company's statistic reports, relevant files and internal communication documents. Data in this report is extracted from 2019 Annual Report of Haier Smart Home Co., Ltd., and other data comes from the Company's internal systems or manual records.

Report access and response

The electronic edition is available on the Company's official website and Shanghai Stock Exchange website (<https://www.haier.net.cn/>, <http://www.sse.com.cn/>).

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

Tele: 0532-88931670

E-mail: finance@haier.com

Address: Haier Industrial Park, No.1 Haier Road, Qingdao City, PRC

Chairman's Statement



New chapter comes as time goes by. In the world where everything is connected, we will present the beautiful life for a new era with higher product quality, smarter scenarios, more sincere services and more inclusive ecology, together with our stakeholders.

2019 is the 35th anniversary of Haier's entrepreneurship. After 35 years of marching ahead in difficulties, Haier is still vigorous. With our efforts aggregated, we will conquer all difficulties; with our intelligence crystallized, we will not fail. In 2019, Haier ranked the No. 1 again of retail volume among large household appliance brands of Euromonitor in the world for the 11th straight year. I would like to take this opportunity to express sincere appreciation to all of you on behalf the Board of Directors. It is because of the understanding, support and trust from all stakeholders and the firm belief and hard work of all staff, that we have created this globally renowned Chinese brand.

From where the land disappears the ocean emerges. 2019 was a new start. To focus more on the implementation of smart home solutions, in 2019, the Company was officially renamed as 'Haier Smart Home' and launched our 6th strategic stage-eco brand strategic stage after going through the strategic stages of branding, diversification, internationalization, globalization, and networking, committing ourselves to be the leader of smart home and climbing the peak of Internet of Things (IoT) era with unremitting endeavor. In this process, we recognized fallibility all the way, sought opportunities and development while satisfying social demands and solving common challenges, and strove to share values with stakeholders for win-win results and evolution.

In 2019, we contributed Haier's wisdom in good lives. We pursued quality, innovated technologies, and integrated resources in our continuous exploration. With industry-leading technical sedimentation and enriched and diversified smart complete-set products, and by using the U+Smart Home Cloud Platform as a carrier, we proposed the smart package resolution '5+7+N', that is providing unlimited possibilities for a user to customize future life at will with 7 smart resolutions centered on 5 physical spaces. In the constant interaction with users, the intelligent, considerate and convenient smart life has been close at hand.

In 2019, we developed Haier's plans during green development. We continued to carry out the 4G Strategy of 'Green Product, Green Enterprise, Green Culture, and Green Recovery', for realizing the harmonious coexistence between human and nature. We connected all industrial parks with the smart energy platform, constantly optimized our production models, and promoted fine management, thus achieving great results of continuous reduction of energy consumption per unit of output value. By unceasing launch of energy saving and environment-friendly products, and summarizing smart energy solutions, we performed multi-industry green marketing, in order to provide the society with Haier's new way of green development.

In 2019, we explored Haier's pattern in the win-win results of our staff. For 'people-oriented, anything is born from nothing', we provided our staff with good working environment and rights protection, put every employee first, and encouraged them to create values for users while achieving theirs. The unique management model of 'RenDanHeYi' overthrew the conventional tiered system, and returned the authority of decision, appointment and remuneration to our makers for activating the vitality of each one of them. Under the idea that 'everyone is CEO', each maker was mobilized around user needs, and entered, organized and evolved into micro-enterprises, to constantly add values to share and realize 1+1>2. Currently, Haier has become an ecological organization with rich active factors.

In 2019, we presented Haier's responsible image by performing activities for public good. We made sincere contributions to society, provided assistance to education in a long term, and actively conducted poverty alleviation and disaster relief. We have invested more than RMB110 million to build 305 Hope Primary Schools and 1 Hope Middle School in 26 provinces, cities and autonomous regions in China, helping tens of thousands children go to school, to perform corporate and civic responsibilities and stimulate public benefit activities. The outbreak of COVID-19 overwhelmed every one of us. In order to perform our corporate and civic responsibilities, we took actions at once. As one of the enterprises that took the earliest and the most assistance operations, we collected and mobilized resources in the world with the help of our global layout and industrial advantages, to conduct unremitting contributions of funds and supplies, and organize anti-epidemic teams.

Responsibility steers growth and vision creates future. Looking forward to 2020, we will continue to combine the sustainable development philosophy with our operation, and constantly explore the corporate reforms from product to scenario, and from industry to ecology, so as to follow the trend of the times and open a new chapter of the IoT model.

目录

CONTENTS



Haier Smart Home Social Responsibility Model

Participation by stakeholders	05
Substantive issue analysis	06
Haier Smart Home and SDGs	07



Haier Smart Home: Customize Beautiful Life

Company overview	11
Haier data	12
Corporate governance	15



'Quality-intelligence'-driven Development

Quality protection and quality assurance	20
Independent innovation that leads the world	29



The 'Intelligent networking' that empowers ecology

Interconnection platform industry topped with experience	36
Smart life constructed ecology	43
Chain group contract and win-win evolution	48



'Intelligent Creation' for Environmental Protection

Green strategies leading green management	51
Green design as an energy-conservation example	53
Green intelligent manufacturing promotes industrial upgrading	55
Green supply and efficient energy management	58



'Intelligent Enjoy' of Better Future

RenDanHeYi, caring about employees	61
Stay true to the mission and undertake social responsibilities	69



Special Topic: Fight against Epidemic Together and Serve for Love

Global employee safety protection	75
Assistance in corporate work resumption	78
Global health security service	79
Assistance to global anti-epidemic front line	82

PART 1

Haier Smart Home Social Responsibility Model



Haier Smart Home Social Responsibility Model

Haier Smart Home made an in-depth mixture between sustainable development philosophy and corporate operation, in combination with corporate visions and values, to form our unique visions and values of social responsibility, unremittingly enhancing the top-level building of social responsibility management. Centered on the social responsibility value of 'Green, Care and Life', we committed ourselves to creating harmonious environmental and social relationships, actively conducting duty-performing practices, and building a sustainable good life together with internal and external stakeholders.



Participation by stakeholders

Haier Smart Home regards ESG as our core field of corporate social responsibility, and actively listens to and responds to requirements from stakeholders. We identified major stakeholders according to the characteristics of actual business, management and operation, and understood the ESG issues they were concerned about through multiple communication channels.

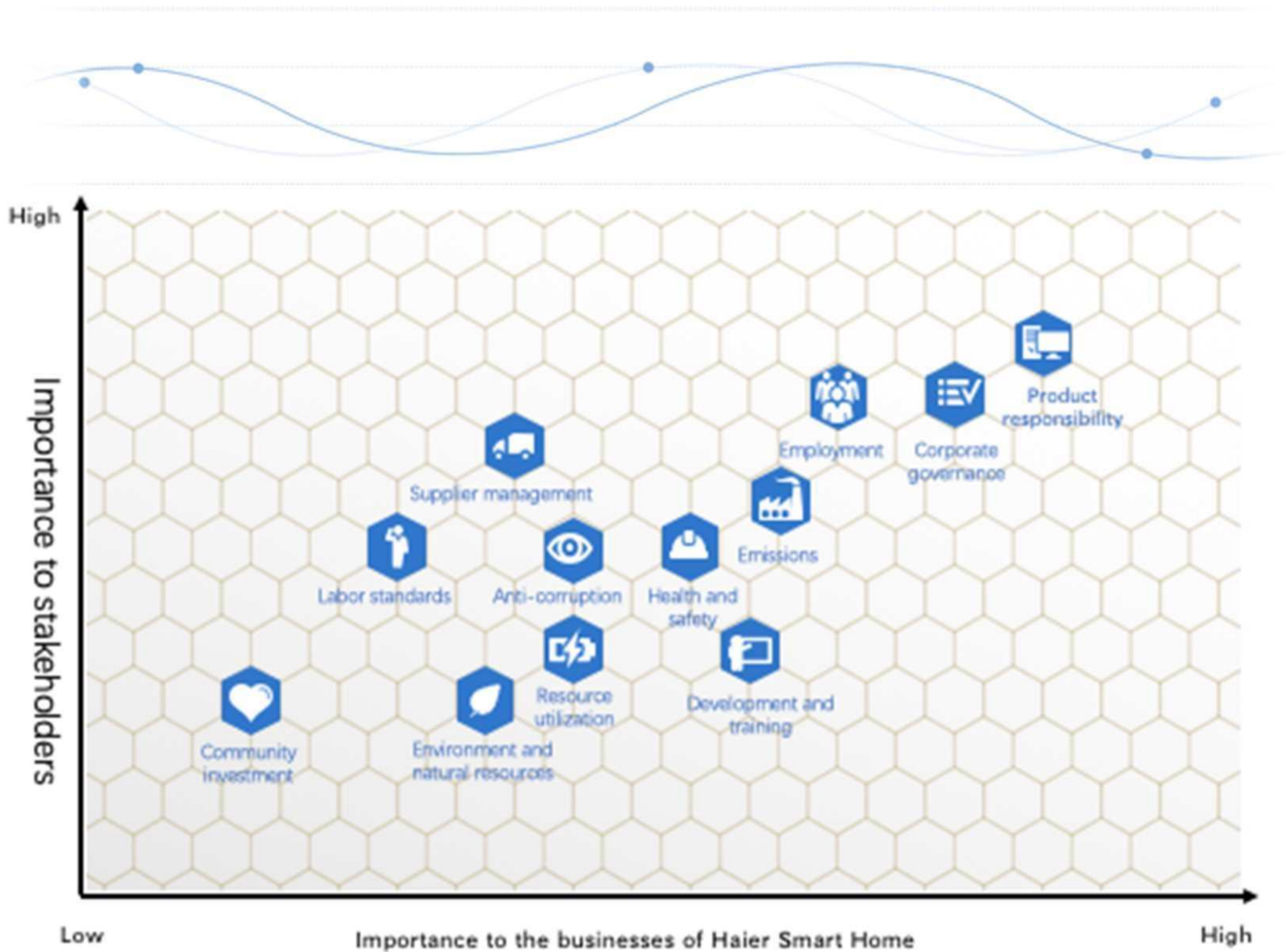


Major stakeholders	ESG Issues	Major communication channels
Government and other regulatory authorities	Corporate governance Labor standards Product responsibility Anti-corruption Community investment	Policy consultation Event reporting Information disclosure
Shareholders and investors	Corporate governance Product responsibility Anti-corruption	General meeting of shareholders Investor meeting Report disclosure Official website
Employees	Employment Health and safety Development and training Labor standards	Employee congress Face-to-face communication Telephone and email Internal applications software
Consumers	Product responsibility	Real-time communication software Social media Customer service channels
Suppliers, dealers and partners	Supply chain management Product responsibility Anti-corruption	Meeting On-site research Exhibitions Real-time communication software
Industry counterparts	Product responsibility	Meeting Industrial activities Telephone and email
Media and non-governmental organizations	Emissions Resource utilization Environment and natural resources Employment Supply chain management Product responsibility	Press conference and seminar Social media Official website On-site visit Interview
Social group and public	Emissions Community investment	On-site visit Meeting Public welfare activities Social media

Substantive issue analysis







Based on the identification of and communication with major stakeholders, in combination with the Company's operation features, we conducted substantive analyses for important concerns of stakeholders, and took such analyses as important references for the Company's CSR management and information disclosure.








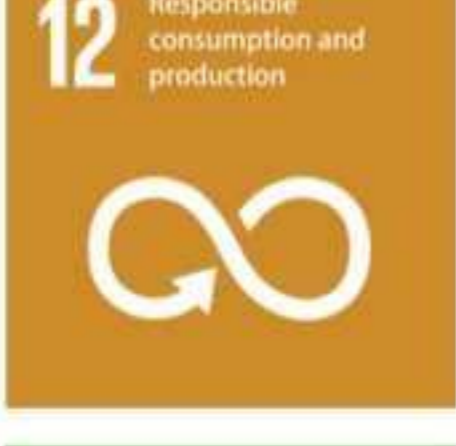

In 2019, the Company identified the most important issues including product responsibility, corporate governance, employment, emissions, and health and safety; and other important issues including development and training, supply chain management, resource utilization, labor standards, environment and natural resources, anti-corruption, and community investment.



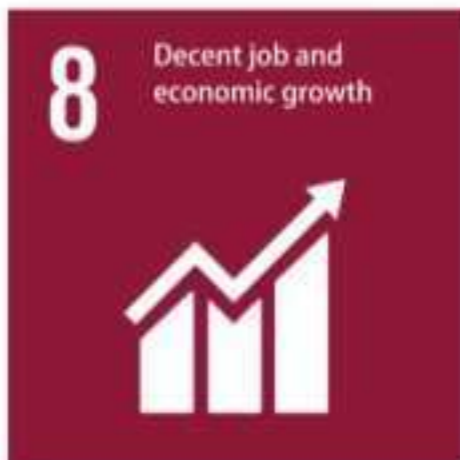






Haier Smart Home and SDGs

Centered on the CSR philosophy of ‘Green, Life and Care’ and corporate operation features, Haier Smart Home has blended into the framework of 2030 Sustainable Development Goals (SDGs) set by the United Nations. We adhered to our true heart of sustainable development, to provide users with higher quality of products, protect the environment, perform unremitting innovation, and care the society. With the resolution of ‘persistent honesty’, we determined to create a beautiful future and a smarter sustainable life with our stakeholders.

	Response to 2030 Sustainable Development Goals (SDGs) of the United Nations	Our activities in 2019
Governance	 	<ul style="list-style-type: none"> • The Company’s governance level was improved with emphasis, especially the transparency, accountability and independence of our governance structure • Anti-corruption and anti-malpractice management was conducted to create an integrity ecology • CSR management was closely combined with our business operation to ensure adequate resource input • The Company was awarded Italian ‘China Awards 2019’, ‘Best Investor in Italy’ and other rewards in 2019 • The Company was awarded ‘Chinese Enterprises Globalization 2019 Top Ten’ by the Center for China and Globalization (CCG)
Products	   	<ul style="list-style-type: none"> • The quality idea ‘user is the final judge of quality’ was carried out • All plants passed the ISO 9001 Quality Management System certification, except for the new plants that had not started such certification in 2019 • The ‘Six Sigma’ quality improvement team was established, ‘Six Sigma’ quality trainings were performed, and quality improvement projects were organized, to solve problems fed back by the market • By continuously improving the quality management system and the ‘two-way’ quality mechanism, a professional quality chain group was created, with the reputation of quality chain group among users up by 25% in 2019 • Suppliers were provided with quality management trainings, to improve the quality performance together with them • Zero recall in 2019 • Newly led or participated in the formulation and revision of 7 international standards and 80 national/industrial standards • Applied for 9,143 patents in China, of which 5,828 invention patents were awarded ‘2018 National Prize for Progress in Science and Technology’, ‘2019 iF Product Design Award’ and other rewards • Haier was awarded multiple domestic and foreign important rewards including the ‘40th Anniversary of Promoting Total Quality Management: Outstanding Promoting Unit’

	Response to 2030 Sustainable Development Goals (SDGs) of the United Nations	Our activities in 2019
Users	  	<ul style="list-style-type: none"> • With the '5+7+N' all-scenario smart solution and IoT technology, users were provided with the best smart life experience • The Haier Customer Care (HCC) system is targeted at 7,000 terminal service providers, to provide 100,000 service professionals with a digital operation and management platform, and integrated 6 competence centers, to provide 1 billion Haier's users and customers with the best service experience • A service professional is bound to users through the Haier WeChat service station, to achieve the conversion from one-off service to unlimited interaction. As of the end of 2019, Haier's WeChat service station users has increased to 26 million • Each service professional was trained for over 40 hours • Solving ratio of customer complaint was 99.3% • The visiting response time of a service professional decreased to '2 hours' from '24 hours upon a user's request' • The user information conservation mechanism continued to be improved • During the epidemic, Haier Smart Home APP launched the smart health scenario, and released Standards for Safe Service in the Epidemic Prevention and Control Period, to satisfied the health and epidemic prevention needs of users • Haier Smart Home was awarded 'i China 2019 – Top 10 Brands of the Year 2019', 'Gold Award of the Year 2019 of Leading Brand of Smart Home' and other brand awards
Supply chain	 	<ul style="list-style-type: none"> • The supplier resource platform 'Haidayuan' was continuously improved, to perform the ecosphere enabling, and improve the management level of supply chain environment and social risks • A cloud platform of smart home solutions was constructed, to realize the win-win value adding of ecosphere stakeholders • Haier's Internet of Food and Internet of Clothing were both awarded 'Industrial Blockchain Application Example' and other titles of honor
Environment	   	<ul style="list-style-type: none"> • The 'Green Design, Green Manufacture, Green Marketing, and Green Recovery' (4G) Strategy was implemented • All plants passed the ISO 14001 Quality Management System certification, except for the new plants that had not started such certification in 2019 • A smart energy customized platform was constructed, to refine management, production and operation • In 2019, the energy consumption per unit of output value decreased by 6.77% year-on-year • The energy saving property of all types of products was continuously improved • Haier's plants conducted multiple types of energy conservation and environmental protection projects • The recovery of waste and old home appliances was promoted step by step

	Response to 2030 Sustainable Development Goals (SDGs) of the United Nations	Our activities in 2019
Employees	  	<ul style="list-style-type: none"> • The transition of ‘three authorities’ of appointment, decision-making, and distribution was further refined, to grant employees more autonomous rights • The interests and rights of employees were protected, and our employees were provided with a diversified benefit system • A 1+N (1 management channel+N professional channel) non-linear career development channel was designed • Incentive policies continued to be optimized, and iterations were conducted for the all-maker mechanism • Through employee congress, visiting, calling on and other forms, the communication with employees was enhanced, and their reasonable demands were satisfied • Safe and healthy working environment was provided, and the HSE&6S cloud platform system was upgraded • All plants passed the ISO 45001 Occupation Health and Safety Management System certification, except for the new plants that had not participated in the annual review in 2019 • The coverage ratio of occupation environment hazard assessment, the occupational health examination ratio, and the coverage ratio of intrinsic safety equipment were all 100% • During the epidemic period, the Manual for Epidemic Prevention and Work Restoration was prepared, and multiple epidemic prevention measures were taken, to actively protect the health and safety of our employees
Community	   	<ul style="list-style-type: none"> • The poverty alleviation and people benefiting’, and other targeted poverty alleviation projects were performed • For years, a total amount of RMB110 million was invested to help construct 306 Hope Schools (305 Hope Primary School and 1 Hope Middle School). In the meantime, diversified charitable children education activities were performed • A total of 144 Haier’s exclusive shops as the charitable contact template was constructed • The community interaction platform ‘Haier Charity’ was launched, and a total of 24 charitable projects was released in about one year, with the interaction volume of charity users reaching 1.05 million person-time • Multiple community care activities were performed • In order to actively respond to the national principles and ideas of encouraging and supporting industry-education integration, Haier’s 2020 School-Enterprise Cooperation Strategy was released • For fully supporting the epidemic prevention and control, actively fulfilling social responsibilities to establish anti-epidemic teams, to address the home appliance needs for building and renovation of hospitals in Wuhan • During 2020 Spring Festival, there were 2,700 service staff from Haier making contributions at the first line of epidemic control in Hubei Province • Haier was awarded multiple rewards, including ‘2019 People’s Corporate Social Responsibility Award: Enterprise of the Year’, ‘Outstanding Contributors of the Hope Project in 30 Years’, and ‘2019 Corporate Contributing in Poverty Alleviation’



PART 3

Haier Smart Home

Customize Beautiful Life



Company overview

Haier Smart Home Co., Ltd. (formerly known as 'Qingdao Haier') is a solutions provider on smart home aimed to provide global users with customized beautiful life, with its headquarter located in Qingdao, China. The Company designs, manufactures and sells all kinds of smart home appliances including refrigerator, washing machine, air conditioner, water heater, kitchen appliance and small home appliance, and provides our users with one-stop smart home package solutions. Founded in 1984, the Company as the first listed companies in China was listed in Shanghai Stock Exchange (600690) in 1993, and owns Haier Smart Home which is listed on the main board of Stock Exchange of Hong Kong (stock code: 01169.HK). On October 24, 2018, the Company issued D shares on the main board of Frankfurt Stock Exchange in Germany (stock code: 690D).



With continuous efforts, Haier Smart Home gradually acquired and restructured the white goods business of Sanyo of Japan, the household appliance business of GEA, the household appliance brand of New Zealand Fisher & Paykel(FPA), and Italian household appliance brand Candy. We formed our 3-in-1 competence of R&D, manufacturing and marketing around the world, and realized the world-class brand layout and the global operation, satisfying the personalized demands of users from over 100 countries. According to the retail data of global large household appliance brands released by the leading market investigation institution Euromonitor, the retail volume of Haier's large household appliances ranked the first in the world in 2019 for the 11th straight year.

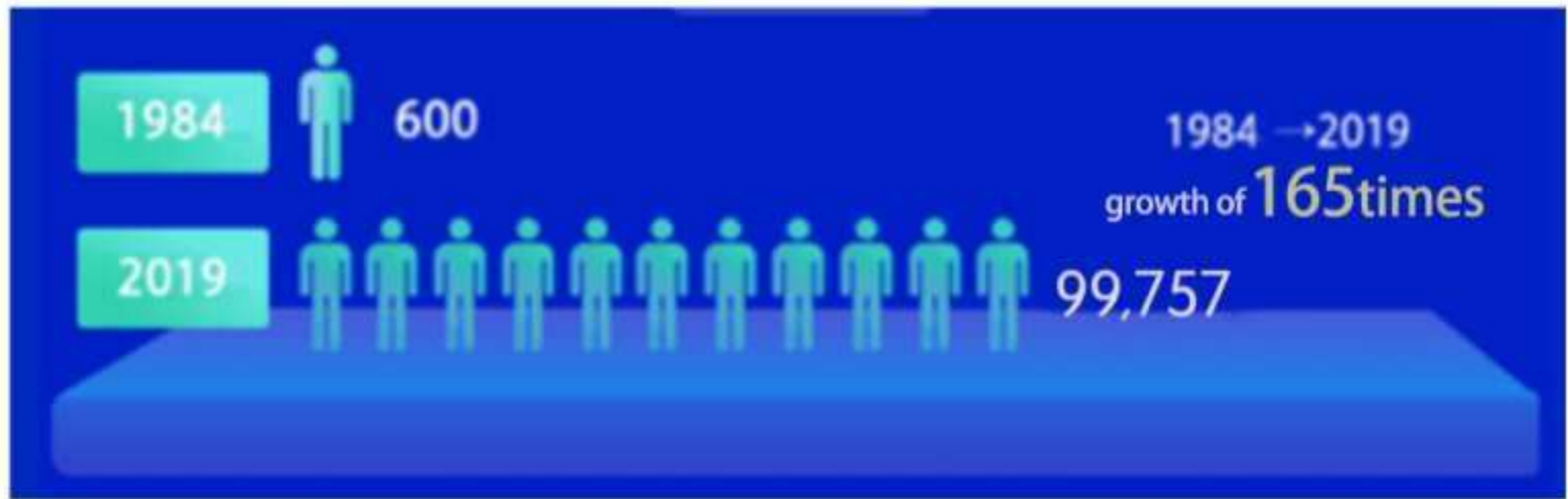
Haier data

2019 is the 35th anniversary of Haier's entrepreneurship, and we are still vigorous and energetic.

We believe that 'there is no eternal enterprise but one for a certain era', therefore we was bold in reform, perform unremitting innovation, overcame unlimited difficulties, and rose to the challenge by keeping up with the trend of the era. Behind our success, there lies the sincere delivery of every order, and from each time of such delivery, the best experience, communication and interaction for a user begin.

1. Corporate development

After 35 years of marching ahead in difficulties, Haier Smart Home strives to closely keep up with the era and become an enterprise of the era.



Haier's personnel has united in this big family after 35 years of passing down the torch of innovation and entrepreneurship from one generation to the next, driving the Company to evolve all the way.

As an important part of Haier, Haier Smart Home has recognized fallibility, and taken the lead in betting along the way since last century, thus realizing stable growth of revenue and profit, and creating great income for shareholders.



Since Haier's launch of global smart home strategy, the number of global smart home users has exceeded 10 million. Haier Smart Home was ranked 448th in 2019 Fortune 500, up by 51 from last year and meanwhile was listed in Fortune magazine as 'The Most Appreciated Enterprise in the World in 2019'.

2.Environmental management

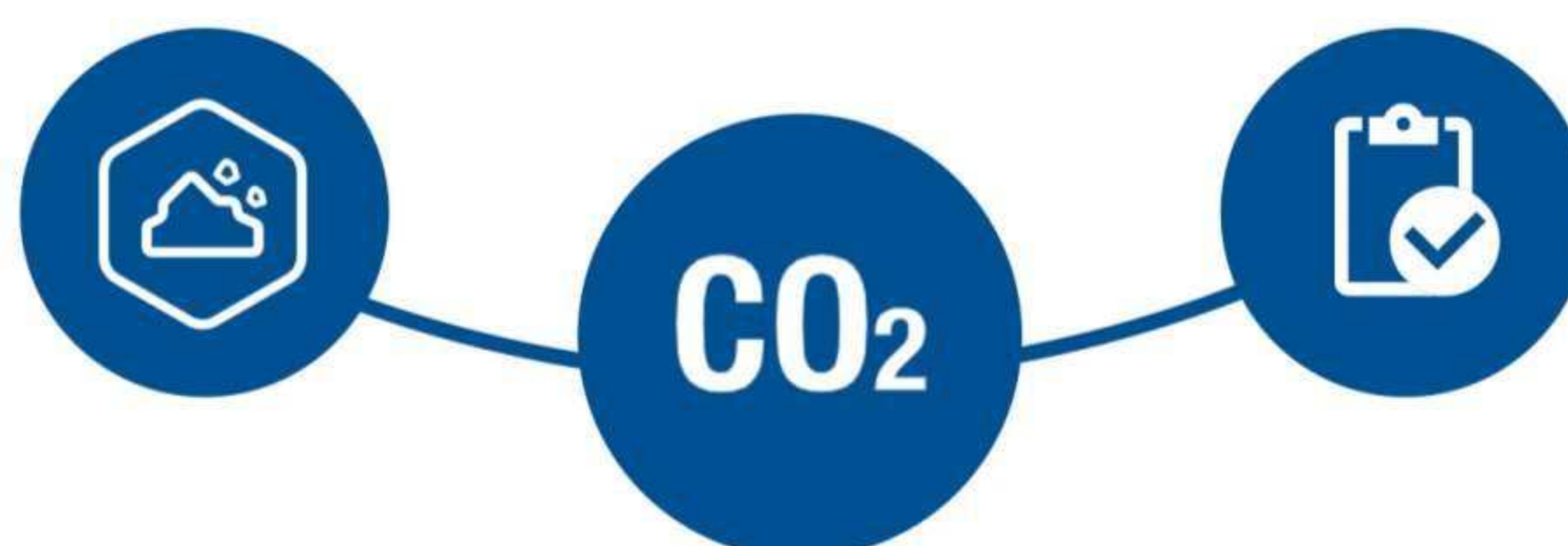
Haier always includes the sustainable development philosophy in our business operation, unremittingly optimizes the environmental management, and harmoniously coexists with nature. In 2019:

Energy consumption per unit of output value: 6.37kg/RMB10,000, down by 6.77% year-on-year

4,008.76 tons of standard coal saving

10,502.95 tons of carbon dioxide reduction

Waste disposal: compliant disposal ratio was 100%



3.Social contribution

R&D strength

Centered on the R&D idea of 'the world is my R&D department', Haier combined global resources, users and enterprises to realize interactive innovation, and set up the '10+N'¹ open innovation system around the world, constantly making breakthrough and innovation, to provide users with the best solutions. In 2019, the Company obtained rich results from investment in R&D:

- Haier won 57 world-class industrial design awards, in which we were rewarded a total of 56 awards of the 2019 iF Award, the Red Dot Award and the IDEA. We has won a total of 212 awards, ranking the first in the global white appliance industry with such number.
- Haier has taken the lead in or participated in the development and revision of 67 international standards, being the household appliance enterprise that proposed the most development and revision proposals of international standards in China.
- With 33,379 invention patents in 28 countries, Haier has become the household appliance enterprise that owns the most invention patents overseas.
- Haier has taken the lead in or participated in the development and revision of 550 national/industrial standards in China, being the first enterprise in China.
- Haier has won 15 National Prizes for Progress in Science and Technology, including the only first prize in the industry, and our original technology has been certified by China.

Employee Growth

We care the growth of our employees, and actively enable them.

¹ 10 + N: Taking Haier's top 10 R & D centers in the world as an open basic platform, the R & D forces around the world are connected at any time based on user sore points. Those R & D forces all over the world are N. N is variable instead of quantitative, which changes with user needs.



Ecological building

Centered on the U+ Smart Home Cloud Platform, the COSMOPlat Industrial Internet Platform (hereinafter referred to as 'COSMOPlat') and Haier Smart Home APP value interaction platform, Haier has transformed its ecosystem from a garden-style system with walls to a rainforest-style business ecosystem that is capable of self-evolution:

the activated smart home appliances increased by 63%

the ecological revenue of IoT increased by 68% year-on-year

monthly number of active users of smart home APP increased by 350%

monthly number of scenario active users increased by 142%

- U+ Smart Home Cloud Platform: the revenue generated from domestic package products accounted for 27.48%; the activated smart home appliances increased by 63%; monthly number of active users of smart home APP increased by 350%, monthly number of scenario active users increased by 142%; the ecological revenue of IoT increased by 68% year-on-year.

- COSMOPlat Industrial Internet Platform: 15 interconnection factories; the first smart+5G interconnection factory was completed; 15 industries were enabled; 7 centers in 12 regions in China were constructed, with reproducing and promoting such centers in other 20 countries.

- Haier Smart Home APP: the whole-network sales reached RMB116 million on launch date, including over 30 thousand sets of scenarios.



Social responsibility

Haier believes that a great society is the basis of a great cause, therefore we construct communication platforms with communities, perform corporate and civic responsibilities, and actively contribute to the society together with stakeholders.

- **In 2019, social contribution value per share = RMB5.41/share**

Note: Social contribution value per share = $EPS + (\text{total tax payments} + \text{employee expenses} + \text{interest expenses} + \text{total public interest inputs} - \text{social costs}) \div \text{total equity at the end of the period}$. The calculation standard is derived from the Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines on Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange. Among them, the tax payments are various taxes paid, and employee expenses include cash paid to and paid for employees.

- **Education Assistance**

As of the end of 2019, Haier has assisted to build 305 Hope Primary Schools and 1 Hope Middle School in 26 provinces, cities and autonomous regions in China, helping tens of thousands children go to school.

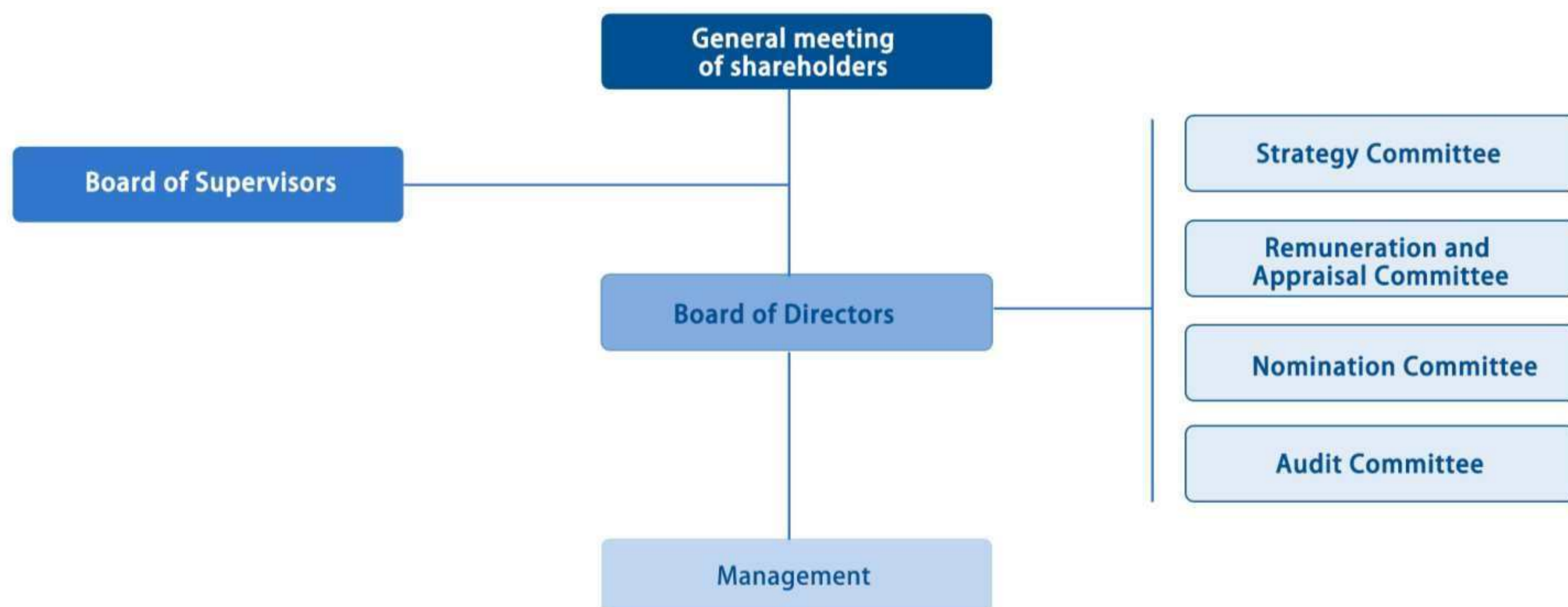
Corporate governance

Haier Smart Home combines closely the CSR management and the business operation, and sets up CSR management strategies and targets according to the development of business. The Board of Directors of Haier Smart Home ensures adequate resource input, participates in the development of CSR management strategies, improves CSR governance framework, identifies CSR risks, and takes a comprehensive leadership role in the matters related to CSR management. We continue to improve our corporate governance and CSR management, to effectively reduce operation risks.

1. Corporate governance

Haier Smart Home adheres to its core philosophy of 'honest operation, standardized governance, and information transparency', and unremittingly standardizes our internal governance framework, betters our information disclosure policy, enhances the communication with investors, actively creates a good external governance environment, effectively protects the interests of all shareholders, establishes and constantly improves the scientific corporate governance structure and mechanism in accordance with such provisions specified in Company law, Securities law, Code of Corporate Governance for Listed Companies and relevant laws and regulations, in order to promote the stable and sound development of the Company.

Good corporate governance is critical to the Company's operation and development. We have set up a standardized and orderly corporate governance structure composed of general meeting of shareholders, Board of Directors and its special committees (including Strategy Committee, Remuneration and Appraisal Committee, Nomination Committee, Audit Committee etc.), Board of Supervisors, and the management. We have formed a governance mechanism which has clear division of authorities and duties, and is composed of power institution, decision-making institution, supervision institution and executive institution that are coordinated and limited with one another, to effectively protect the legal interests of the Company and shareholders. Currently the Board of Directors has 9 directors, including 3 independent directors. External directors account for 2/3 in the Board. The Board of Supervisors has 3 supervisors, including 1 employee representative supervisor. The heads and members of Audit Committee, Remuneration and Evaluation Committee and Nomination Committee are assumed by independent directors.

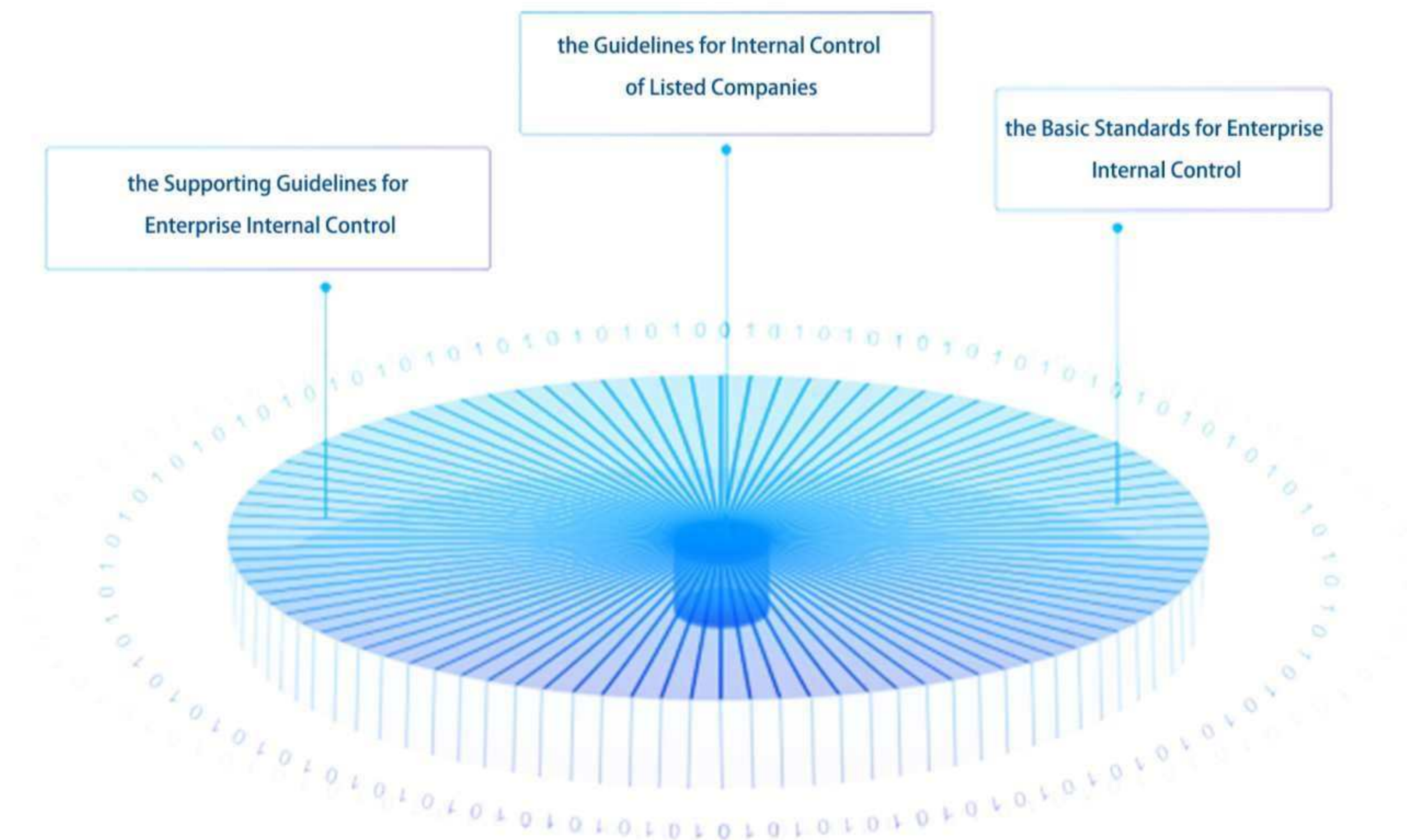


In 2019, the Company convened 1 general meetings, 8 board of directors meetings, 7 board of supervisors meetings, of which all the holding and voting procedures complied with relevant provisions specified in laws, regulations, articles of association, and rules of negotiation, and all voting results were legal and valid. This laid a solid foundation for the Company's standardized operation.

2. Internal control

The Company has streamlined the regulatory requirements of listing, improved the internal control processes and systems at three levels including corporate, subordinate department and subsidiary, and business, in accordance with the Guidelines for Internal Control of Listed Companies of Shanghai Stock Exchange, the Basic Standards for Enterprise Internal Control and the Supporting Guidelines for Enterprise Internal Control that were jointly issued by the Ministry of Finance, CSRC, National Audit Office, CBRC and CIRC, and other guidelines, and clarified the roles and duties of Board of Directors and its Audit Committee, Board of Supervisors and the management in internal control, to construct a functioning internal control system.

We conduct self-assessment on the building of internal control system once a year, and employ annual audit accountants in China to assess the compliance and effectiveness of the building of internal control system every year. The self-assessment reports, financial reports issued by annual audit accountants, and internal audit reports will be fully uploaded to the exchange's website to be reviewed and supervised by stakeholders. In 2019, the total amount of corporate assets and the amount of revenues that were included by Haier Smart Home in our internal control assessment range either accounts either accounted for almost 90% of the corresponding items in the Company's financial statements. According to the assessment of Board of Directors, the internal control system of Haier Smart Home was sound and effectively implemented. There were no significant defect identified in the Company's internal control design or implementation. According to the annual audit accountants, the Company maintained effective internal control of financial reports in all material respects in 2019.



3.Honest ecology

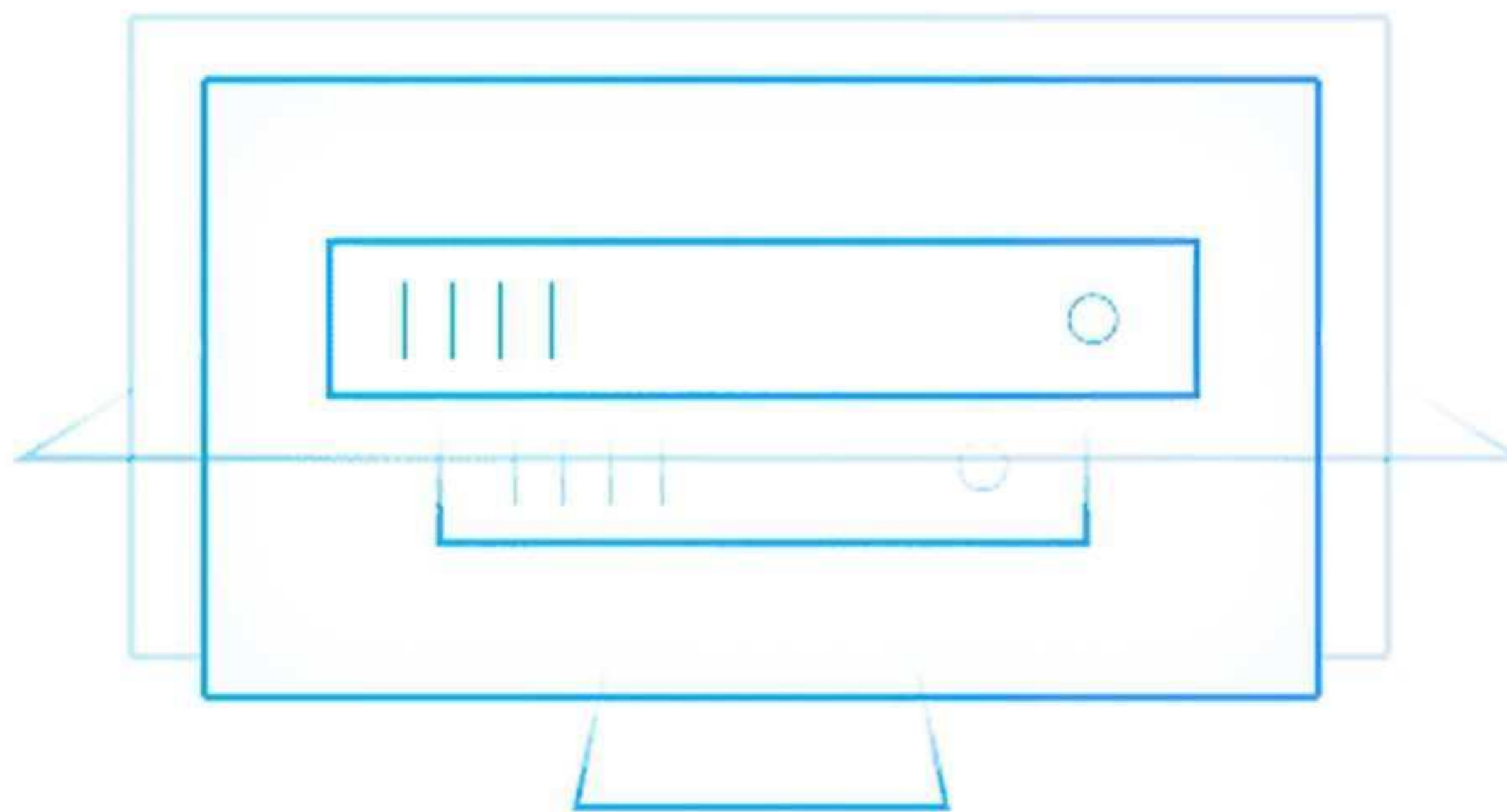
We understand the importance of adhering to moral standards in current global commercial environment which is full of competition and instant changes, and promise to perform operation activities according to the highest moral standards. 'Honest Ecology' is one of entrepreneurship that Haier Smart Home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

Honest Operation

We strictly comply with the laws and regulations related to anti-bribery, anti-fraud, extortion and anti-money laundering, and has set up special teams to perform anti-corruption and anti-malpractice works, in order to create an honest and moral commercial environment. The Board of Directors is responsible for reviewing and supervising the Company's policies and measures that are related to compliance of laws and regulations, with the help of internal control departments, internal audit departments, and global legal departments. By developing Employee Code of Conduct, Code of Commercial Conduct, Anti-Fraud Regulations, Management Policy of Supplier Black List and other policies, and entering into the Commitment Letter of 'RenDanHeYi' and Incorruptibility with employees, the Incorruptibility Agreement with suppliers, we urge our employees and suppliers to strictly abide by the bottom line of compliance.

We actively perform online and offline anti-malpractice trainings, to foster our honest culture. Through organizing all employees to watch educational films every quarter and other training activities, and providing the employees at risky positions with enhanced trainings, we strengthen the honest ideology building of them. We also conduct trainings for investigators, to improve their anti-malpractice ability.

By setting up and disclose the public online reporting platform and email to all employees and suppliers, we receive a wide range of malpractice clues which we process in time, and the internal control and internal audit departments will conduct primary screening and investigation for reporting information, with any suspected crimes submitted to legal departments for handling according to laws.



Management of Compliance Propaganda

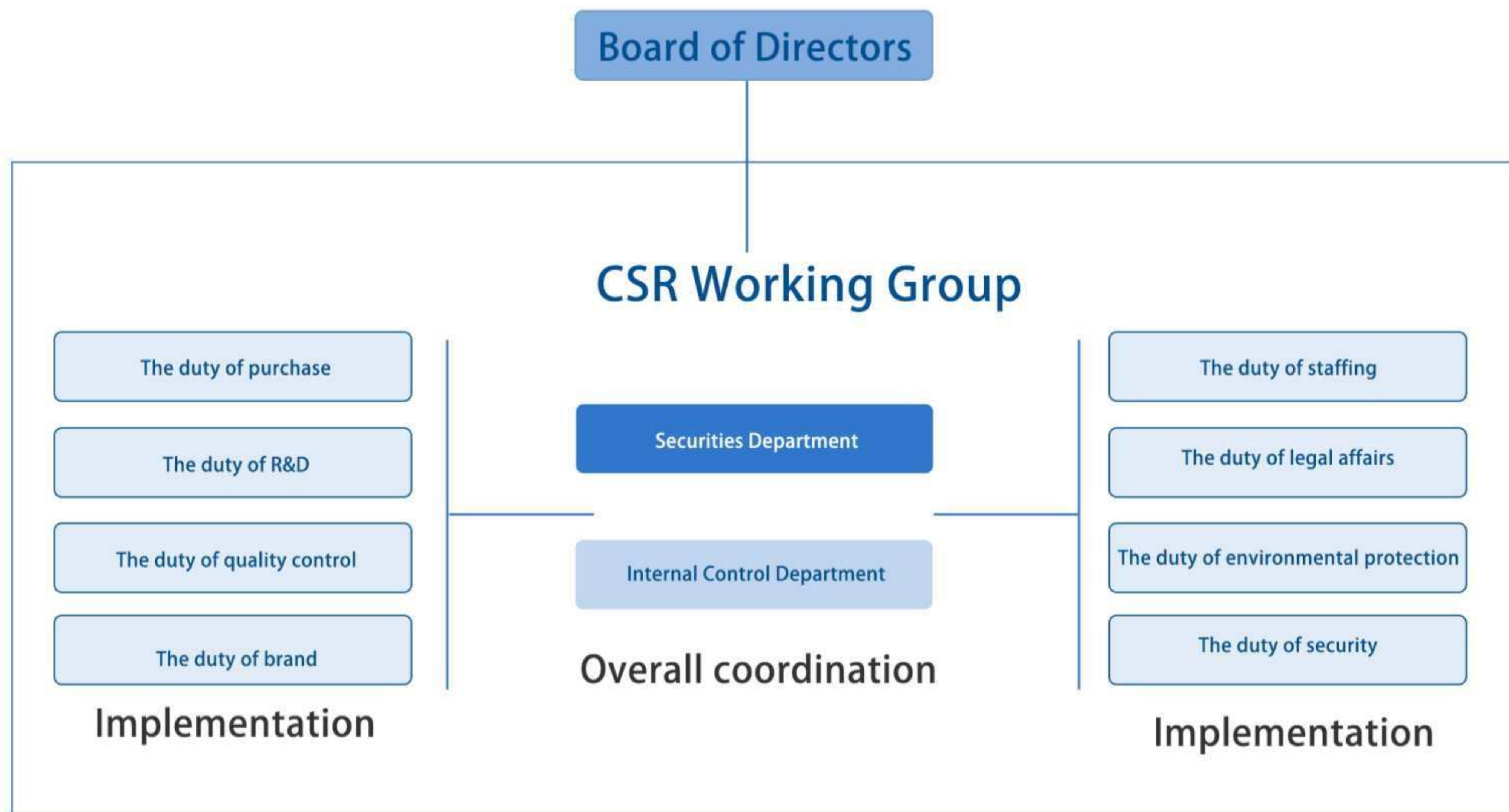
Haier Smart Home regards honesty as its foundation and the life of its brand. The Company strictly complies with Advertisement Law of the People's Republic of China, Law of the People's Republic of China on Anti-Unfair Competition, Regulations on the Administration of Advertising and other laws and regulations, seriously implements the compliance management of marketing in order to eliminate false advertising and resist any unfair act that limits market competition, values the building of user trust, unremittingly constructs a sustainable commercial development model.

4.CSR management

We take CSR as an important factor in corporate governance, and integrate the concept of sustainable development with business operation. We have a matrix management structure of 'Board of Directors - CSR Working Group'. The Board of Directors is responsible for defining CSR management priorities and setting up effective management systems. The CSR Working Group, coordinated by the Internal Control Department and Securities Department with the participation of other relevant departments, is mainly responsible for implementing management measures in various aspects and reporting regularly to the Board of Directors, so as to assist them in understanding the implementation progress of the CSR project, identifying management risks, and timely adjusting management strategies.

Roles and duties of the CSR management system are as follows:

Direction determination and decision making



PART 3

'Quality-intelligence' driven Development

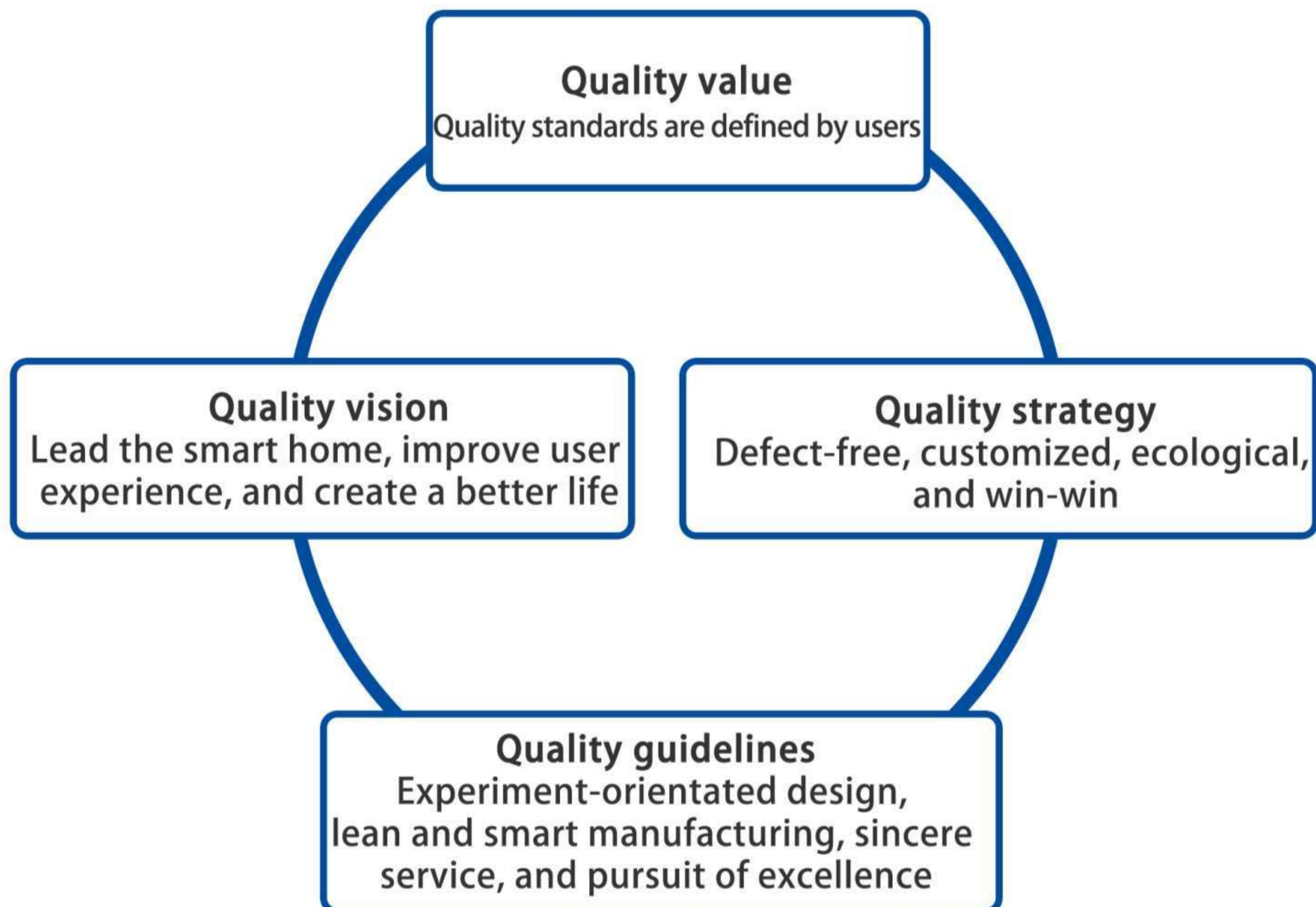


'Quality-intelligence'-driven Development

Quality protection and
quality assurance

Haier, a successful world brand, always depends on three secrets -- quality, quality and quality. Haier keeps advancing with the times, and never stops quality innovation.

Haier Smart Home attaches importance to quality management, takes the concept of 'RenDanHeYi' as its strategic guidance, defines the quality value that 'quality standards are defined by users', cultivates the quality culture of 'RenDanHeYi and quality for everyone', and has created a quality management model centered on 'RenDanHeYi win-win', which continues to create the best whole-process experience for users and to set the new benchmark for the high-quality development of the industry.



1. Product quality management

Quality system guarantee

The Company targets 'creating the best user reputation', focuses on system building as the quality assurance, and has built a quality system for the best scenario-based user experience in the era of IoT. In 2019, all plants of the Company have passed the ISO 9001 Quality Management System certification, except its newly-built plants that have not started the certification. Meanwhile, the Company strictly abides by the Law of the People's Republic of China on the Protection of Consumers' Rights and Interests, and has established a sound product recall system and procedure. In 2019, Haier Smart Home recalled no products, which was an excellent achievement.

With the quality platform of Haier, the Company has determined its quality development strategies, positioning, objectives, mechanisms and strategies. The quality platform of the Company has an industrial quality department, in which all production lines transform internal projects and output key tasks based on their business characteristics. The industrial quality department has quality departments in plants, and sets quality positions in the industrial R&D process and other processes, so as to link and implement the overall quality management.

We promote the 'two-way' quality management mechanism. With the 'positive-value-added sharing mechanism', we encourage employees to proactively discover and mitigate quality risks, share with employees the value created by quality improvement and stimulate constantly the innovation and development of quality improvement. With the 'reverse-bottom-line mechanism and reverse reduction mechanism', we define the quality responsibility subject, treat seriously every quality issue, put an end to poor quality, and adhere to the quality bottom line.



By continuously improving the quality management system and the 'two-way' quality mechanism, Haier has created a professional quality chain group. The quality chain group focuses on 85% to 90% of the market loss, seize the market with professional teams, centers on user satisfying targets, finds projects from the voice of users, and, with the prior agreement of the value-added sharing mechanism, encourages the open integration of first-class resources and zeros out the root of problems. In 2019, the quality chain group improved the user reputation by 25%, and their achievements were realized to team members by the high-sharing and high-value-added mechanism, so that the value of members were recognized and the driving force for the quality chain group was further improved.

Implementation of quality control

In 2019, the Company continued to strengthen comprehensively the quality control of all products, and carried the quality culture throughout the whole process. The Company has formulated quality management policies for the access and screening of suppliers, incoming of raw product materials, production of products and batch test of products before marketing, including the Module Incoming Inspection Procedures and Spot Inspection Management Procedures.

Module incoming

Inspect the incoming parts from suppliers. We carry out systematic and information-based control over suppliers, and manage all sub-suppliers in the information system. We record the incoming faults, on-site rejects and those failing the experiment or violating the contract into the system and appraise them on a monthly basis, and change a supplier with continuous disqualification.

Production stage

Each product can be traced back to the production plant and corresponding personnel with the bar code. We carry out regular tour inspection on site many times every day to supervise and inspect the personnel, machines, materials and processes, and retain the quality records. We have built an information-based management system to make changes in staffing and process technologies transmitted faster through videos.

Delivery stage

We carry out sampling inspecting on the products to be delivered in strict accordance with GB/T 282 Sampling Procedures for Inspection by Attributes. We have developed detailed measurement items, set up independent sampling labs in plants, equipped them with complete equipment, tested the performance parameters of all batches of products, and kept all experimental records on file.

To improve product quality effectively, we have established a 'Six Sigma' quality improvement team consisting of professional quality personnel to carry out quality improvement projects, offer Six Sigma quality training, solve problems fed back by the market, and improve the quality performance of the Company's products.

Case: Whole-process quality coordination of washing machines

In 2019, Haier's adopted the self-driven and self-evolving management mode for the 'new product quality control' of its washing machine production lines. It benchmarked the 'nine-step method' quality management mode for GEA new products to optimize the quality management system for new products. At the same time, we adopted the information-based system to carry out whole-process coordinated control over the quality of new products, so as to allow the technical documents of new products from plants to be systematic and traceable, and finally achieved the excellent quality performance of zero new product batch quality accident.

Transmission of quality culture

The effective implementation of quality management is inseparable from the concerted efforts of all employees. This year, Haier Smart Home continued to focus on the transmission of quality culture, continued to deepen employees' awareness of quality management, and continued to build the Company's quality culture.

We offered regular and diversified training on key processes and personnel to improve the quality awareness of all employees. And we also offered quality management training to suppliers to improve together their quality performance.



Quality function deployment (QFD) training



In 2019, Haier invited Xiong Wei, Director of the Center for Quality Management Research of Zhejiang University, professor and doctoral advisor of the School of Management, the only Chinese member of the Standing Committee of the International Council for Quality Function Deployment (ICQFD) and known as the 'Father of China's QFD', to give lectures on quality. The lectures included an introduction to QFD, QFD project management and process methods and QFD design and innovation methods and instruments.

Case: BB (Black Belt) special training camp



In 2019, with methodology courses on DMAIC (Define, Measure, Analyze, Improve and Control), Haier encouraged trainees to carry out quality improvement projects. At the same time, Haier offered training for internal trainers to allow them to develop internal courseware and improve the Six Sigma quality improvement system.

Case: MBB (Master Black Belt) special training camp



In addition to the BB special training camp, Haier offered the MBB special training camp to cultivate Master Black Belt quality elites in the Business Department, and with lectures and tutorials, allowed such elites to mobilize and lead the Business Department to carry out quality improvement projects.

2. Service quality management

Service Beliefs

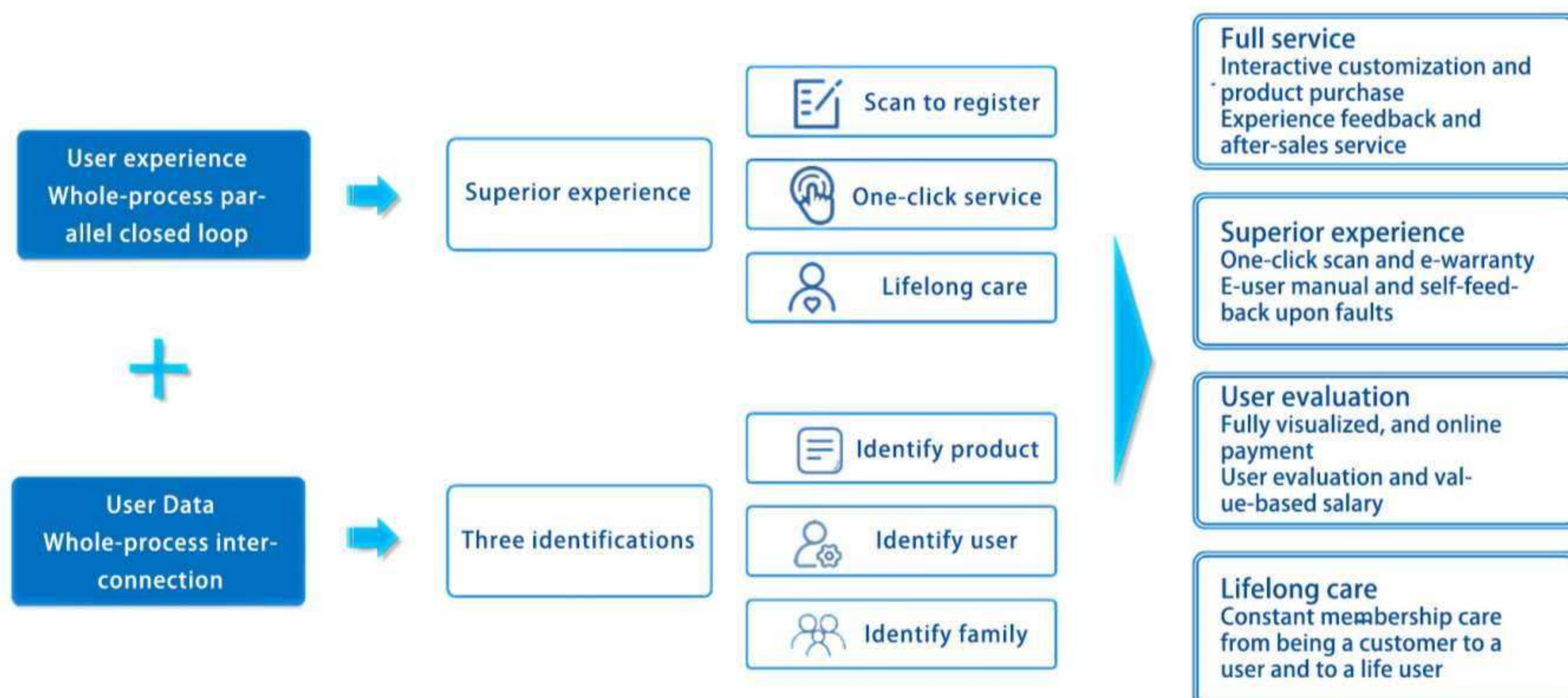
We continue to implement Haier's service policies and complete every service with unified service standards. In 2019, Haier Smart Home received 99.3% satisfying complaint solving from customers.



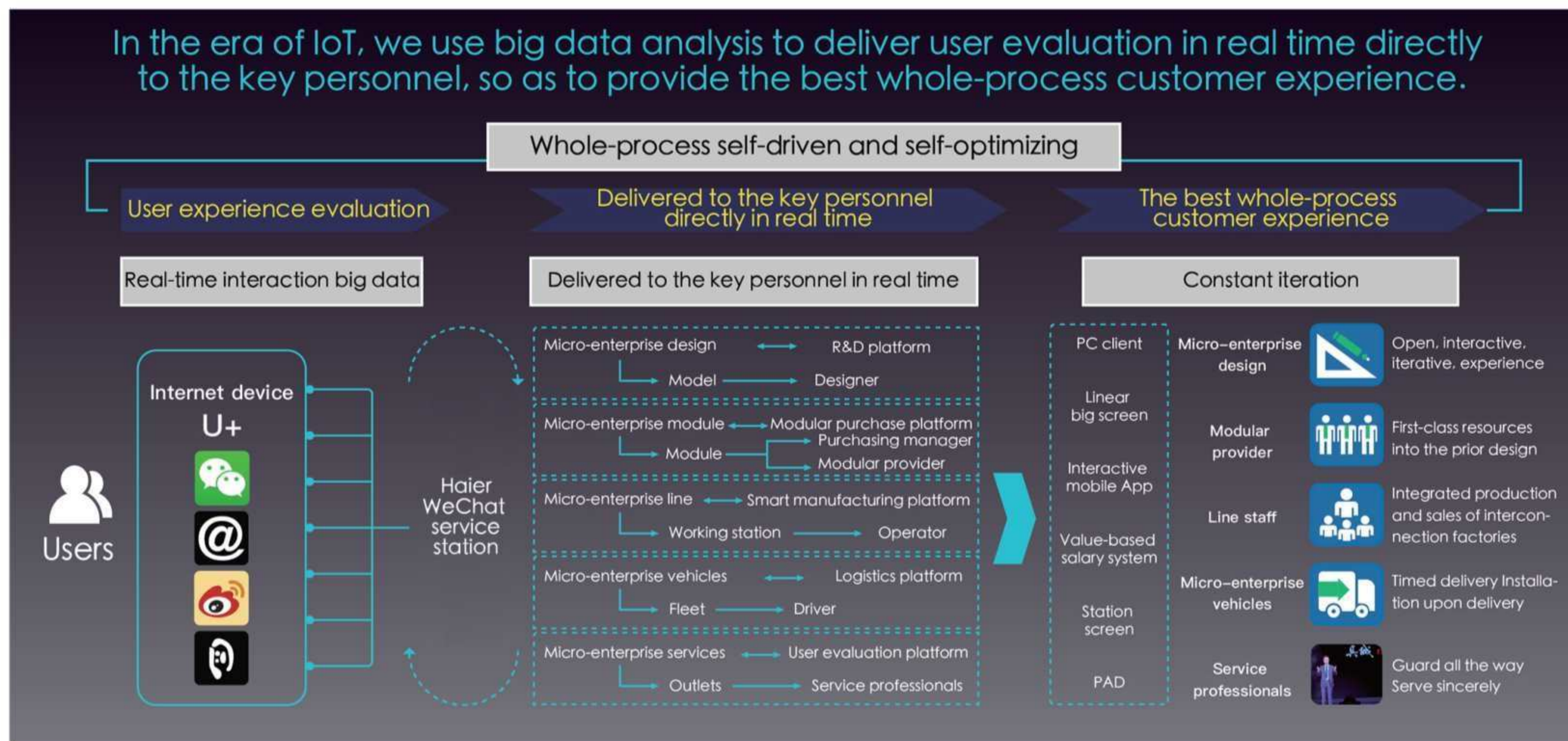
Customer care

In 2019, we continued to optimize the HCC (Haier Customer Care) system, highlighted 'no complaint, no delay and no negative feedback', focused on the whole-process services for customers, and analyze and identify customer demands accurately by interacting with customers in real time.

At present, the HCC system has been made available to 7,000 terminal service providers, providing online, visual and intelligent digital operation management platform for tens of thousands of service professionals of the Company. It integrates six capability centers (i.e., the capability of online training, online operation, spare part supply chain, reverse reject processing, value-based salary and order processing), to support the provision of the best customer service experience to Haier's customers, which in turn drive the continuous product quality improvement of the Company in all processes, and provide data support.



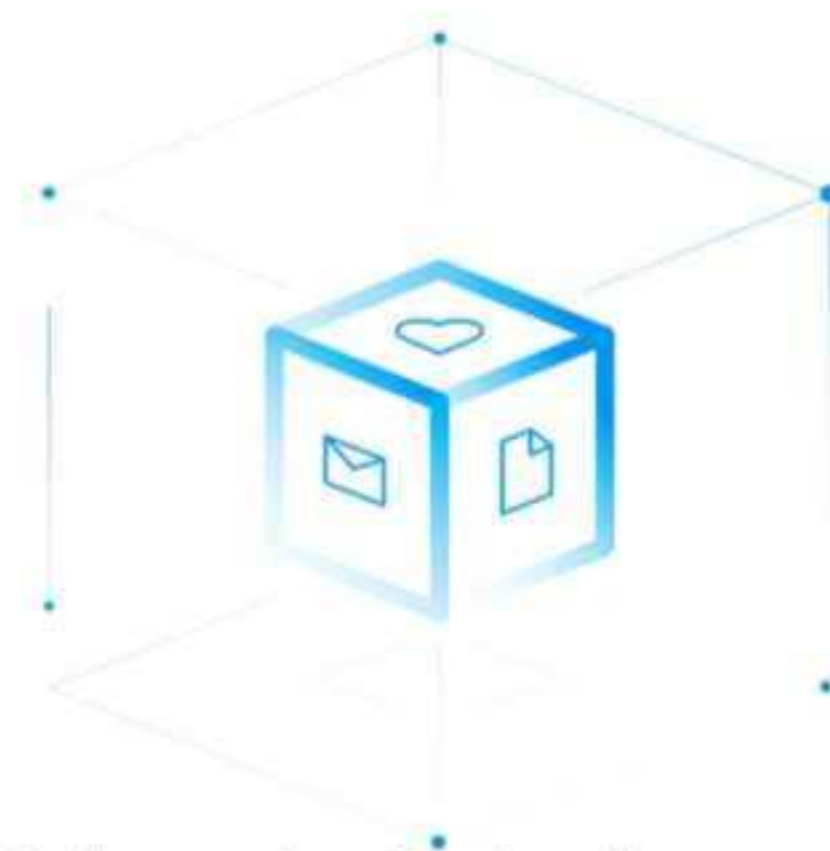
Based on big data analysis, we open up all nodes in the whole process, so that the user evaluation is delivered in real time to the key nodes and key personnel, so as to optimize continuously and form the iterative closed-loop, and provide the best whole-process service experience.



Training of service professionals

In 2019, we had tens of thousands of service professionals nationwide, which provided strong guarantee for after-sales services. We paid attention to the training of service professionals, and enlivened them both online and offline. We developed the Service system to provide on-demand training to service providers and service professionals at all times, and offer online training, online upgrading, online interaction and remote support. This year, we carried out the 'Gold Lecturer' event to promote outstanding service professionals to lecturers, so as to drive the improvement of the overall service quality. This year, every service professional was trained for over 40 hours averagely.

Meanwhile, as guided by the concept of 'RenDanHeYi', we continued to improve the incentive mechanism for service professionals, built the service professional management system of 'self-accessing, self-upgrading, self-optimizing and self-evolving', and continued to upgrade our service capability.

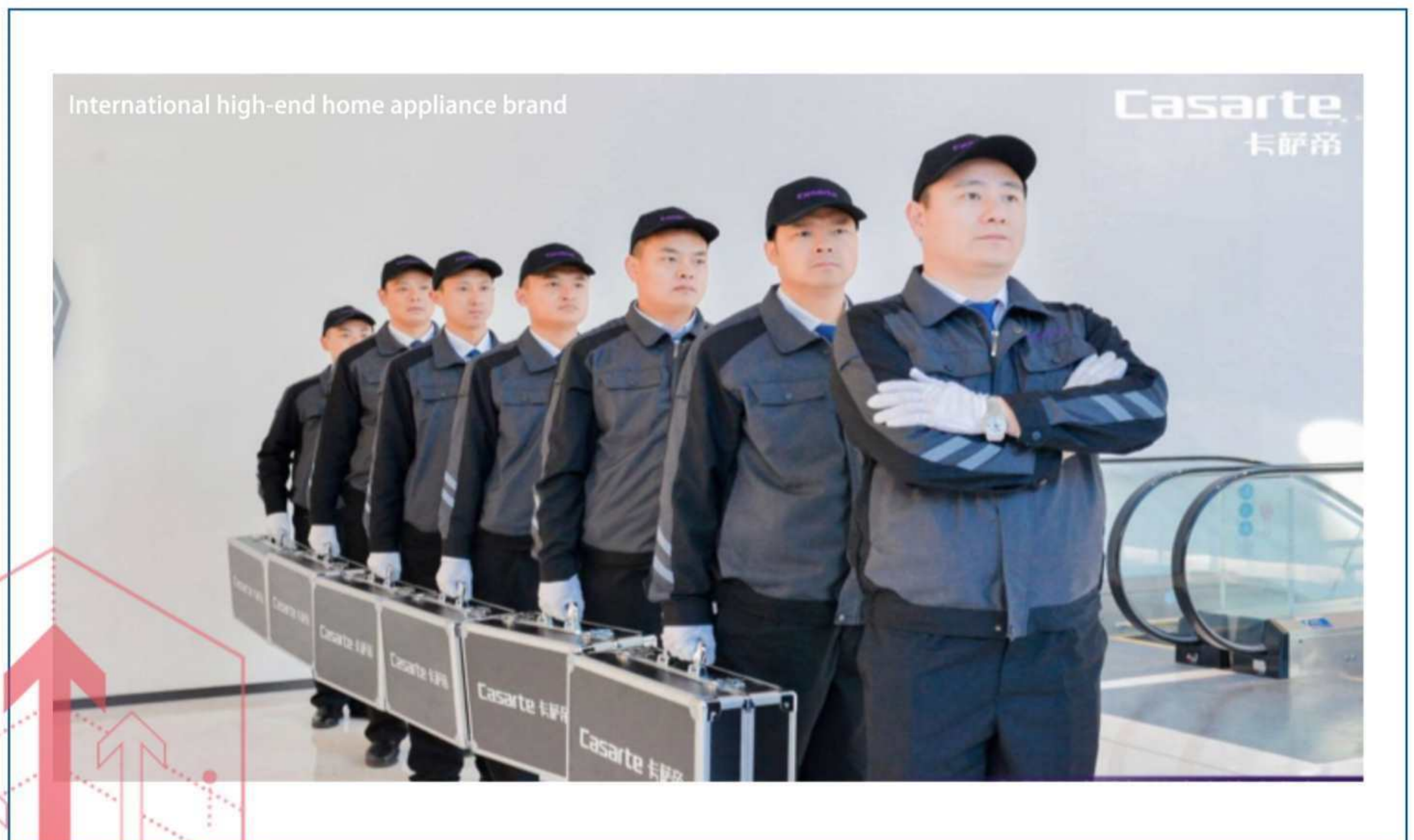


This year, sponsored by the Ministry of Industry and Information Technology and the State-owned Assets Supervision and Administration Commission of the State Council, China Association for Quality held the National Enterprise Employee Overall Quality Management Contest of the year. In the contest, Haier won the 'Outstanding Organizer for 2019 National Enterprise Employee Overall Quality Management Contest'.

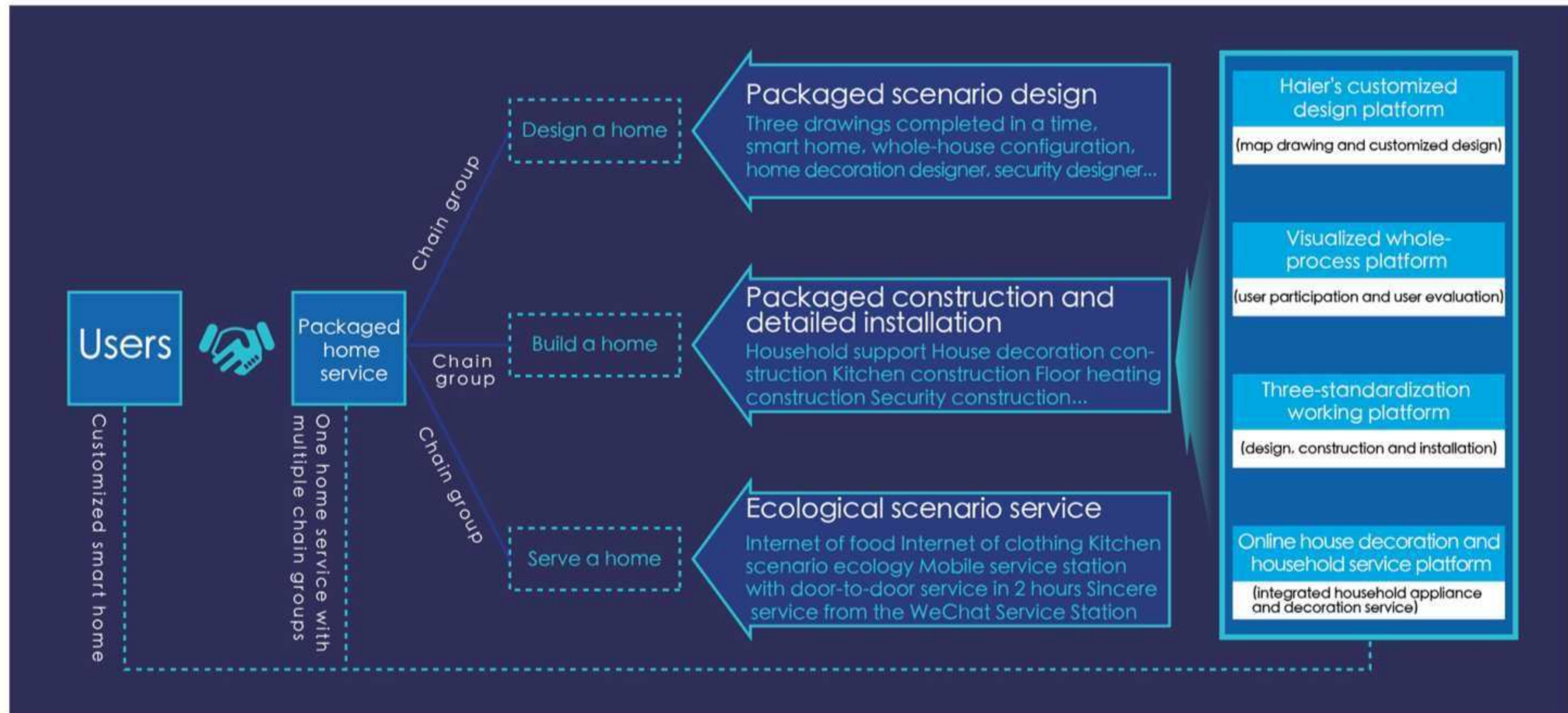
Service quality improvement

This year, the Company further carried out the promotion and application of mobile service stations. Mobile service stations, as the mobile network for service professionals, carry a full set of service system, service equipment and service spare parts. It's a leading model in the industry that shortened the door-to-door response time of service professionals from the industry's long-term practice of '24 hours after the user reports for repair' to '2 hours', and completely solved the 'slow door-to-door' service.

Furthermore, Haier's WeChat service station, as a borderless community platform linking users, realized the real-time interaction between service professionals and users and between users and users. Service professionals are bound to users with the Haier WeChat Service Station composed of Haier's service App and official WeChat account, which turns the one-time service to multiple-time interaction, so that service professionals offer proactive care and services for users, build the ecosphere of being the users' housekeeper, bring users new service experience, and re-upgrade the smart services. Up to now, the WeChat Station has owned 26 million users and provided visualized whole-process services, with which users may acquire information about service resources and service charge directly and conveniently, and are able to gain the true initiative to get served.



On this basis, Haier launched the 'smart packaged service' mode, which led the upgrading and transformation of the industry's traditional service model, offered services before instead of after selling, linked all services in the whole process, and created actively market demands.



User privacy protection

Haier Smart Home deeply understands that the protection of users' privacy is the basic premise for users to enjoy safe and assured service experience. We strictly abide by the *Network Security Law of the People's Republic of China*, *Provisions on the Administration of Mobile Internet Applications Information Services* and other relevant laws and regulations, and constantly establish and improve the user information protection mechanism. Meanwhile, Haier Smart Home also attaches great importance to our partners' performance on privacy information management. With *Confidentiality Agreement and Letter of Commitment on Information Security and Confidentiality*, we strictly require our partners to protect our users' privacy information.

With the smart lifestyle getting more involved in users' life, there are more ways to input and output user information, so, to guarantee users' right to know and right to choose the use of their information has also become the focus of current user privacy protection. All Apps of Haier Smart Home state the policies and measures for the acquisition, management and protection of users' personal information, and seek users' consent in advance for the collection and use of their information.

This year, the measures for user privacy protection of Haier Smart Home are mainly as follows:

1. The front desk system turns off the information output;
2. The Intranet uses strict identity verification system, and monitors and blocks USB interface;
3. The HCC system is not allowed to extract the complete contact information of users;
4. The system records all the remittance of vouchers;
5. Special requirements that need a large amount of user data shall be reviewed by Haier and uniformly transferred;
6. Sign *Confidentiality Agreement* or *Personal Confidentiality Agreement* with external partner companies and individuals, so as to urge them to strictly control the user information they have access to and prevent leakage.

3.The wining of social recognition

The efforts and achievements of Haier Smart Home in quality control have been widely recognized by the consumers, the industry and the society. This year, Haier won a number of significant domestic and international quality awards.

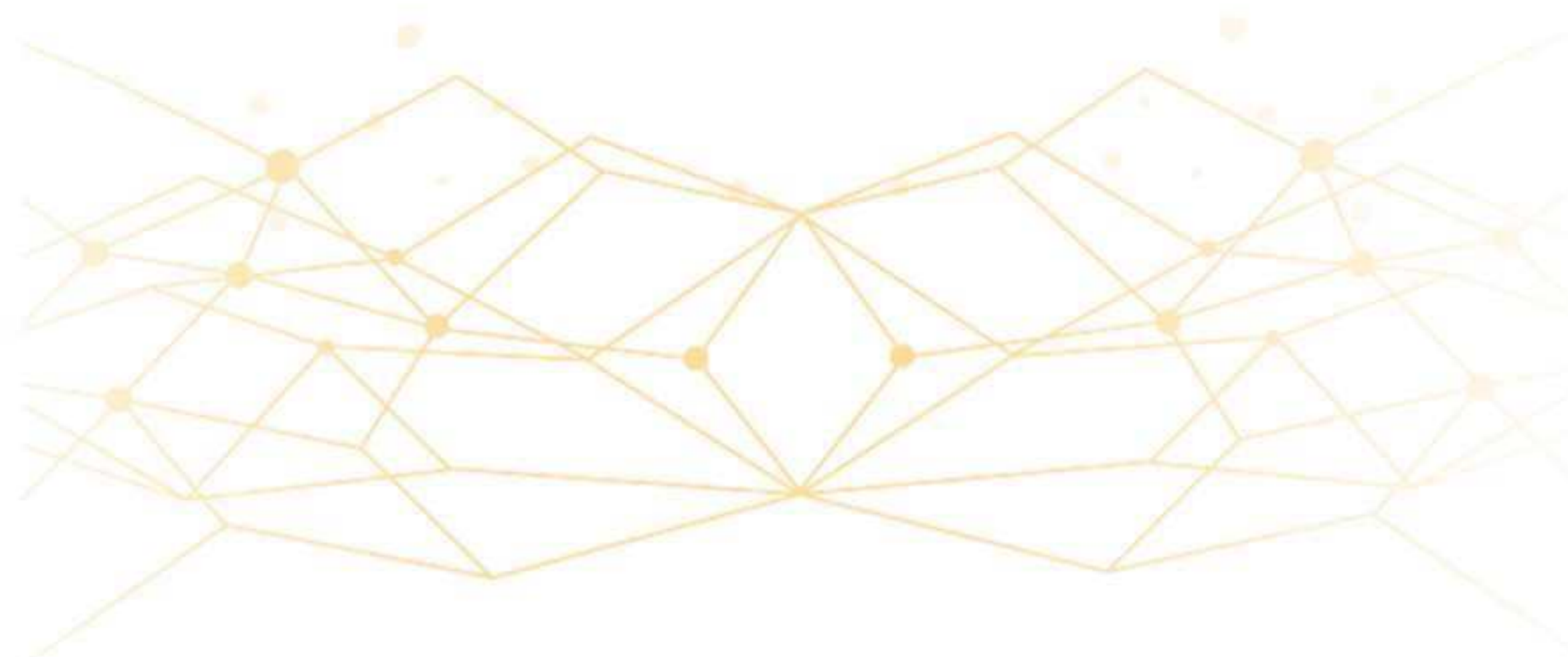
In 2019, on the 40th Anniversary of the Founding of China Quality Association, Mr. Zhang Ruimin, Chairman and CEO of Haier Group, was awarded as the '40th Anniversary of Promoting Total Quality Management: Outstanding Entrepreneur'. Mr. Ren Xianquan, Vice President of Haier Appliances, was awarded as the '40th Anniversary of Promoting Total Quality Management: Outstanding Individual'. Haier won the award of '40th Anniversary of Promoting Total Quality Management: Outstanding Promoting Enterprise'. The project of Haier (Home/Commercial) Products Intelligent Diagnosis, Prediction and Health Management and Practice won the first prize in Quality and Technology. On the Anniversary, Haier was the only enterprise in the industry to win the first prize in Quality and Technology.



This year, the 44th International Convention on Quality Control Circles (ICQCC) was held in Tokyo, Japan. Lowering the Defective Rate of the Outdoor Cover of Air Conditioner by Lijian QC Team of Qingdao Haier Air-conditioner Electronics Co., Ltd. won QC gold award after fierce competition, which was the highest honor for global quality control teams. Meanwhile, Lowering the Defective Rate of Air-cooled Series Refrigerator Davit by the quality assurance QC team of Guizhou Haier Appliances Co., Ltd. won the silver award.

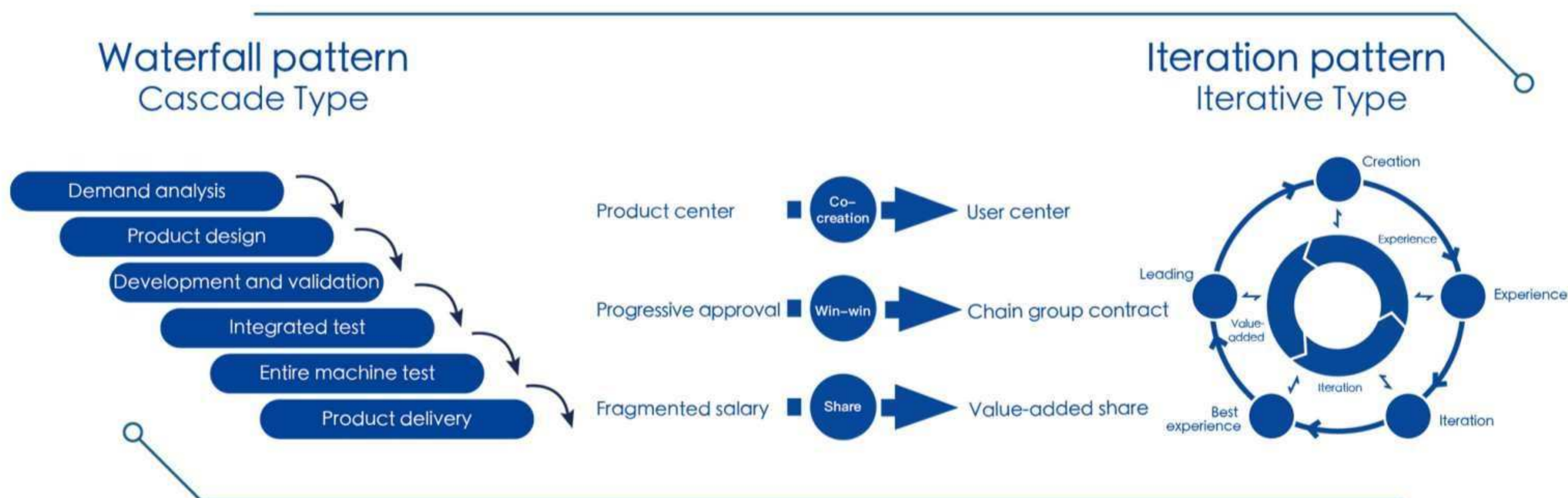
This year, the 4th Asia Quality Function Development Association (AQFDA) was held in Hangzhou. Two Six Sigma projects by Haier won the 'Six Sigma First Prize', and two QC projects by Haier won the 'QC First Prize'.

We firmly believe that there is no end to quality control. Haier will take the recognition as the incentive, continue to improve the quality control performance, adhere to quality innovation, and provide users with constantly optimized products and service.





In order to provide users with better life experience, Haier Smart Home has built a '10 + N' open innovation ecosystem and an open innovation platform. After years of exploration, a R&D concept with Haier characteristics has been formed. Through continuous improvement, the R&D pattern is transformed from traditional waterfall into iteration, and leading technological products are produced continuously, thus achieving win-win evolution in the ecosystem.



We adhere to independent research and development and continuously increased investment, and have built a '10+N' open innovation ecosystem, as well as an open innovation platform for zero distance interaction between users and resources. In '10+N', 10 represents the top 10 R&D centers established in China, Italy, the United States, Japan, South Korea, New Zealand, Mexico, Israel and India. N stands for N innovation centers connected to each other at any time based on the pain points of users and expert communities of more than 10,000 innovation partners.



In order to better connect the world's first-class resources, we set up HOPE, an open innovation platform, an ecological community of innovators, a huge resource network, and an one-stop service platform to support product innovation. Community members receive various innovation topics through HOPE and provide services to product teams with technical innovation needs in many ways. Since its launch, HOPE has invited a large number of experts from various fields. We have worked hard and made suggestions for the product innovation in all walks of life to create a win-win outcome.

Relying on the '10 + N' open innovation ecosystem, Haier Smart Home continuously iterates products and provides smart living solutions. The open mechanism of 'co-creation, win-win outcome and sharing' attracts world-class resources to participate in innovation and lead the development direction of products and technologies in the industry.

Haier Haier global resource network layout



2. Patent layout

Haier Smart Home continuously increases research and development investment, adheres to the patent strategy, establishes the patent management system with high quality patent as the core, and explores the innovative patent management mode with the linkage and effective coordination of 'technology, patent and standard'.

Patent quality guidance

It won 2 Chinese patent awards in 2019 and 9 national patent gold awards in total, among which the gold awards for invention accounted for 60% of the industry, making it an absolute leader in technological innovation.

Haier was the only enterprise in the industry to win awards in all aspects of refrigerator, washing machine, air-conditioner, water heater and kitchen appliances in 2019.

By 2019, Haier had applied for more than 53,000 patents, with invention patents accounting for more than 60% with more than 11,000 overseas patents, making it the China appliance enterprise with the largest number of overseas invention patents.

Standardization

In 2019, Haier led or participated in the revision of 7 international standards and 80 national/industrial standards.

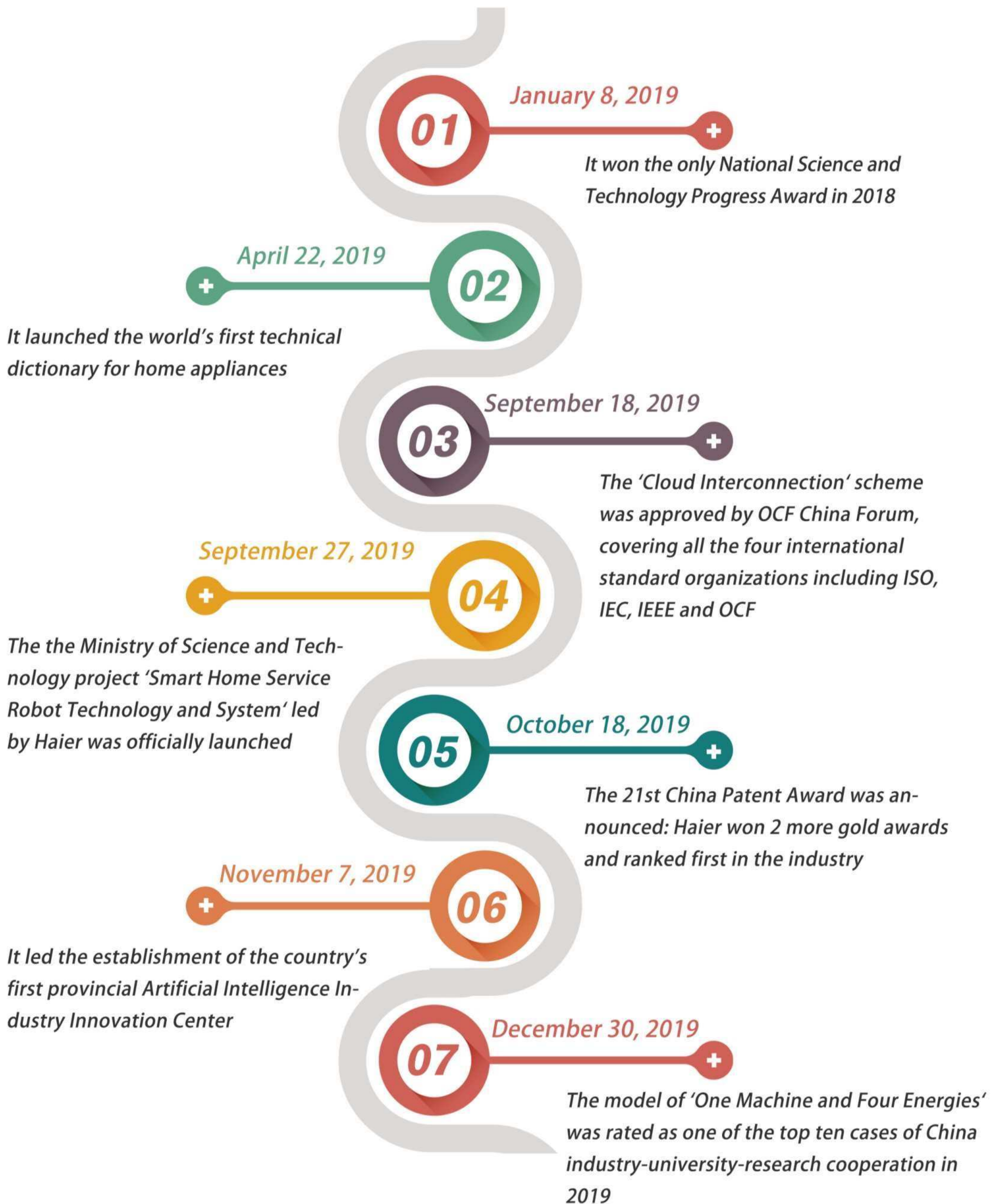
By 2019, Haier had comprehensively led the formulation of a number of international standards for smart home in the four international standard organizations (ISO, IEC, IEEE, OCF), including 5 IEEE standards, 2 IEC standards, 1 ISO standard, and 1 OCF standard, making it a global leader in the formulation of standards for smart home cloud ecosystem.

Haier has led or participated in the revision of 67 international standards and 550 national/industrial standards in total, ranking the first in participants in the industry. The scope of participation covers seven major areas, including smart home, mass customization, smart manufacturing, smart factory, smart production, industrial big data and industrial Internet.

National recognition

In January 2019, Haier's 'Key Technology and Industrialization of Washing and Care of Drum Washing Machine Division' project won the National Science and Technology Progress Award, which was also the only winning project in this year's appliance industry.

By the end of 2019, Haier had won 15 National Science and Technology Progress Awards, making it the appliance enterprise winning the awards.



3. Innovative products

Haier Smart Home focuses on user experience, continuously iterates the smart scenes through product innovation, and customizes the ideal life for the user. This year, we fully considered users' all level demands of the products, and committed to bring users healthier, safe and intimate product experience.



Eat healthily -- Haier Refrigerator with upgraded fresh storage experience

With the diversification of family diet structure, the types of fruits and vegetables needed to be stored in refrigerators are increasingly rich, and traditional refrigerators have been unable to meet the demand for fresh storage of various and refined food materials.

At the China Home Appliances and Consumer Electronics Expo, Haier Refrigerator exhibited its innovative high technology of blocking oxygen and dry wet storage. Upgraded on basis of the original dry wet storage, this technology improves the fresh-keeping effect of fruits and vegetables with oxygen inhibition and moisture regulation. With this technology, the weight loss rate of fruits and vegetables can be reduced by half, and the fresh-keeping effect can be doubled, effectively improving fresh-keeping experience of users.



Wear comfortably -- Clean Care Washing Machine that protects family health

Haier Clean Care Washing Machine applies the basic principle of filter, disinfection and sterilization, and implants the clean water module into the washing machine, so that it can constantly purify laundry water and remove all kinds of germs while washing. The sterilization rate is 99%, thus ensuring the fresh and healthy laundry water and protecting family members from secondary pollution caused by cross washing.



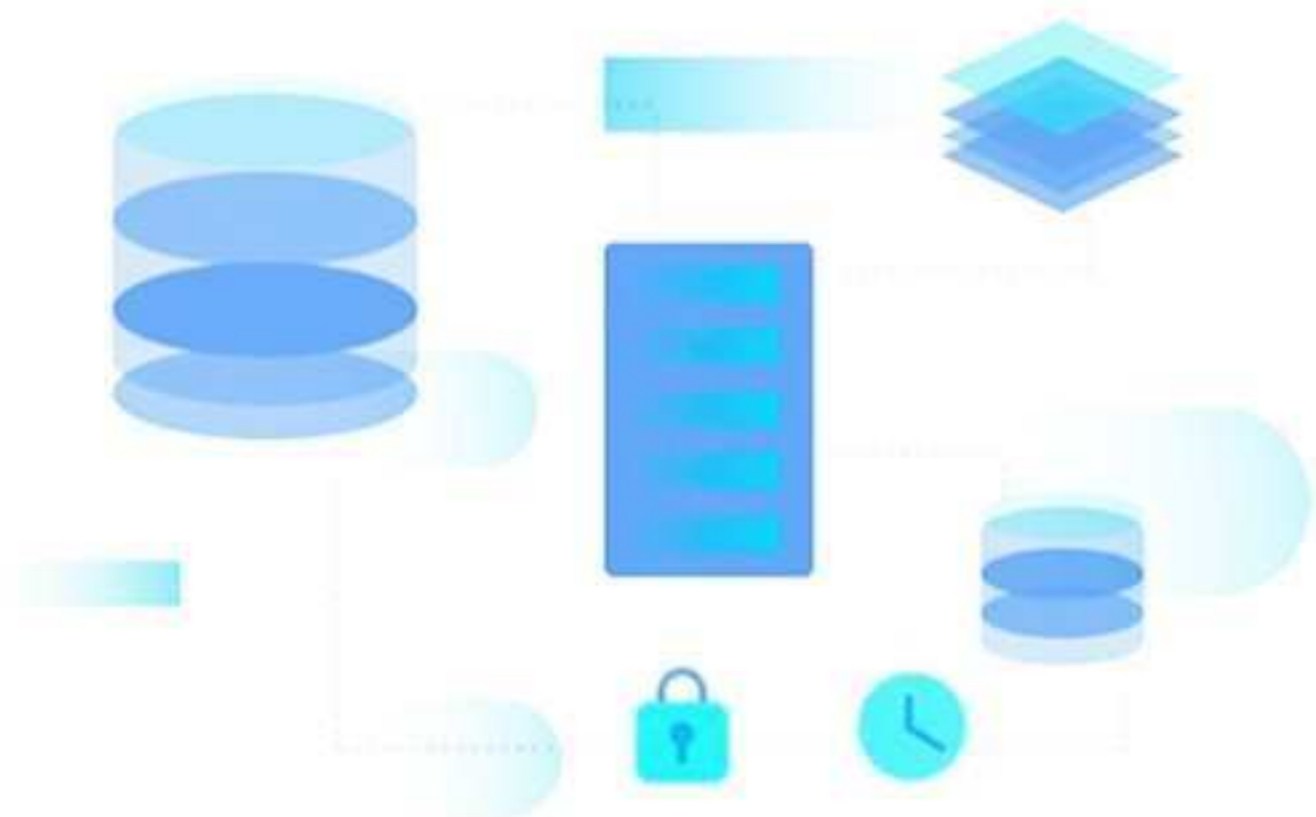
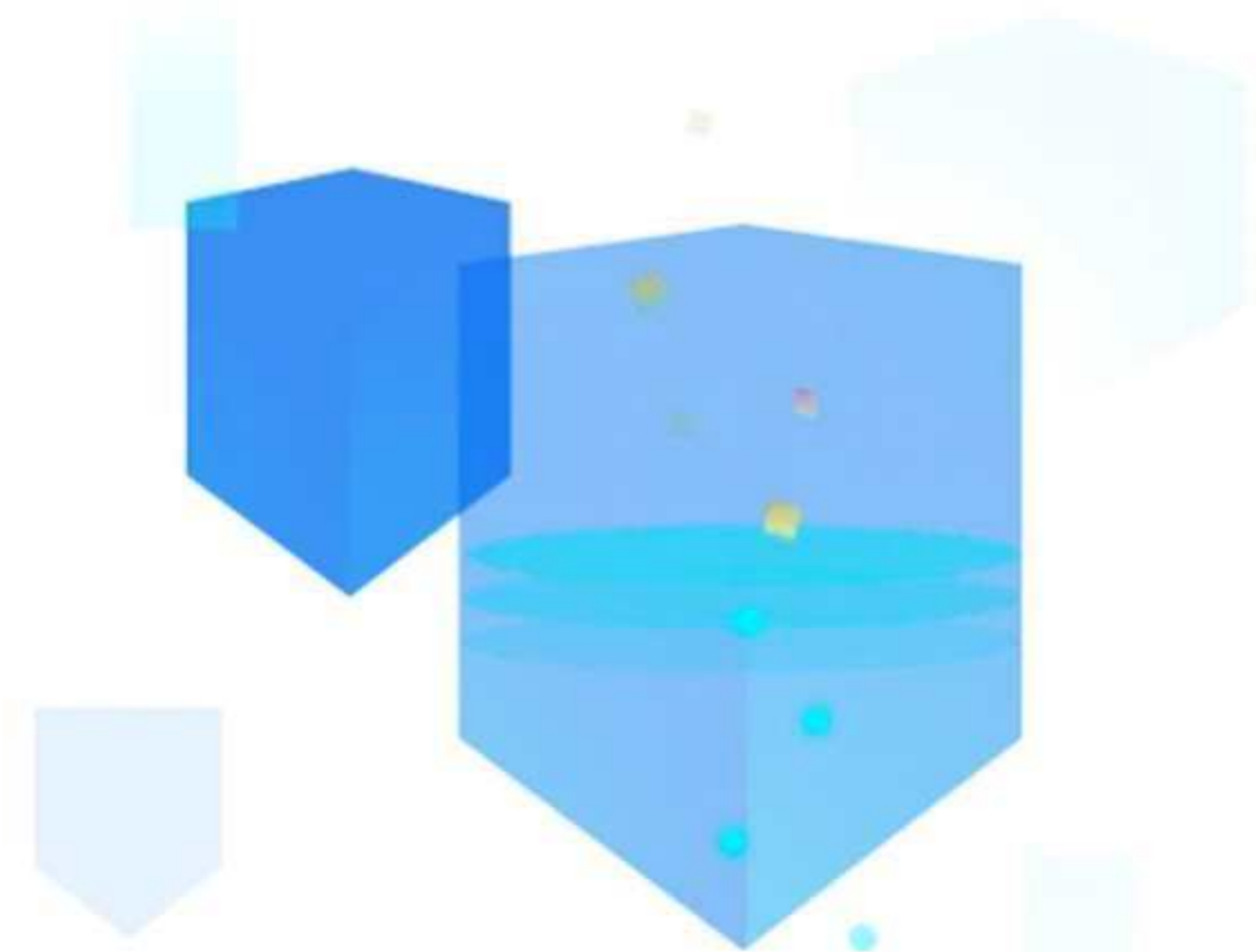
Breathe freely -- Casarte Tianjing Air Conditioner that smoothes the breath

With the UVC deep ultraviolet sterilization technology, Casarte Tianjing Air Conditioner can effectively eliminate all kinds of viruses and bacteria including H3N2 influenza virus, Staphylococcus albicans and Staphylococcus aureus, with sterilization rate of over 93%. It is non-toxic, tasteless, efficient and convenient, allowing users to enjoy healthy air.

4. Protection of intellectual property rights

As one of the earliest enterprises to set up a professional intellectual property management department in China, Haier Smart Home always adheres to the intellectual property strategy of high-quality development, and accumulates high-value intellectual property assets through the linkage mode of 'technology, patent and standard', to guarantee the freedom of the global market. Meanwhile, we respect the intellectual property of all parties and are actively committed to protecting our own and other parties' intellectual property rights.

The company strictly abides by the relative *Copyright Law of the People's Republic of China, Trademark Law of the People's Republic of China, Patent Law of the People's Republic of China, and China Internet Domain Name Regulations*. Meanwhile, it actively identifies and follows the intellectual property regulations related to the oversea business, resolutely upholds its own legal rights, and at the same time avoids infringing the intellectual property rights of others.



We have established patent management systems with high quality patent as their core, including patent access control system, patent quality control system, internal patent infringement risk control system, external patent risk control system, and overseas intellectual property risk firewall, which can be adjusted and optimized according to the change of internal and external environment. At the same time, we have embedded the overall patent control into the research and development process, implemented the patent risk management of the whole process, and ensured the safety and compliance in every step.

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

PART 4

The 'Intelligent networking' that empowers ecology



The 'Intelligent networking' that empowers ecology

Entering the era of Internet of Things, Haier insists on the strategic direction led by smart home, transforms from a traditional manufacturing enterprise to a co-created and win-win IoT community ecology, builds the first global IoT ecological brand, creates a co-created and win-win chain ecology while providing users with the best experience and interacting and iterating with users, and realizes constant value-added and win-win outcome of the stakeholders in the ecological group.

Interconnection platform Industry topped with experience

By building three platforms, including U+ smart life platform, Haier Smart Home APP value interaction platform and COSMOPlat, we integrate global open ecological resources and first-class technical resources to support the comprehensive implementation of Smart Home scenes.

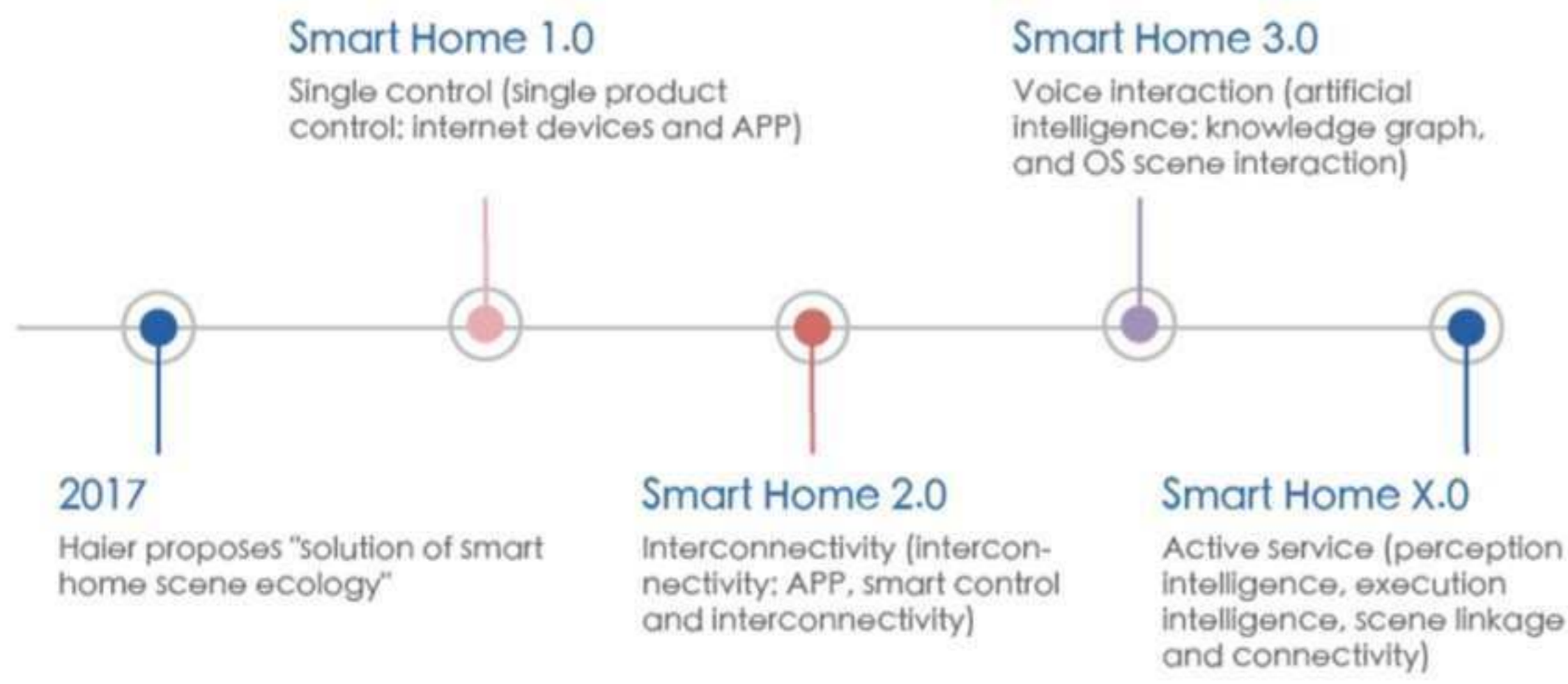
1.U+ Smart Life Platform

U+ Smart Life Platform (U+ platform for short) is a smart life platform that is fully open, fully compatible and fully interactive in Haier's Smart Home field. U+ platform is based on U+IoT platform, U+ big data platform, U+ interactive platform and U+ ecological platform. It aims to lead Smart Home in the Internet of Things era with user community as the center U+ platform builds the Internet of Things cloud and cloud brain through natural human-computer interaction and distributed scenarios network device, provides the industry with the Smart Home full scenes ecological solution in the Internet of Things era, achieves smart full scenes and win-win new ecology, and provides users with family ecological experience such as food, bathroom care, living, security and entertainment.

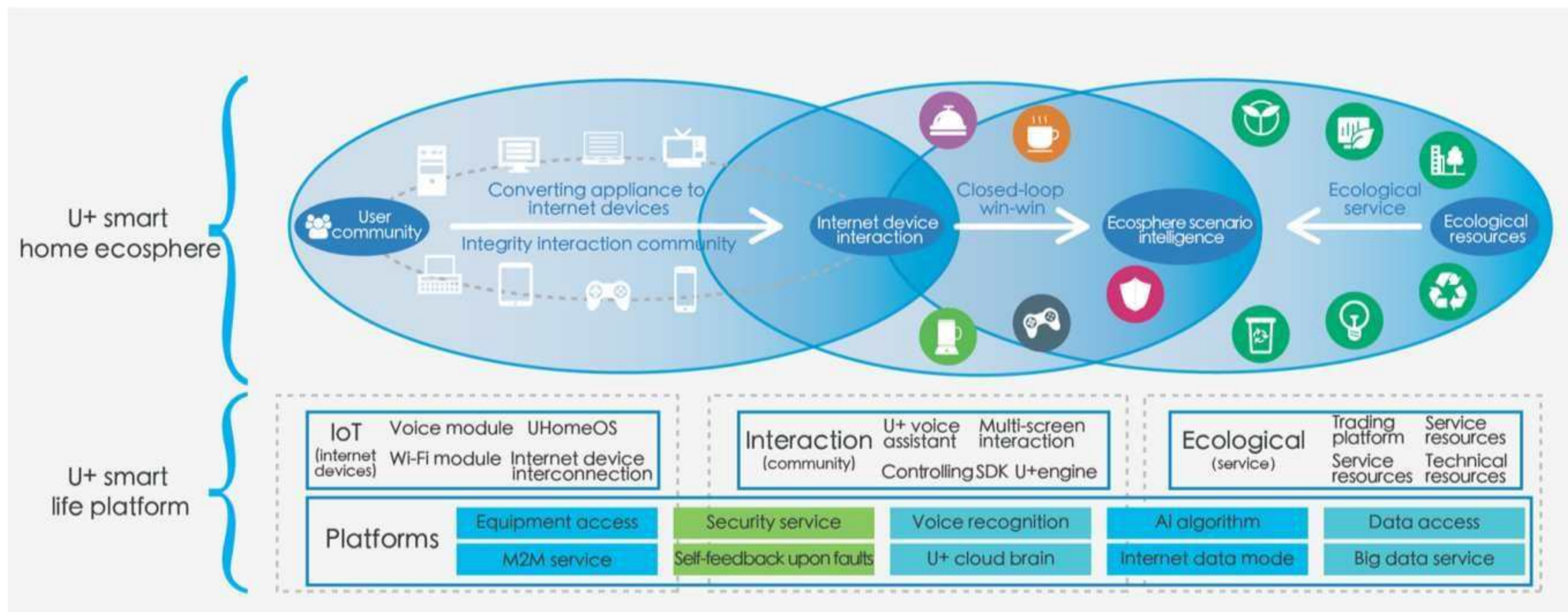
U+ Smart Life X.0 Platform

Smart Home customization
platform in Internet of Things era



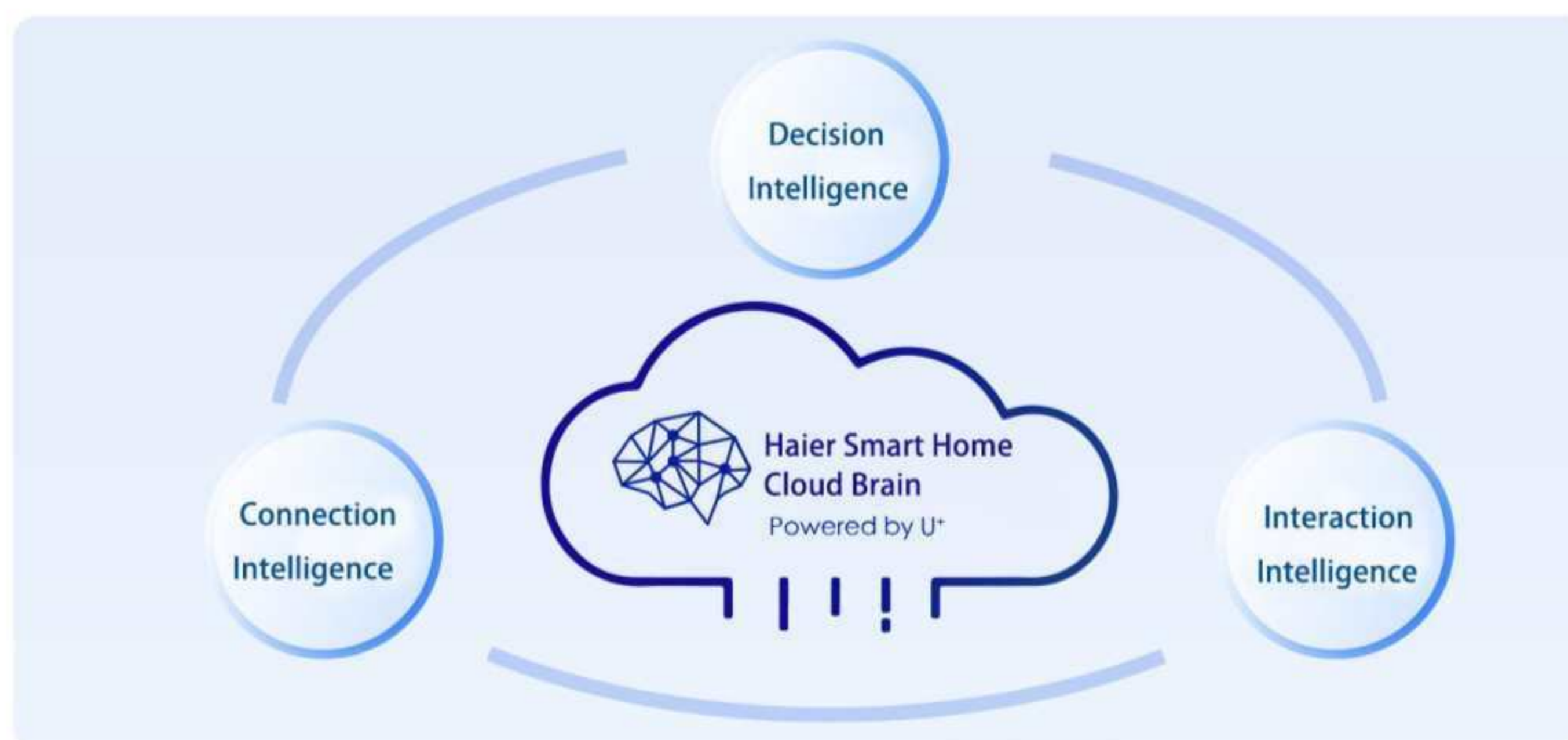


In the continuous iteration of Smart Home, Haier U+ Smart Life X.0 is now leading Smart Home into the whole house smart era driven by the dual engines of 'IoT + AI', Haier U+ smart life platform is based on UHomeOS to realize customized interaction, customized scenes and customized services, and to offer solutions for users in different 'N' scenarios.



From electrical appliances, netter and community scenes to the closed-loop ecosystem ecology the development strategy of 'opening up, cooperation and win-win', we build U+ smart life platform based on the closed-loop ecosystem. We constantly improve the platform's opening ability, service ability and aggregation ability, promote the development of the industry and improve the user experience.

Haier Smart Home Cloud Brain is divided into three intelligent engine capacities: connection intelligence, interaction intelligence and decision intelligence. It has achieved diversified active service capacities such as interactive reminders, intelligent recommendations, device health management, and intelligent hands-free operation, providing users with a more convenient and comfortable smart life experience.

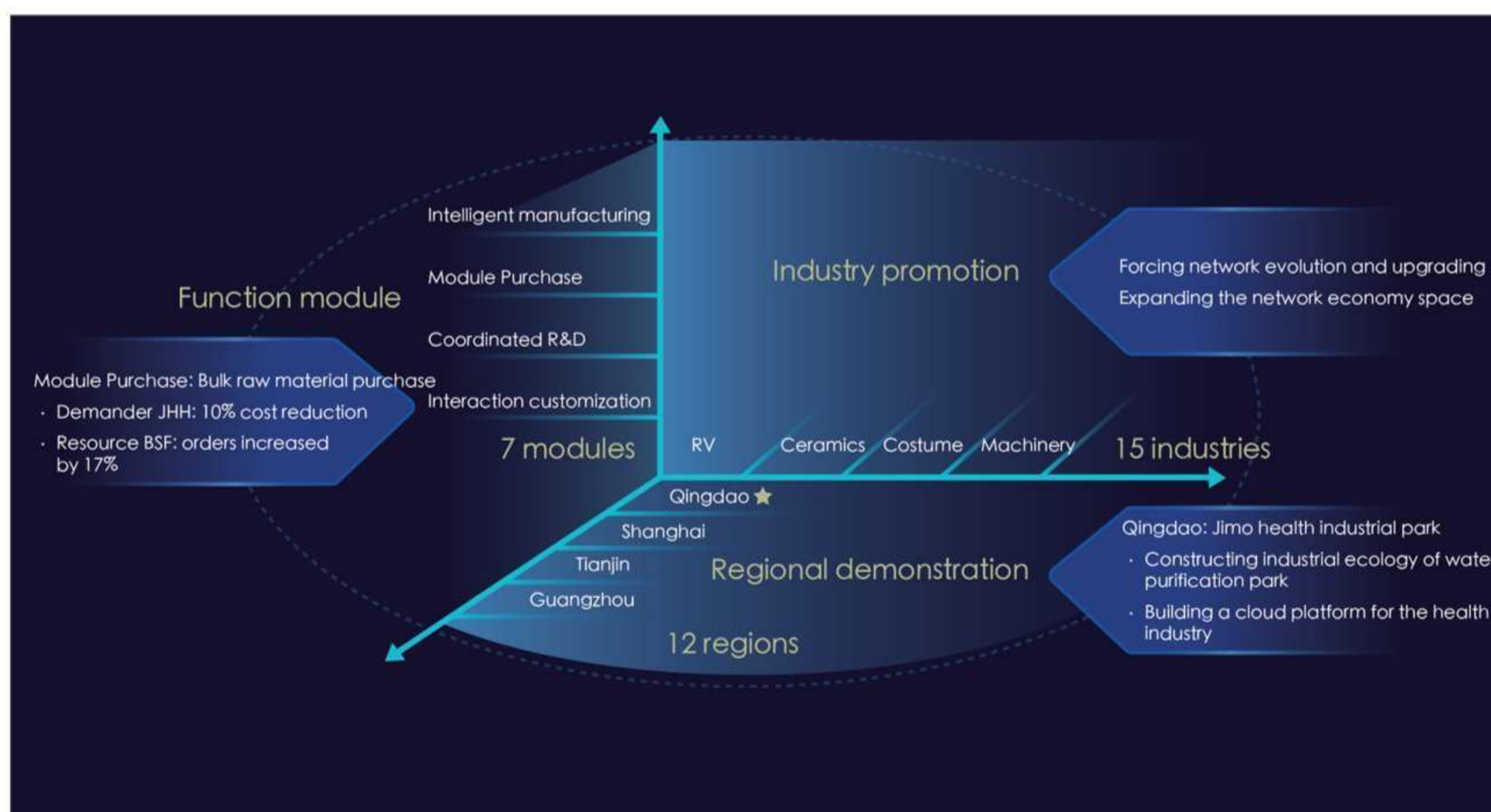


2. COSMOPlat industrial internet platform

Independently developed by Haier, COSMOPlat owns China proprietary intellectual property right and the world's first industrial Internet platform to introduce users' full-process participation experience. At present, COSMOPlat has become the world's largest mass customization solutions platform, serving **330 million** users and **43,000** enterprises. As a win-win value-added platform, COSMOPlat helps small and medium-sized enterprises and ecological parties to jointly create and share value for users.



Through platform innovation, technology innovation and ecological innovation, COSMOPlat builds the '1 + 7 + N' platform architecture system to realize cross-industry and cross-field application. Haier COSMOPlat has developed **15** ecological sub-platforms such as ceramics, agriculture, RV, covering **60** sub-sectors. It has set up **7** centers in China and promoted them in **12** regions of China and more than **20** countries.



2 COSMOPlat Industrial Internet Platform implements the '1 + 7 + N' strategy, that is, 1(platform) + 7(modules) + N(industries) structure. It can achieve flexible deployment of COSMOPlat, rapid cross-industry replication, enabling transformation and upgrading of SMEs, leveraging on its five capacities including 'pan-IoT', 'knowledge accumulation', 'big data analysis', 'ecological aggregation' and 'security assurance'.

The open, cooperative, innovative, sharing platform of COSMOPlat satisfies the needs of enterprises during transformation such as efficient resources and precise matching, helps enterprise with ability transformation in interaction, module design, quality assurance, delivery, and cost, and provides enterprises with 8 ecological services such as interconnection factory construction, mass customization, big data value-adding, supply chain finance, collaborative manufacture, to achieve the open innovation of enterprises. At present, the platform has more than 410,000 registered resources, over 3 million contact resources, over 3,800 interface teams, and over 220 incubation projects per year.



The standard system led and set by COSMOPlat covers 6 areas such as mass customization and intelligent manufacturing, and have led and participated 5 international standards and 29 national standards, covering three major international standardized organizations including the IEEE (Institute of Electrical and Electronics Engineers), ISO (International Standardization Organization) and IEC (International Electrotechnical Commission), and becoming the world's recognized setter and dominant of mass customization standards.

COSMOPlat has gained widespread recognition from the society and industry:

- It was selected as the key project of 'Network Collaborative Manufacturing and Intelligent Factory' of the national key research and development plan of the Ministry of Science and Technology in 2018.
- It ranked first in the 'Top Ten List of Cross-industry and Cross-sector Industrial Internet Platforms in 2019' of the Ministry of Industry and Information Technology.
- It was re-listed in the 'Top Ten Technological Advances of World Intelligent Manufacturing.'
- It joined the 5G industrial application alliance led by China Academy of Information and Communication Technology as the Vice Chairman.
- It ranked first in Forrester's Industrial Internet Leader.

Case: Lighthouse Factories

In 2019, Haier, China Mobile, and Huawei jointly launched the world's first AI+5G interconnection factory -- Haier refrigerator interconnection factory in Zhongde Industrial Park in Huangdao District, Qingdao, seizing the leading opportunity of science and innovation for creating a world-class industrial Internet ecological brand. So far, Haier has built 15 interconnection factories.

In January 2020, the World Economic Forum announced that Haier Shenyang refrigerator super interconnection factory was elected as the 'lighthouse factory' for the fourth industrial revolution, and we became the only enterprise in the world to own two 'lighthouse factories' in the same country.



The world's first AI+5G interconnection
factory launch ceremony



3. Haier Smart Home APP value interaction platform

As a smart life platform for millions of families, Haier Smart Home APP is not a traditional e-commerce trading platform, but a value interaction platform covering scene experience, interaction and iteration. Users can see and experience the scene, and make free reservation for designing and customizing ecological service. From the designing, building to the serving of a smart home, users' smart life demand can be 'packaged' and satisfied.



• • • Three core advantages of Haier Smart Home APP • • •

The creation of an APP with full functions and strong service requires enterprises to equip strong technology and service capabilities in the smart home layout. Haier, which has been in the industry for 35 years, has a deep accumulation of scene planning, research and development, design and after-sales service. It brings users, employees, customers, designers, service providers and service professionals all into this platform to serve users, forming the three major competitive advantages of Haier Smart Home APP.

01

First, 'whole scene substitutes products', meaning smart home appliances must firstly be 'easy to use'. Haier Smart Home has upgraded the sales mode of single product in the industry. With the '5 + 7 + N' whole scene smart package, users tend to buy a whole set of scenes, covering living room, bedroom, kitchen, bathroom and balcony. For example, the combination of the air conditioner, ventilation system and dehumidifier controls the home temperature and humidity, and the washing machine automatically sets the dryer program after washing the clothes. The active service scene is everywhere in the house.

Second, the whole process service experience, which is not intermittent, but whole-process and whole-life. Haier Smart Home APP supports VR experience, video preview and real case introduction. In addition, Haier Smart Home APP also supports users making appointments with designers for one-to-one customization of designers for undecorated houses. After placing an order in the mall, Haier after-sales system including Goodaymark Logistics can guarantee half-day delivery. If you encounter problems in the later use, you can report for repair in the 'Haier services' section. From receiving your message to the maintenance, everything will be recorded, as well as the charge details.

02

03

Third, the unprecedented ecological support, which is not only home appliances customized service, but also ecological customized service. In the Smart Home APP, in addition to the customization, control and other sectors, there are also Haier's unique ecosystem system. With the cooperation with more than 1200 resource providers such as apparel, home textile, washing and dyeing and food, and the active promotion of the construction of the Internet of Clothing, the Internet of Food and the Internet of Air ecosystem construction, the refrigerator is able to recommend recipes according to your body information, and the washing machine is able to identify clothing brand and fabrics and perform automatic washing, so that users can enjoy the escalating ecosystem services of Haier unique smart home appliance.

Data shows that in the 12 hours of live broadcasting on the first day of launching, the total transaction amount of scene sales was as high as RMB 116 million, and the total transaction volume reached more than 30,000 sets.

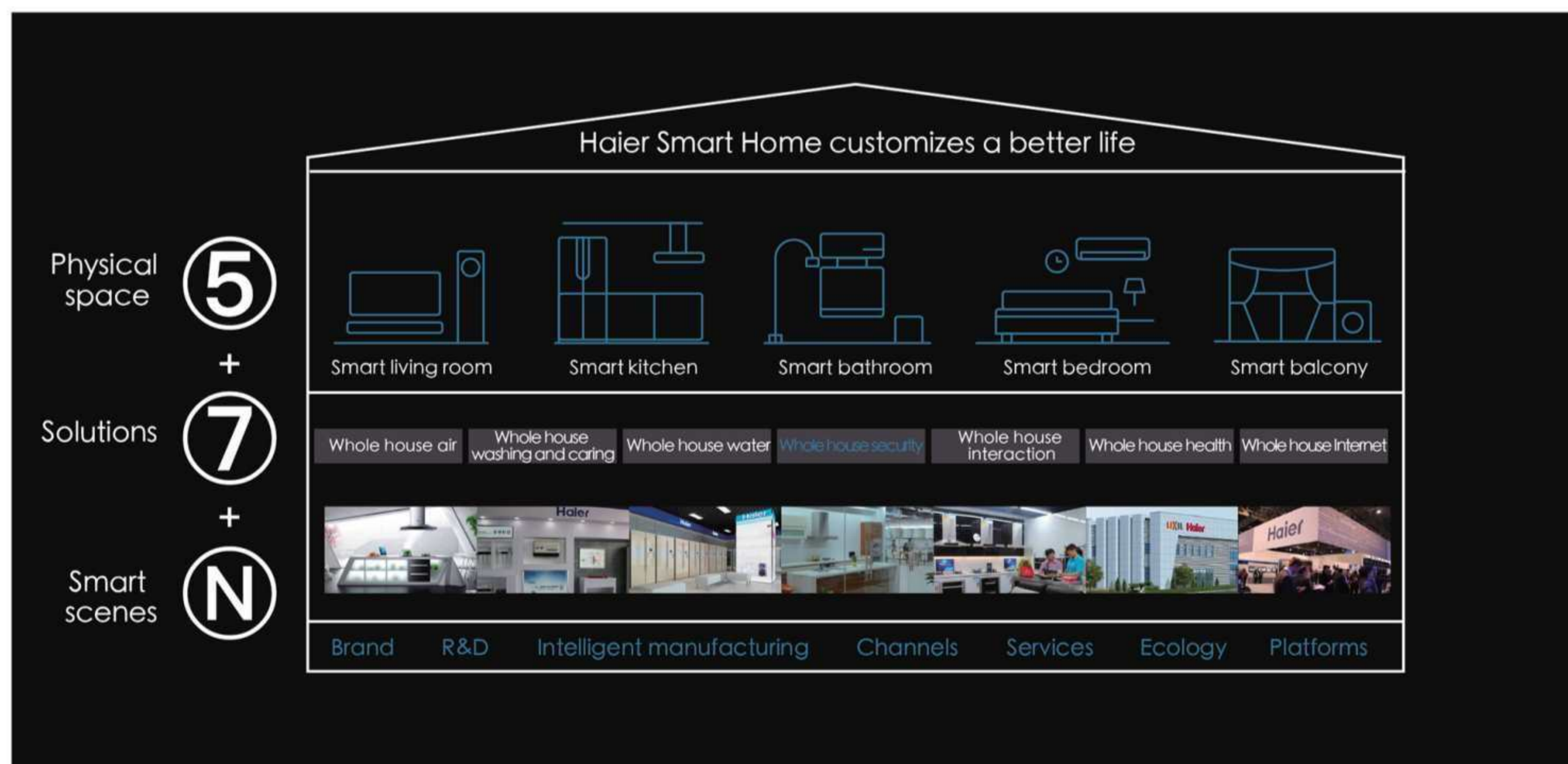


1. Smart life

Haier Smart Home strategy system relies on three platforms including U+ smart life platform, Shunguang and Haier Smart Home APP value interaction platform, uses the complete product, complete package, complete sets of display, complete service personnel and complete service to achieve the extreme experience value, smart interconnected value, scene comprehensive experience value of the product, unceasingly iterates and evolves with NO. 1 Smart Home ecological brand, and strives to create 'knowing one more than one-self' brand value and customize for global family a better life.

'5+7+N' full scenes smart life

Using the Internet of Things, artificial intelligence, big data and cloud computing, and with U+ open IoT platform as the carrier, we transform traditional appliances such as refrigerators and washing machines into smart network devices (smart appliances with IoT capability), and provide users with the best smart life experience by combining business scenarios with ecological services. In 2019, based on the '4 + 7 + N' business model, Haier Smart Home was upgraded to '5 + 7 + N'³ full scenes smart solutions. Based on user demand, with three major advantages of package, customization and iterative distinct in the industry, it achieved one-stop, full scenes and customized Smart Home solutions for users, covering 5 living areas including living room, bedroom, kitchen, bathroom and balcony, providing 7 smart solutions including whole house air, water, washing and caring, security, entertainment, visual and audio devices and family food, and N customized life scenes, achieving Smart Home X.0.⁴



3 Haier '5 + 7 + N' business mode makes it possible for users to enjoy 7 whole-house solutions such as air, security, water and washing in 5 physical spaces including kitchen, bedroom, living room, bathroom and balcony, as well as Nnumber of customized life scenarios..

4 Based on Haier UhomeOS, the IoT security operating system, Haier Smart Home X.0 empowers smart home through the "IoT + AI" dual engine to create customized interaction, customized scenarios and customized services for users.

Smart lounge enjoy an entertainment life

Smart lounge, based on entertainment, integrates image, music and other relevant facilities through U+ Smart Platform, provides users with one-stop home entertainment solutions including remote video calls, TV voice, one-touch film and home private cloud, so that users can enjoy their entertainment life.

Smart bedroom enjoy a comfortable life

Smart bedroom fully considers the humanized using scene. Through temperature adjustment, air quality, family experience, lighting curtains and other hardware and software and service solutions, users can enjoy one key sleeping, one key waking up, air conditioner self-adjustment and so on.

Smart kitchen enjoy a cooking life

Smart kitchen, centering food, realizes the exhaust hood-stove linkage, dry burning-resistance, one key baking, reassuring ingredients, personalized dietary plan, and many other user-friendly functions, by connecting the kitchen refrigerator, oven, exhaust hood, cooker, disinfection cabinet and dishwashers, provides users with customized smart food solutions, and further improves the user experience based on the U + ecological platform.

Smart bathroom enjoy a healthy life

Smart bathroom provides smart solutions such as bathroom, water and washing and care, connects the lighting, wind heating, exhaust, water heater, toilet seat, body fat scale and other intelligent equipment of the entire bathroom, and provides users with a variety of functions such as warm room before bath, clean and soft water bath, full space dehumidification and health dynamic record, so as to customize smart bath life.

Smart balcony enjoy a convenient life

Smart balcony achieves the full process of washing, drying and folding with smart washing machine, dryer and folding machine, which solves the pain point of manual set of washing and caring. It connects with a variety of ecological products of the Internet of Clothing, realizes the intelligent linkage across the scene, and meets the demand of whole cycle smart washing and caring process, including washing, caring, storing, matching and buying.

Smart lounge
enjoy an entertainment life



Smart kitchen
enjoy a cooking life



Smart bedroom
enjoy a comfortable life



Smart bathroom
enjoy a healthy life



Smart balcony
enjoy a convenient life

In order to improve users' intelligent experience on the convenient life brought by Smart Home, Haier has established more than 3,500 Smart Home experience stores in China. Meanwhile, Smart Home experience stores in India, Pakistan, the United Kingdom and other countries have also been established successively. On September 6, 2019, Haier Smart Home 001 experience center was opened in Shanghai, which was the most comprehensive demonstration of Haier Smart Home '5 + 7 + N' and an important milestone of Smart Home ecological brand. In the mode of 'RenDanHeYi', Haier Smart Home continuously optimizes the scenes and iterates products for the best user experience, bringing a better life to users all over the world.

2. Ecological construction

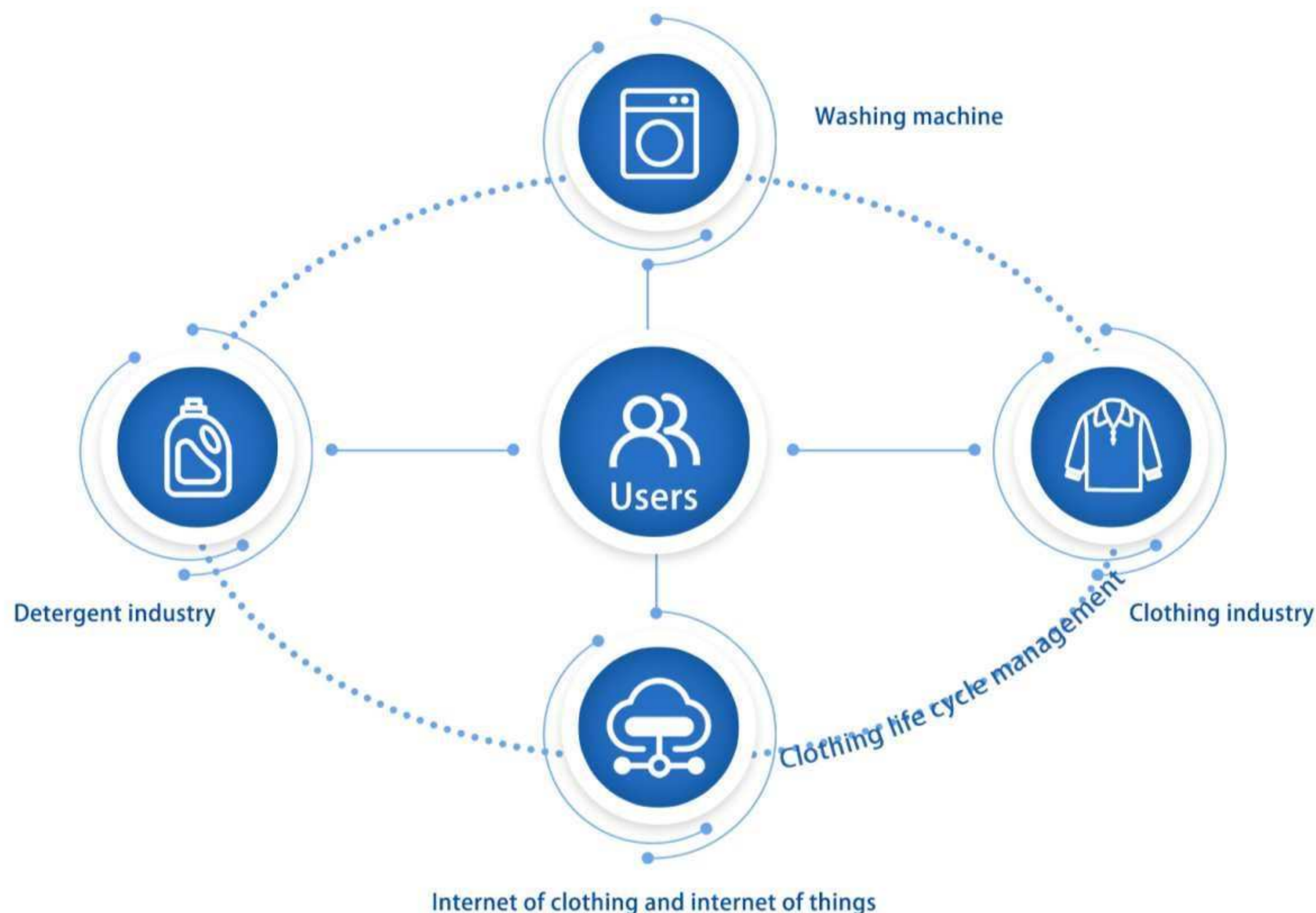
With the rapid development of Internet of Things, the integration of different industries has become the norm. As a global eco-brand leader, Haier has been deeply cultivating chain group ecology, breaking industry boundaries, reconstructing a new business model for Smart Home, building industry-leading Internet of clothing and food, and realizing the continuous value-adding of stakeholders in the eco-system.

Internet of clothing

Centering on creating and iterating user experience, and based on the Internet of things, block chain and other modern technologies, Haier Internet of Clothing ecological platform organically links products such as washing machine, smart wardrobe and 3D fitting mirror into a system, providing users with a full life cycle clothing solution throughout the wash, care, storage, collocation and purchase. As a typical cases in the field of apparel mass customization, the Internet of Clothing realizes the digital management of intelligent clothing based on its appliances and the Internet of Things, applies the RFID (radio frequency identification) IoT solutions in factories, stores and home, jointly sets up Internet of Clothing ecological alliance with other industries such as apparel, home textile, washing and dyeing, and IoT, improves and empowers ecological resources, and continues to meet the personalized consumer demand.

As the first Internet of things ecological platform in the clothing industry, Internet of Clothing of Haier has realized the internationalization of its standards. Its world's first standard of Internet of Clothing has been approved by IEEE, and led the standardization -- 'Code of Clothing and Radio Frequency Identification (RFID) Tag Specification' as a national standard was officially released.

The Internet of Clothing continues to promote the global layout of the brand, and accelerate the implementation in the global scope. At present, Haier Internet of Clothing platform has attracted more than 5,000 ecological resources from 13 industries, and realized the replication and promotion from China to Japan, Thailand, India and other Southeast Asian countries and regions.



Cloud platform of internet of clothing

Internet of Food

Haier internet of food ecology, as a crucial part of Haier smart home, connects the splits among smart products and achieves interconnectivity. Internet of things realizes the interconnectivity among devices such as refrigerators, range hoods and gas stoves. Through accurate service, Haier internet of food ecology provides customers with smart and convenient user experience, transforming itself from passive thinking to actively considering customers' demands.

Since Haier put forward brand strategies of smart home customization and internet of food in 2018, the internet of food ecology has been growing and at present gathered over 200 resource owners and 8 categories such as delicacy resource platform, entertainment video resource, nutritionists, farms and cold chain. Internet of food ecology has been committed to offering users 'customized health' and 'customized plans' for the whole process of food, which starts two revolutions of demand side and supply side of food. While purchasing food ingredients, users can trace the whole-process information about ingredient origin, type and inspection uploaded by resource owners such as eco-farms and cold chains so as to make sure the ingredients are pollution-free and additive-free. To guarantee nutrient maintenance, internet of food ecology provides users with all-round cold-chain storage during transportation as a way to carry out reassuring home delivery from farms to households; During the cooking session users obtain customized diet suggestions from internet of food, Haier Smart kitchen automatically sets cooking requirements of oven.

In the 2020 Chinese Industrial Blockchain Summit, Haier's Internet of Food was awarded the title of honor 'Industrial Blockchain Application Example'.



Multiple Industries

Based on implementing our 5 core capacities including product set, solution set, exhibition set, personnel set, and service set, Haier Smart Home has provided 20 industries and government agencies, including real estate, hotel and education with customized smart scenario solutions, to achieve the comprehensive cross-industry landing and the win-win value adding for stakeholders in the ecosphere.

Real estate industry

Haier has project cooperation with 86 companies and strategic cooperation with nearly 60 companies listed in the top 100 real estate nationwide. Since 2018, Haier home appliances have been utilised in some well-known communities such as Shanghai Daning Jinmao Palace and Chengdu International Finance Square.



Long-Rental Apartment Industry

Currently Haier has served 655 brand apartment enterprises, including cooperation with Vanke Port, Goyoo, and CIFI Link.



Hotel Industry

In 2018, Haier entered into cooperation with multiple TOP hotel groups including GreenTree Inn, Vienna, Louvre Hotels, Accor, InterContinental, and Wyndham.



Education Industry

Haier has entered into cooperation agreements with 1511 out of 3000 universities in China, to provide them with campus projects including smart water heaters, smart water purification, smart laundry room, and smart desk and chair.



Health and Wellness Industry

In apartments for the elderly, Haier Smart Community built life scene plans including personnel going out, living room, bathroom, balcony and bedroom to ensure the safety of the elderly. In the ecological scene plan of the smart health care community, Haier Smart Community has built a series of IoT scenarios with the support of the smart life platform.



Public Infrastructure Industry

With experiences and advantages in terms of IoT, smart home and engineering market, Haier created a smart and intelligent urban living environment together with the State Grid, and jointly built 11 urban smart exhibition halls in 11 districts in Shanghai.



Chain group contract and win-win evolution

Mass customization requires many outstanding suppliers to invest resources in the interaction with users. The raw material procurement of Haier has changed from the conventional 'location, pricing and order' model which focused on the purchase and sale of parts, to a resource management model aiming at openness, zero distance, transparency, and user evaluation. Adhering to the idea of honest ecology and win-win evolution, around demands of users, we integrate first-rate supply chain resources around the world, to construct an inclusive and synchronized ecological chain group.

Haier's supplier resource platform Haidayuan is the first open platform that realizes the zero-distance parallel interaction between supplier resources and users in the global household appliance industry. Haidayuan not only provides convenient online interaction and trading, but also vertically integrates the tier-1, tier-2 and tier-3 supply chain coordination, supplier resource supermarket, financial service, logistics and warehousing, and other service fields of the household appliance industry. With the '6 autonomous model' including 'autonomous registration, autonomous tasking, autonomous interaction, autonomous trading, and autonomous delivery', it constructs a web-like ecosphere where global resources conduct zero-distance interaction with users. User's demands and supplier's solutions can be uploaded to Haidayuan platform, to form the final solutions.

1. Review and management of supplier access

Haier actively performs the optimization of supplier management, and promotes social responsibility level of the ecosphere. We set up *Management Standards for Capability Self-Commitment of Moduler, Onsite Quality Interconnection of Supplier* and other policies, to review and manage suppliers. All suppliers must complete three stages including self-commitment review, onsite review and financial indicator review on Haidayuan platform, before entering Haier's supplier data bank.

Haidayuan platform conducts risk assessment and management for suppliers in terms of smart supplier sourcing, high-risk supplier monitoring, streamlining of supplier quality system certification institution, and systematic control of hazardous substance.

- Smart supplier sourcing: Haidayuan conducts fast searches for supplier resources with third-party data search; and reviews supplier blacklist, basic information, quality system information, litigation risk, deadbeat, irregular taxpayer, tax arrears, and other information, to primarily screen suppliers;
- High-risk supplier monitoring: Haidayuan warns suppliers with various risk warning grades and define supplier risk grades from financial risk, business risk, legal risk, internal control risk and other perspectives, with risk results produced from third-party data connection and manual data input, and for a high-risk supplier, measures including developing two-point suppliers shall be taken to reduce Haier's supply risk;
- Streamlining of supplier quality system certification institution: Haier provides suppliers with reliable quality system certification institution to conduct certification, and a supplier will prefer such moduler that is identified in the public lists of such institutions;
- Systematic control of hazardous substance: By connecting to the systems of the third-party testing institutions recognized by Haier, all RoHS reports can be automatically accessed from such institutions, to avoid any false report produced by manual uploading. So far, Haier's production lines and products have compulsory requirements on RoHS, except kitchen ranges and pure solar water heaters;
- Supply chain social responsibility management: we consider the performance of supplier social responsibility in the process of supply chain management, and take supervision measures for personnel and asset management risk and conflict mineral management of the supply chain, to improve the ability of supply chain to perform social responsibilities.

Case: personnel and asset management of supply chain

Haier highly concerns the human resource risks of suppliers Through optimized management, we constantly set up management evaluation rules, urge suppliers to improve their employee management systems, protect interests and rights of employees, and to reduce the labor risks of supply chain. With *Management Standards for Capability Self-Commitment of Moduler*, we perform management and restriction for suppliers in terms of their labor practice, fire safety, production safety and occupational health of employees.

- Supplier labor practice: Haier's suppliers must strictly abide by national laws and regulations to set up their employment systems. Employment of minors and forced extension of labor are forbidden. Supplier shall provide detailed employee lists and letters of commitment with official seals stating inexistence of illegal labor;
- Supplier fire safety: A plant of Haier's suppliers must have fire permit or approval document, must have an established fire-fighting management system with adequate fire extinguishers and firefighting equipment; suppliers shall upload their fire acceptance certificates;
- Production safety of suppliers: Haier requires suppliers to prevent machines that may cause injuries to workers, to establish a management system for chemical products, and to make material safety data sheets transparent to workers;
- Occupational health of employees of suppliers: Haier requires suppliers to equip workers exposed to occupational hazards with personal protective equipment, and to arrange regular occupational health examination.

During review phase of supplier interconnection, we has formulated the Supplier Site Quality Interconnection to assess labor management capabilities of suppliers, and to carry out problem inspection and risk control in terms of supplier labor hours and salary management, equality and anti-discrimination, anti-harassment and employee complaint channels.

2. Procurement management

Haier implements global procurement coordination, uses global network, carries out centralized procurement, reduces procurement cost with scale advantages, and decreases supplier quantity to achieve 'win-win' of procurement management. Haier's platform 'Haidayuan' provides a fair competition mechanism. Through fair, transparent, impartial, effective and orderly sunshine procurement, a dynamic cooperative relationship of parallel interaction and co-creation and sharing between suppliers and the enterprise is established.

Haier establishes a digital supplier management system, achieves integration of Big Data and procurement business through Big Data Procurement System, promotes procurement decision analysis, and achieves whole-life cycle data management of suppliers.

For new products, 'Haidayuan' platform conducts final bidding with module solutions provided by suppliers in storage, and after the final solution is selected by the user, a barrier-free docking of first-class resources with the user is achieved; for replacement of large resources for old products, Haier Smart Home has fully introduced the digital certificate authentication mechanism and adopted online bidding so as to improve transparency and efficiency, to enhance competitiveness of bidding projects, and to increase participation opportunities for bidders. By reducing space for bid encircling and cross-bidding and strengthening confidentiality of project information, the fairness and impartiality of bidding have been effectively improved.

'Haidayuan' platform uses Big Data for risk control, identifies potential risks of suppliers, carries out verification and pre-screening for supplier blacklist, basic information, quality system information, litigation risks and tax arrears, so as to ensure qualification background of suppliers. On the premise of more than three suppliers with qualifications and hardware conditions, Haier chooses the one with the best comprehensive score as the cooperative supplier.

The Letter of Commitment for Safety Production, the Letter of Commitment for Environmental Protection, as well as other social responsibility requirements for suppliers are incorporated into contracts signed by Haier with suppliers, so as to implement social responsibilities of Haier Smart Home such as safety and environmental protection in ecological cooperation.

Haier attaches importance to user feedback, and user evaluation directly drives continuous improvement of suppliers. User feedback experience information module collected by internet is linked to supplier score, and users may directly evaluate suppliers. For suppliers with different scores, we use differentiated supplier cooperation strategies, and eliminate those with continuous unqualified scores.

3. Supplier training and incentive

We have established long-term trust and cooperation relationship with suppliers, and continuously carried out supplier empowerment to promote synergetic development of ecological chain groups and to improve overall market competitiveness. We carry out propaganda in terms of harmful substances, product quality and cost, improve responsibility conscious of suppliers, hold supplier integrity conferences on a regular basis, and continue to strengthen supplier integrity education.

In the annual supplier conference of Haier in 2019, Haier shared the development iterative direction of ecological platform, summarized the growth and progress with suppliers, commended suppliers with outstanding performance, awarded 'golden cube award' to 82 excellent suppliers and partners for their outstanding contributions in participating in Haier ecological cycle construction and in creating user value.



PART 5

'Intelligent Creation'

for Environmental Protection



'Intelligent Creation' for Environmental Protection

Innovation-driven and green development are the development objectives for modern manufacturing industry. As the leading brand of white goods business in the world, Haier Smart Home is not only at the forefront of industrial and ecological brand building, but also actively responds to the environmental protection concept of 'lucid waters and lush mountains are invaluable assets'. We have incorporated green development into enterprise operations, led conversion of new and old momentums with green activities, and continuously cultivated green atmosphere. We have continuously rolled out application of energy-saving technologies, incorporated the concept of low carbon, recycling, energy-saving and emission reduction into enterprise development, and continuously developed products combined by intelligent IoT and green development by continuously promoting technology innovation. We have strove to improve green elements in whole-life cycle of products, and extended green supply chains, led industrial innovation, green, interaction and win-win to make contribution to green harmony of enterprise and environment.

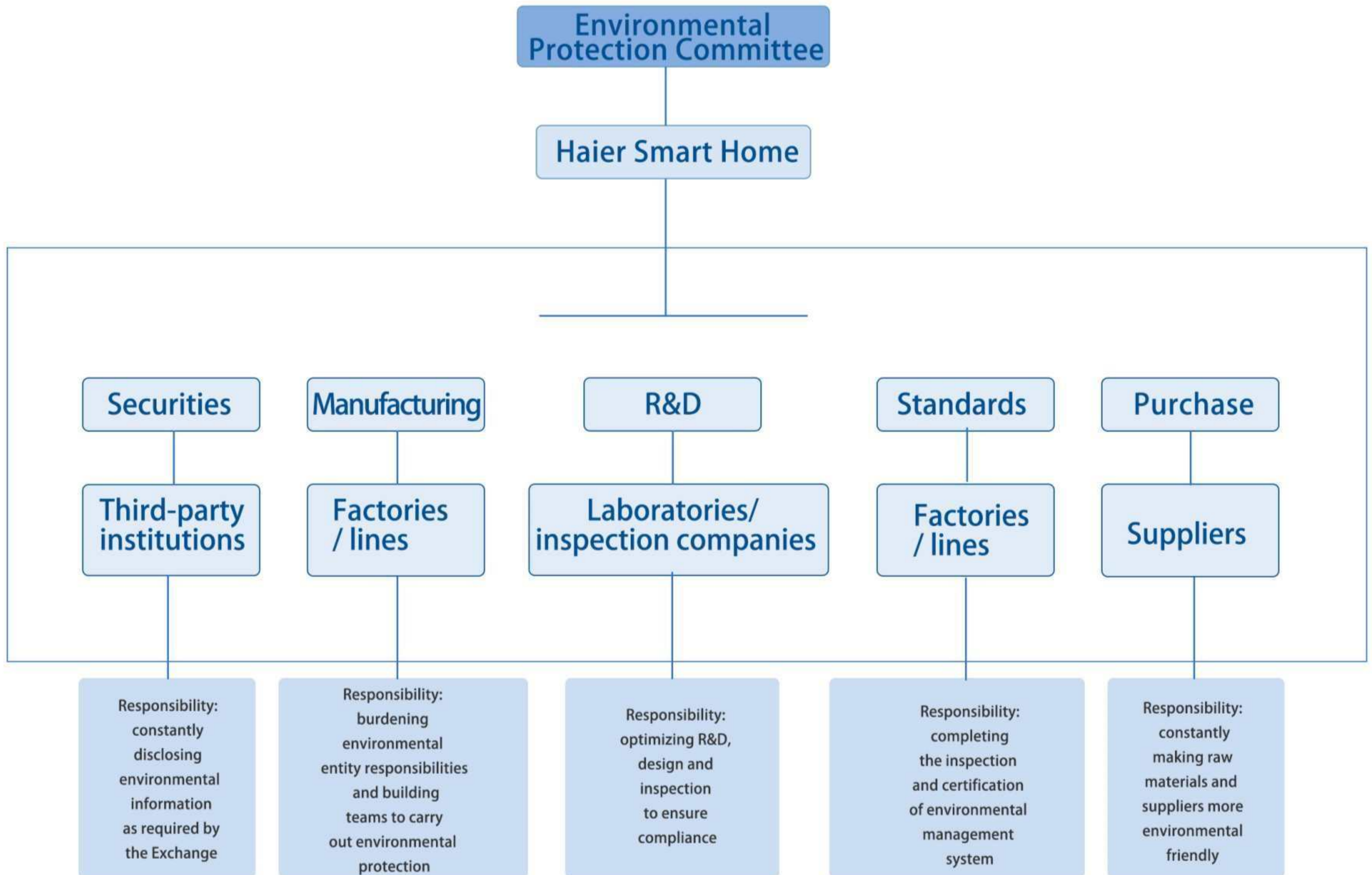
Green strategies leading green management

In strict accordance with requirements of laws and regulations of the state, Haier Smart Home has formulated an environmental development policy to resolutely implement environmental protection. Around the 'Green Design, Green Manufacture, Green Marketing, and Green Recovery' (4G) Strategy, we assess impact on environment in whole-life cycle of products, continuously improve environmental attributes of enterprise operations and keep in harmony with nature. In 2019, no major environmental rule-violations occurred in Haier Smart Home.



We have formulated a three-year work plan for environmental protection, committed to building a low-carbon environmental protection park by 2020, continuously promoted energy saving and environmental protection projects, and actively developed relevant technologies to improve resource utilization efficiency and to reduce emissions. We set an environmental management framework. Under the leadership of the Haier Environmental Protection Committee, we integrate internal resources, promote network management, refine environmental protection responsibilities to micro-enterprise module, process, team and group, position, environmental protection point, and take measures of 'unity of person and area', 'unity of person and position' and 'unity of person and point' to ensure implementation of environmental responsibilities layer by layer and to promote continuous improvement of environmental protection performance.

Networked management system



Centering on the goal of zero accident of environmental safety, Haier smart home constantly consolidates monitoring responsibilities of environmental protection and implements lifelong responsibility system of environmental impact assessment on new, reconstruction and construction projects as a way to strictly hold the red line of environmental protection. Enterprises and subsidiaries should develop *Contingency Plans for Environmental Emergencies*, organize drills in accordance with laws and regulations and keep optimizing the plans according to drill impacts. We employ professional institutions every year to supervise and evaluate environmental management system. In 2019, except for the new factories built this year which have not been subject to annual evaluation, all factories of Haier Smart Home have passed the ISO 14001 occupational health and safety management system certification. We actively foster environmental friendly atmosphere and promote environmental friendly policies through forwards of Wechat official account of We media, publishing of environmental reports and implementation of training on environmental friendliness as a way to integrate concepts of eco-friendliness into daily life.

Green design as an energy-conservation example

We keep making products more eco-friendly and set products with excellent properties as energy-conservation examples to promote green life.

Haier maglev central air conditioning

Since we successively developed the first maglev central air conditioning in 2006, Haier Smart Home has constantly implemented technological innovation and set the new benchmark for the eco-friendly industry depending on maglev energy-conservation advantages such as 50% of energy conservation, oil-free operation and zero friction.



Case: Standard of Evaluation on Economic Operation of Central Air Conditioning System in Metro Station was issued

In 2019, China Energy Conservation, together with more than 10 enterprises including Haier Central Air Conditioning, has formulated the industry's first standard of Evaluation on Economic Operation of Central Air Conditioning System in Metro Station in Shenzhen.

This standard not only specified the design and selection of air conditioning, but also clearly pointed out the operating data standard of the whole computer-room system. Haier E Plus Efficient Computer Room Program will be applied to Shenzhen Metro under construction to verify the feasibility of the standard. Haier E Plus IoT efficient computer room, connecting Haier's maglev main engine and water pump into the same system, can remotely monitor the running status of the equipment for cloud operation. Machine units will actively select the optimal operation scheme according to the air condition. '5G plus IoT' saves more than 50% of energy.

Haier KingKong Embedded Central Air Conditioning.

Haier KingKong embedded central air conditioning adopts leading DC inverter and compressor, saving 30% of energy compared with another invariable frequency air conditioning. The air conditioner can activate the self-cleaning mode to clean the pollution source hidden in the evaporator in any operation mode. With MoveEye module intelligent control (customization), the first generation record wind moving with person, and electricity-saving through automatically switching on and off in order to avoid air-condition disease. The second generation is upgraded to automatic energy saving as well as switching on and off, creating a comfortable, healthy and energy-saving environment for users.



Case: Helping Beijing Daxing International Airport build a new national green image

On September 25, 2019, Beijing Daxing International Airport has officially started operations. In 104 air bridges, 208 Haier Jingang embedded central air conditionings not only provide healthy and comfortable air environment for passengers, but also contribute to the construction of the largest green airport in the world with its 30% energy-saving.

Intelligent Multi Split

Facing the rapid development of IOT, Haier took the lead in launching the IOT multi split through AI with a number of industry-leading technologies such as IOT centralized control technology and IOT cloud control technology, integrating multiple functions such as remote operation, precise temperature control, group control, etc., to meet various needs of users in different scenarios. Compared with the common multi-split equipment, Haier IOT multi-split central air conditioning adopts the full DC inverter technology and the industry's first superconducting heat dissipation technology, which not only improves the heat exchange efficiency of the units, but also improves the running efficiency by 40%.



Case: Supporting the Construction of Xiongan New District

Haier won the bid of 'coal-to-electricity' project in Xiongan New District by virtue of its comprehensive indicators such as product quality, heating effect and energy saving. In the Third Senior Middle School of Xiong County, Haier multi split equipment, adopting intelligent refrigeration allocation system and temperature control system, have the functions of self-detection and remote communication control, which provides stable and comfortable learning environment for the school.

Energy Saving Air-Cooled Refrigerator

On October 1, 2019, the new national energy efficiency standard GB 12021.2-2015 *The Maximum Allowable Values of the Energy Consumption and Energy Efficiency Grade for Household Refrigerators*, which was approved and issued by the Standardization Administration of China, was formally implemented. Haier refrigerators had reached the energy efficiency index of the new national standard three years ago.

Haier has also launched an energy-saving air-cooled refrigerator that can save 20% more energy than the highest level A+++ in EU Energy Efficiency Standard. Haier's two-door refrigerator with the lowest energy consumption and the largest volume has set a new record in the European market, and written a new chapter for green and environmental protection.

Intelligent Water Heater

In 2019, Haier launched the IOT water heater Huixiang D6 exceeding the national first-class energy efficiency standard, which can be remotely controlled by smartphone. No matter where you are, you can prepare hot water with a click of your smartphone to ensure comfortable bathing experience and energy saving.

For the demand of temporary water use, Haier IOT water heater Huixiang D6 can be remotely controlled through smartphone app, and the users can take a hot bath when returning home; for families that bathe at a fixed time every day, the heating time can be reserved by mobile phone, while other times will not be heated; for families with water demand all day, the medium temperature insulation function of Huixiang D6 can keep the temperature of the water heater at 40 °C, so as to avoid repeated heating of the water heater due to high water temperature setting, which will cause tank fouling. It can not only meet the needs of daily life, but also effectively reduce energy consumption.

'No External Barrel' Washing Machine

Haier's washing machine has been technically upgraded three times to solve the problems of dirt in the inner barrel and the water-saving. In 2014, Haier launched a 'Cleaning Free' washing machine equipped with 'Smart Ball' technology, which can clean the inner and outer barrel walls while washing clothes to keep the washing machine clean. Later, the washing machine was upgraded with 'No Water between Barrels' technology, so that the water flow could not enter the interlayer between the inner and outer barrels, thus preventing dirt from entering the washing machine and reducing water consumption. In 2019, Haier transformed the 'No External Barrel' structure, which solved the problem of dirty barrel at its source. Haier's 'No External Barrel' washing machine has a larger internal space without external barrel. Its washing capacity increased by 20% and water saving by 30% compared with another products with the same volume, providing consumers a healthier and more economical way of washing and protecting their clothing.

In the future, Haier Smart Home will continue to create environment/friendly high-quality products for users through integrating global resources.

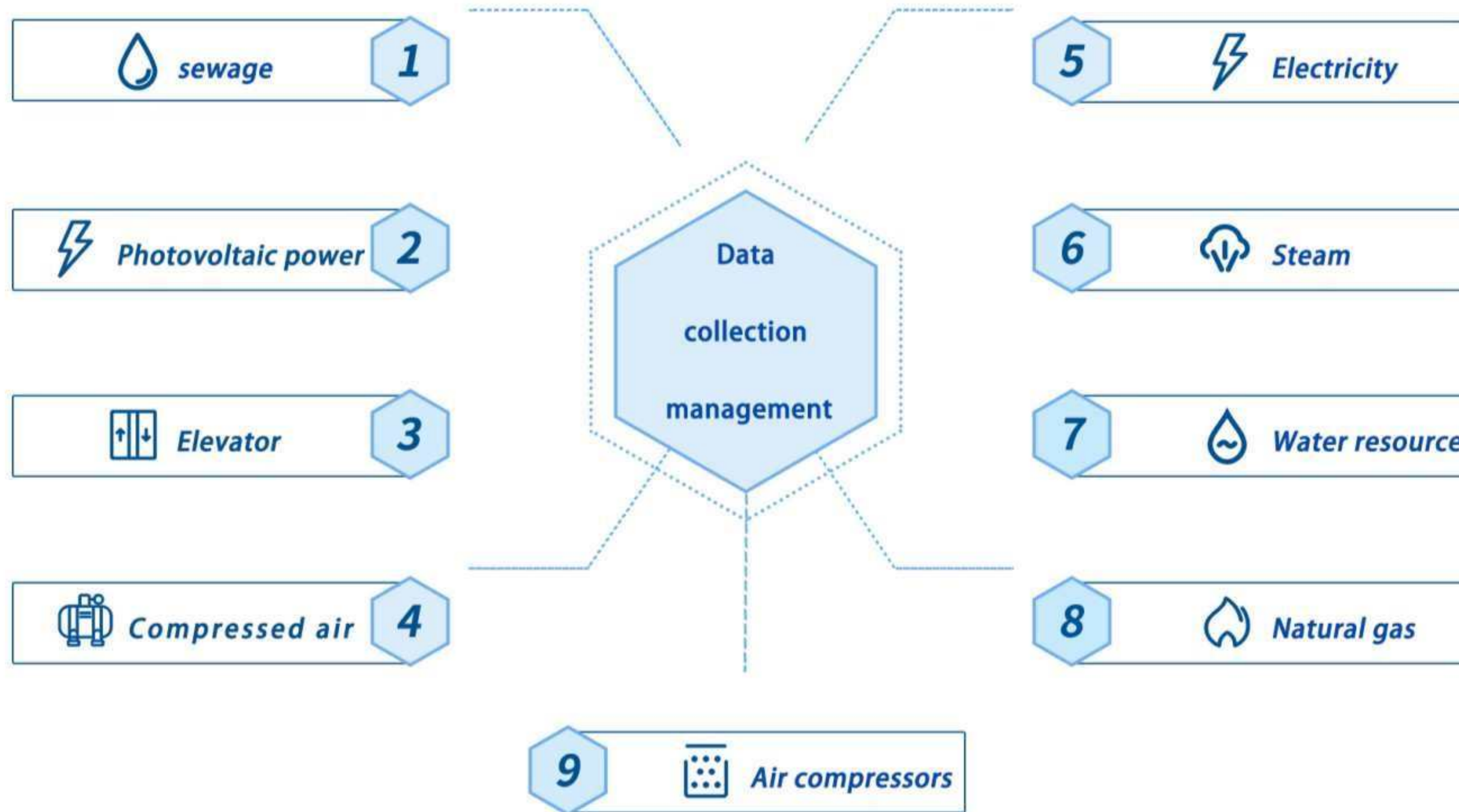
Green intelligent manufacturing promotes industrial upgrading

Taking 'Green' as new guidance for the corporate development, we built a green manufacturing system and green factories, improved the content of science and technology, and reduced resource consumption and environmental pollution.

1. Enhancing the efficiency of resource use

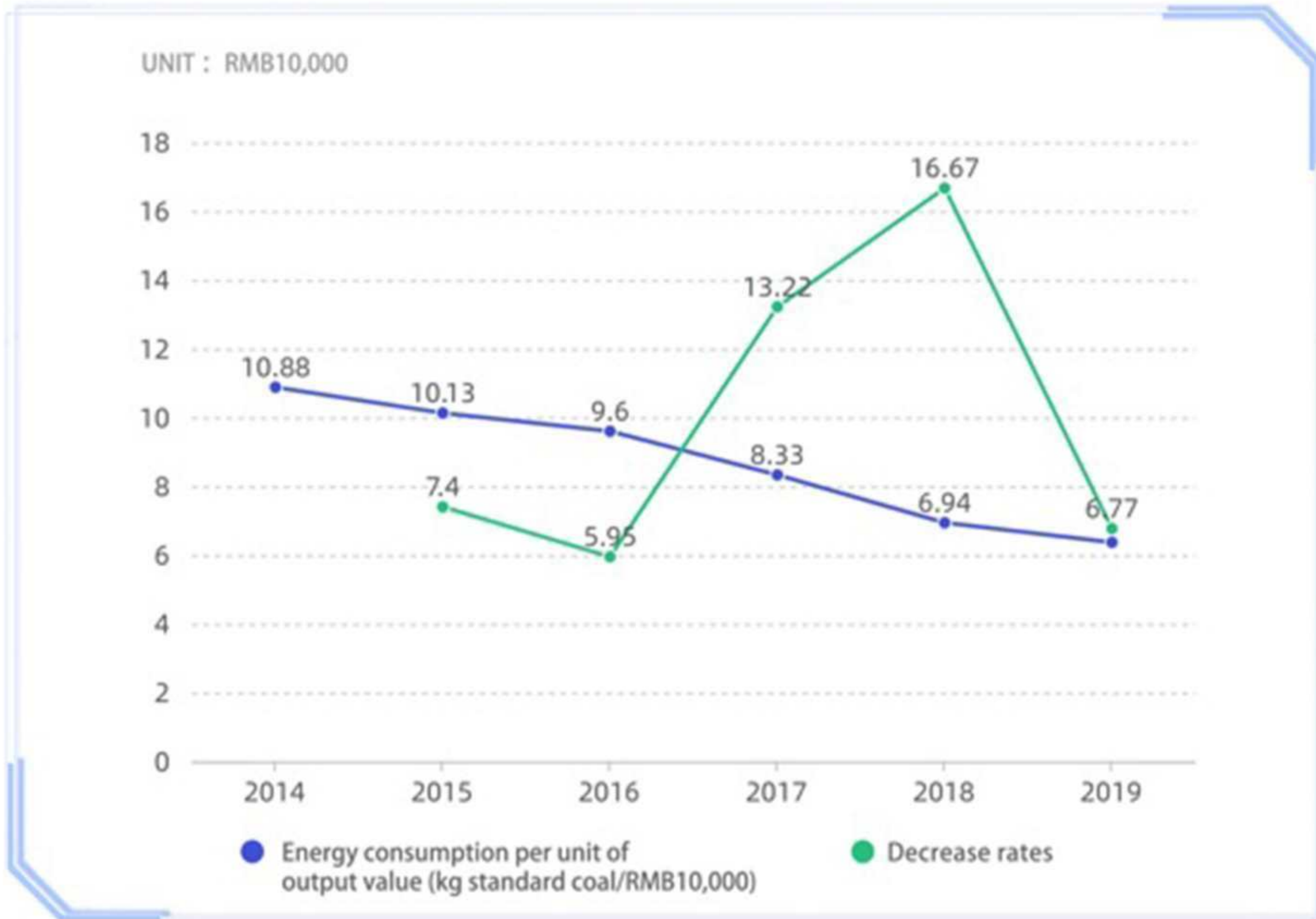
We abide by the *Energy Conservation Law of the People's Republic of China*. Based on the intelligent management, we connected all industrial parks, continuously improved the fine management level through big data analysis, and reduced the energy consumption of a single product production, accomplishing low-carbon production. We made contribution to the construction of ecological civilization through innovative ways of environmental protection.

The company has established Haier Smart Energy Center, the leading energy big data analysis system in the industry, becoming the first enterprise in the global home appliance industry to use the smart energy interconnection control platform. The platform covers all main products of Haier Smart Home. It implements centralized dynamic monitoring and digital management of water, electricity, gas and other major energy consumptions in all factories throughout the country with automation, information technologies and centralized management mode. Information intelligent control in the whole process of energy transformation, transmission and distribution, consumption, etc. is carried out. It collects energy data automatically and accurately, predicting and analyzing energy consumption data to optimize energy dispatching.



Smart Platform Data Acquisition System of 9 Instruments

By formulating the Energy Management Manual, we are carrying out various energy-saving and environmental protection projects such as energy-saving transformation of the injection molding machines, substitution of hot stoves, staggered charging of forklift trucks, substitution of natural gas, operation of air compressors, reuse of reclaimed water, weeding out high energy consumption processes, raw material substitution and so on, constantly optimizing the technological process. While continuously improving the efficiency of energy and resource use, we are also constantly exploring and expanding the use of new energy.



Wuhan Electric Heating Factory:

Two 2-ton steam boilers are replaced by four groups of small steam generators in Wuhan electric heating factory, reducing the consumption of natural gas by 50 cubic meters per hour and saving RMB100,000 of natural gas cost per month.



Commercial Air Conditioning Factory in Development Zone:

RMB433,000 pure water cost are saved annually through the installation of pure water self-made equipment. At the same time, in order to make full use of the concentrated saltwater produced in the process of self-made pure water, the factory has installed a water tank to deliver the concentrated saltwater to each washroom through a circulating pump for flushing use, and added a photoelectric solenoid valve in the flushing area to more effectively control and reduce waste to achieve resource saving.



Shunde Impeller Washing Machine Factory:

It reduced energy consumption and improved energy efficiency by using low energy consumption air compressor and dryer to replace the high energy consumption equipment.

2. Emission control

Haier Smart Home strictly monitors all kinds of emissions by formulating internal management procedures and internal monitoring standards such as pollutant control procedures, hazardous waste management procedures and so on. All pollutant emissions conform to the national and local environmental standards.

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

Exhaust gas: Haier has strengthened the operation management of pollution prevention and control facilities, ensuring its efficient operation. Clearances and inspections weekly, a professional exhaust gas detection by a third party yearly are conducted to ensure normal operation of the exhaust facilities.

Hazardous waste: Haier has formulated a hazardous waste storage and transportation regulation, which manages the whole process from the generation, storage, transportation and other links of hazardous waste. We have built hazardous waste storage warehouses in each industrial park, and cooperated with many companies with hazardous waste disposal qualification, to ensure that all kinds of hazardous waste are disposed in compliance with the discharge standards. We have enhanced waste management and front-end control of pollutants, controlled on the generation of hazardous waste.

Harmless waste: Haier has achieved the transformation from product control to reversely promotion of cost reduction by entrusting enterprises with professional recycling of renewable resources qualification to recycle and reuse the harmless wastes generated in the production and manufacturing process. We insist on the whole process management and control of harmless waste, and achieve management improvement, cost saving and value-added through accountability system enhancing by unqualified products, technical transformation and waste reduction, reuse and value-added projects, etc.

Unqualified products to enhance accountability:

Haier has established mechanism of unqualified products traced back to specific places and people-accountability of the production of unqualified products. From the front end of unqualified products, the reasons of its production and the solution at its source can be found out through the technical transformation project, and the responsible person should pay the loss and be punished.

Value added for recycling:

Haier has analyzed the waste output composition of each factory, turned the recyclable waste into wealth and recycled it to the internal departments in need through a platform system.

Technical transformation and waste reduction:

Haier has reduced the generation of waste through technical transformation and the output of end waste through systematic management and control over the achievements of technical transformation projects.

Control the generation of harmless waste

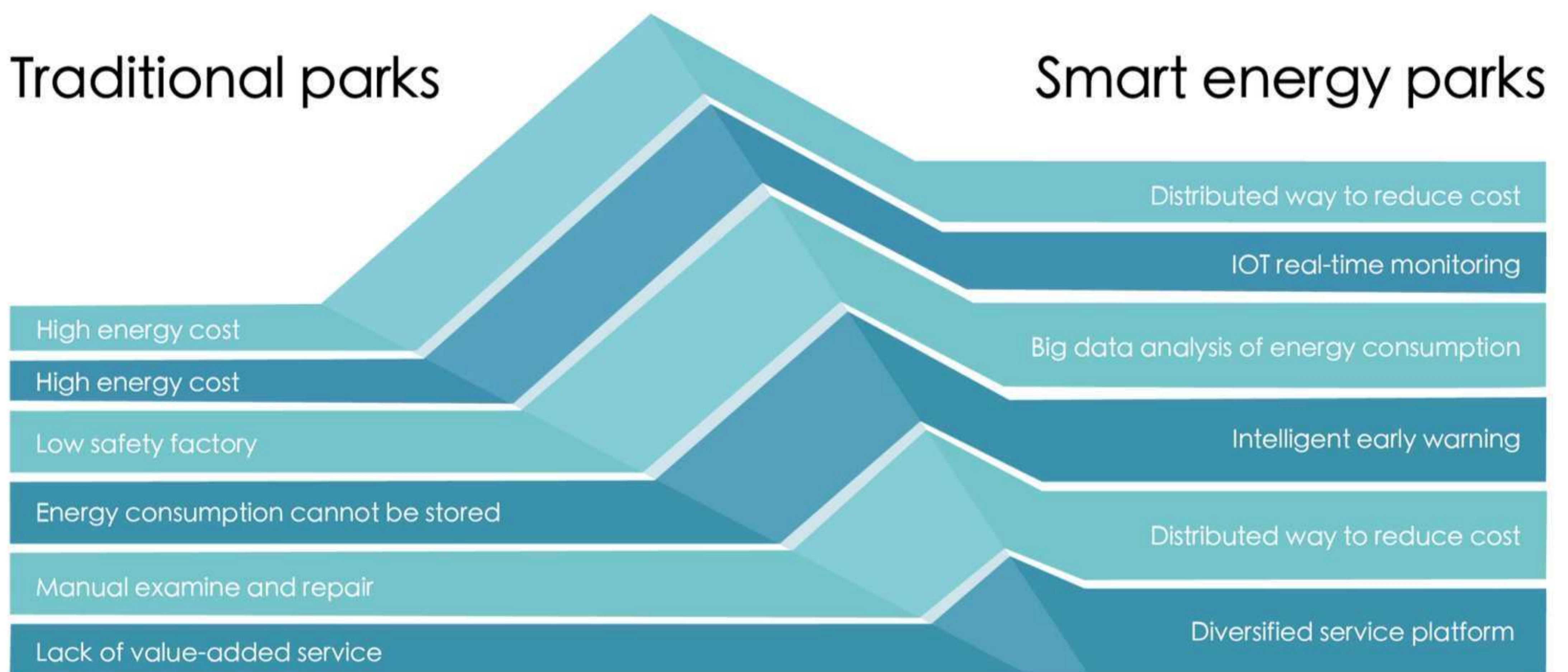
Case: Reduce the Use of Water Inlet Pipe Packaging Materials

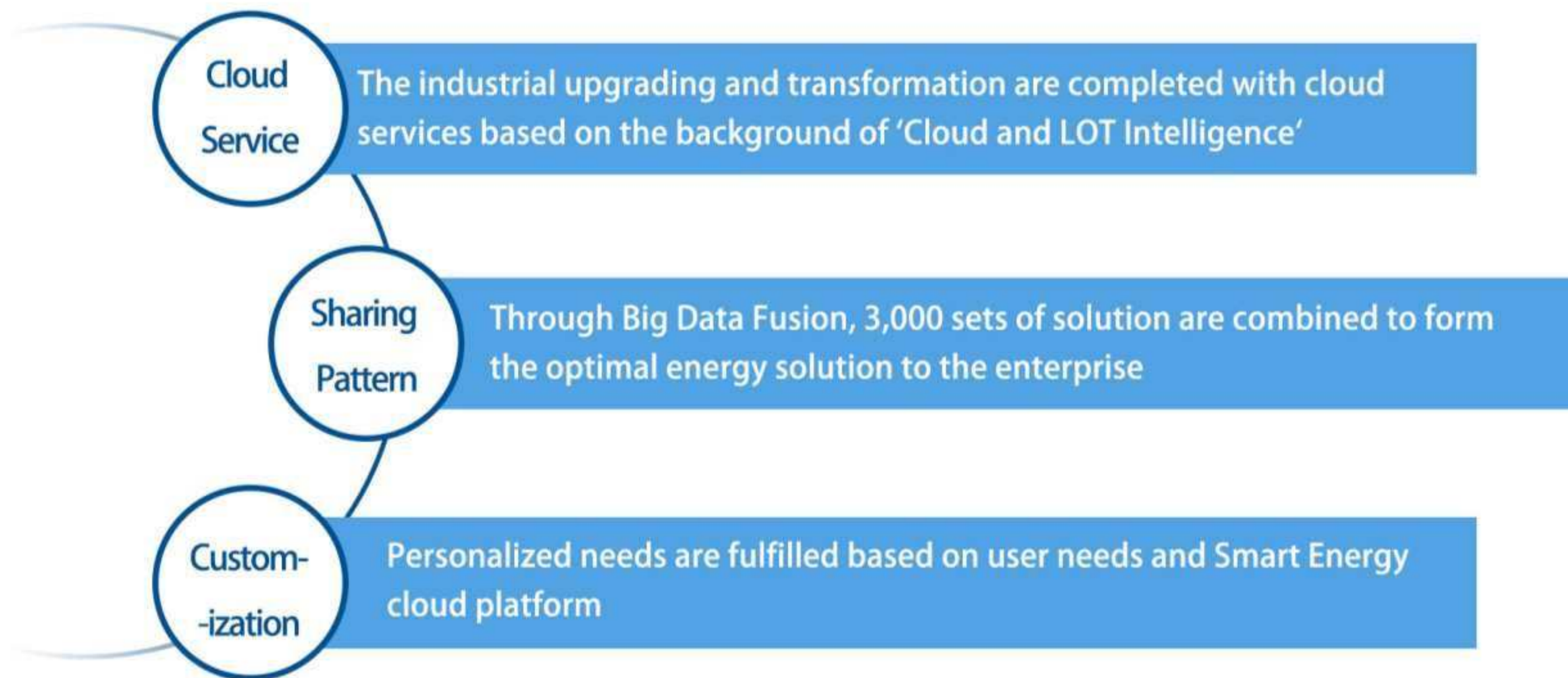
In the past, we used to pack and distribute the water inlet pipe with paper packing box, which needs to be unpacked when used, with low efficiency and a large amount of waste generation; this year, we improved the technology and made a special industrial equipment transport truck to distribute the water inlet pipe without the use of packaging materials, with loading capacity of 300 pieces each truck.

The upgraded truck is highly matched with the production lines, and it is more convenient for workers to take pipes from it, which not only reduced the generation of waste but also improved the production efficiency.

Green supply and efficient energy management

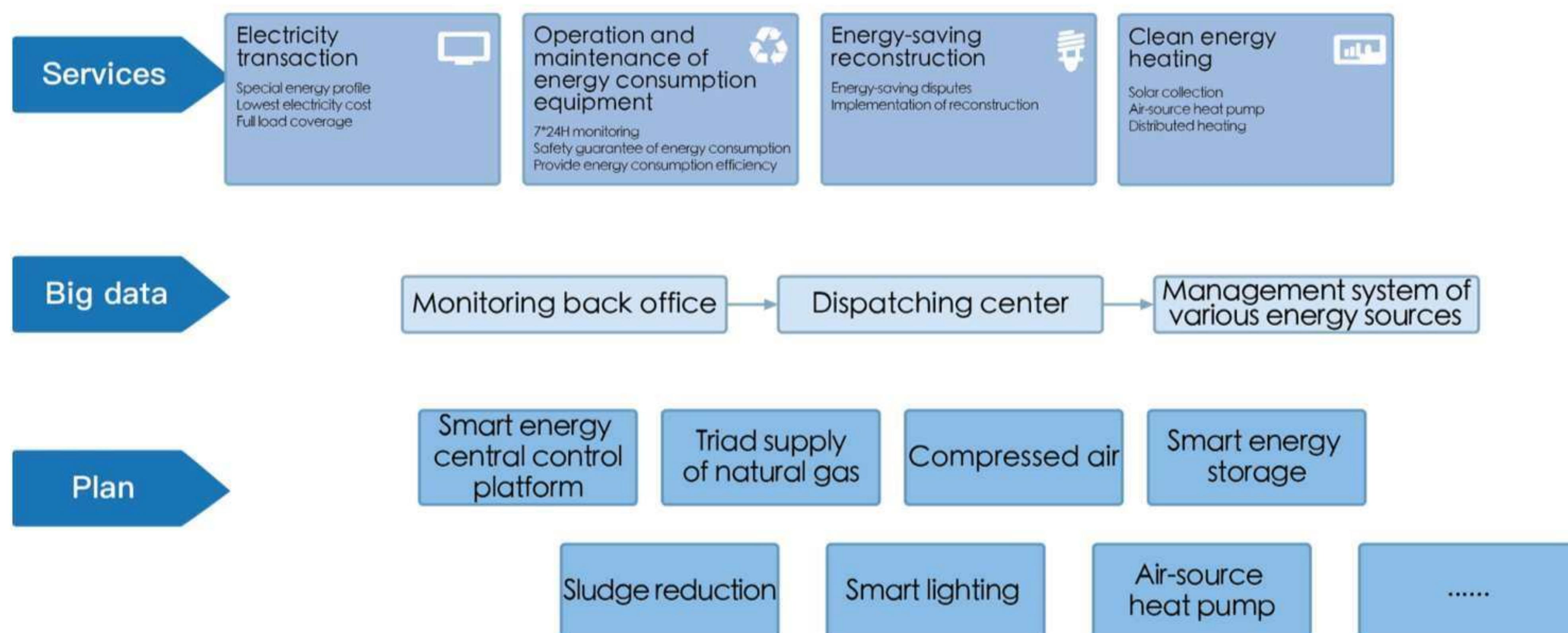
In the process of transforming from a traditional industrial park to a smart park, we have integrated the national cyber-power strategy into the park's transformation and upgrading through continuous practice and summary. With the park as the carrier, we have built the Haier Smart Energy Customization Platform by using IOT, cloud computing and other technologies, integrated the modules and facilities within the park and built a safe, green, efficient and replicable smart ecosystem. We have helped our company transform from traditional parks to smart energy parks by providing all-round smart energy solutions and intelligent energy comprehensive services.





Construction Idea of Smart Energy

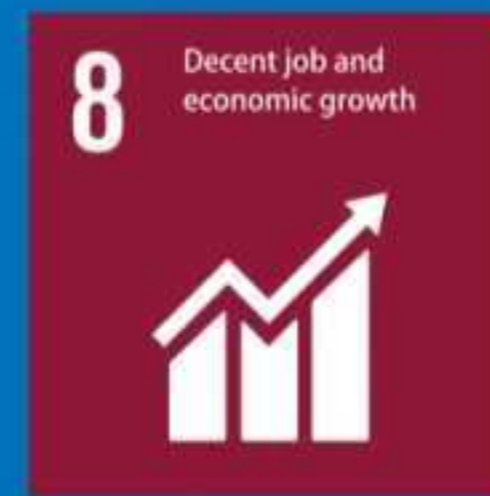
The platform is a smart energy complex with the functions including power distribution, Smart Energy butler service, etc. based on the construction of multi-energy complementary projects. The energy price is reduced from the front end for customers by integrating the industry's superior resources, and the energy operation and maintenance cost is increased through the Smart Energy platform, continuously optimizing the energy use, providing solutions and value-added services, and saving the energy consumption of enterprise. Haier Smart Energy Customization Platform has been extended to automobile, textile and other industries, helping customers transform from single energy to smart energy, and has achieved remarkable results in energy saving and emission reduction.



Overall Framework of Smart Energy Platform

PART 5

'Intelligent Enjoy' of Better Future



'Intelligent Enjoy' of Better Future

Haier Smart Home has been exploring in accordance to the management mode of 'RenDanHeYi', jointly promoting the development of the enterprise with employees by smart management mode and helping each employee achieve self-worth; we are committed to sharing the bright future with the public while developing the enterprise, adhering to the philosophy of 'long-lasting sincere', actively giving back to the society in a smart way.

RenDanHeYi, caring about employees

Haier has always adhered to 'put people first' and created a unique management mode of 'RenDanHeYi' since its establishment, transforming from a product manufacturer to a platform for incubating makers, providing a driving force for the employees to achieve self-worth. We earnestly protect the legitimate rights and interests of employees, pay attention to their health and safety, attach importance to their promotion and development, strengthen the communication with employees, and look forward to working together with employees for a better future.

Protect the rights and interests of employees

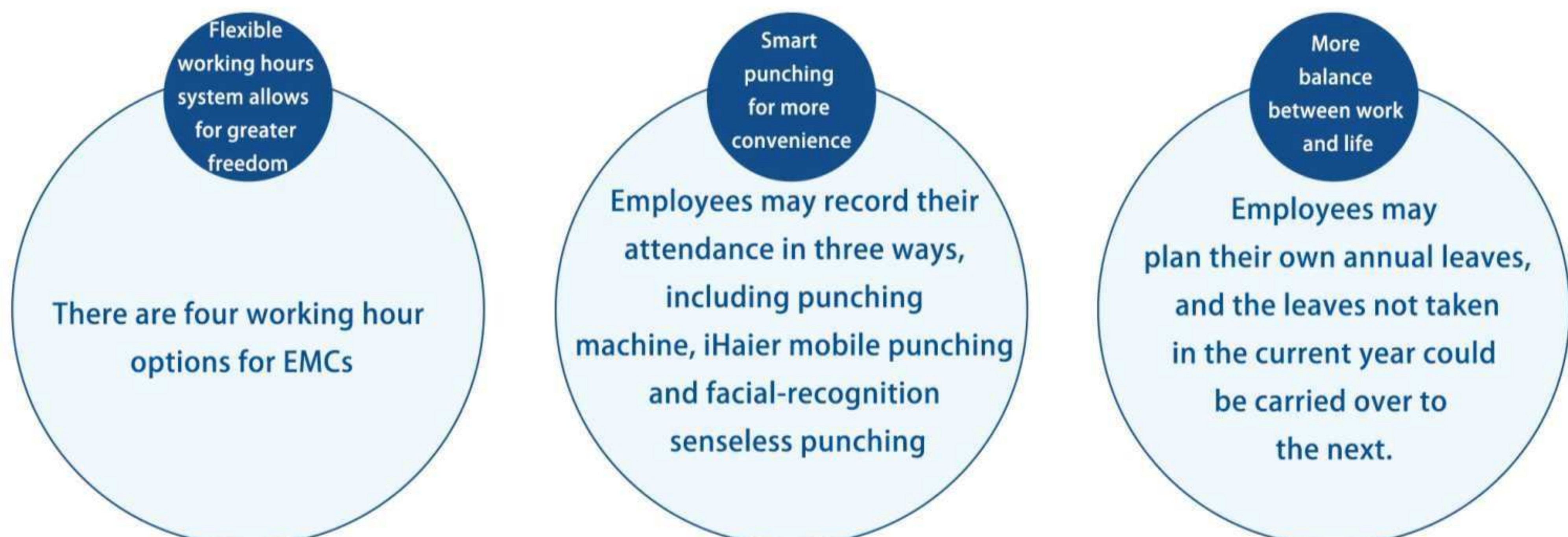
Haier Smart Home strictly complies with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China and other relevant laws and regulations, formulates comprehensive human resources management regulations and conduct employee management in accordance with laws and regulations, to protect employees' legal rights and interests.

Employment management

We implement employment, promotion and departure procedures in accordance with applicable laws and the corporate regulations, respect the equality of personality of every employee, and prohibit any discrimination based on ethnicity, race, gender, age, family background and other factors. We prohibit employment of child labor and forced labor. In 2019, the Company did not have any case of employing child labor or forced labor.

Working hours management

We continue to optimize our working hours management regulations. In October 2019, we convened the Seventh Workers' Congress and passed the resolution of implementing the independent time management policy based on ecosystem micro-community (EMC), in which each EMC may independently decide its own working hours and attendance evaluation method according to international practices, industry characteristics and business scenarios, so as to provide convenience to makers and help them better balance their work and lives



Salary and benefits

The Company provide employees with a competitive and incentive-based salary system. We implement a user-paid incentive salary system based on the 'RenDanHeYi' model, in which employees are given differentiated and diversified salaries combining short-term, medium- & long-term and super incentives, according to the value they each create for the users.

We provide the statutory benefits including social securities and housing funds, enterprise annuity and statutory leaves, in strict compliance with national laws, regulations and policies. Furthermore, at the Workers' Congress this year, we have passed resolution to further enrich our employee benefits system.

Care for employees' health

We include commercial insurance poli-es, provide annual physical examination plans, and help employees with difficult-ies with our Haier Aid of Love Funds.

Additional pension funds

We offer enterprise annuity of Qingdao to ensure sufficient revenues of employees after retirement.

Haier

Additional leaves

In addition to the statutory holidays, we also offer Haier annual leave, leave for parents' meeting and other leaves to ensure the balance between employees' work and lives.

Care for employees' personal lives

The Company will send its care and best wishes to every maker on the Group's anniversary and major holidays, as well as every major milestone in their lives such as marriage and birthday.



Case: Employee Birthday Party

The Company would go to great length to show its care for employees. In 2019, many collective birthday parties were held. In these events, the Company presented well-prepared birthday cards and arranged many fun games, to help employees relax themselves after work.

2. Protect employees' health and safety

Haier Smart Home upholds the vision of 'excellent safety of zero-base objective', adheres to the strategic objective of 'focusing on professional, intrinsic and maker-oriented safety, building a safety system and cultural values based on operation excellence, and becoming the safest company in the world', develops the 'safety excellence' elevation path, and is dedicated to achieving safety performance. In 2019, we continued to work on strengthening production safety management, protecting employees' occupational health and raising employees' safety awareness, and formed a comprehensive and full-coverage safety network, to effectively protect employees' health and safety in workplace.

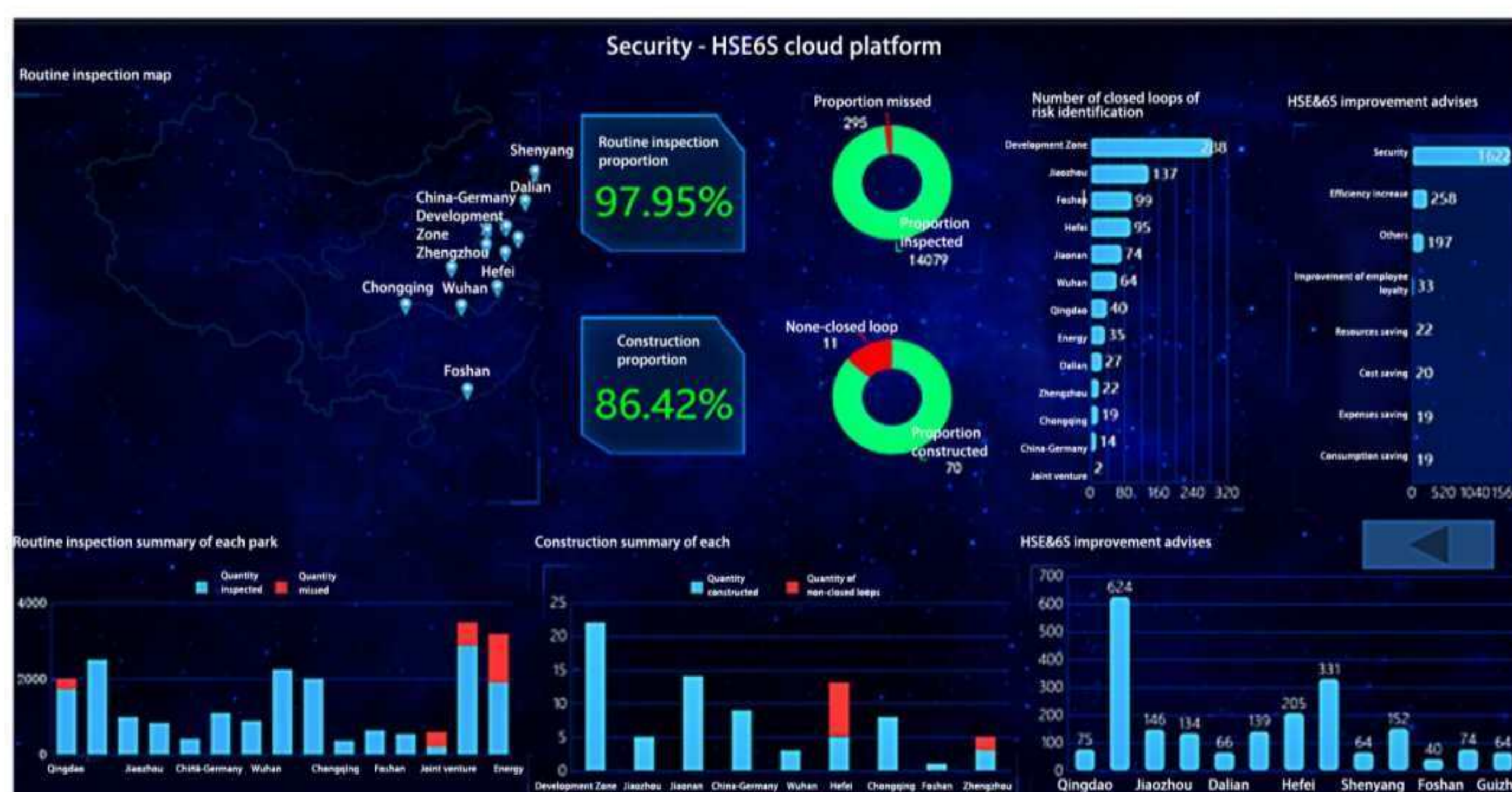
Production safety management

Haier Smart Home strictly complies with the Work Safety Law of the People's Republic of China and the Fire Prevention Law of the People's Republic of China and other relevant laws and regulations, and has put in place safety management regulations including the Labor Safety and Health Management, the Equipment Safety Management and the Safety Accidents and Cases Evaluation and Accountability Management, for implementation of comprehensive safety management.

We reinforce construction of our safety management team, establish and improve the production safety management network, and keep improving the capabilities of the safety management team; we strictly implement the production safety accountability system, and arrange the safety officers at all levels and employees of all factories to sign safety accountability documents to define safety responsibilities. We implement corresponding safety measures from multiple dimensions such as position, post, engineering, technical transformation, equipment, fire protection, personal protection, and personnel trainings and qualifications. We pay a close attention to elimination of risks, and take regulating measures such as routine safety inspections, weekly collective safety performance inspections, monthly safety performance assessment and monthly/annual safety objectives achievement incentives, to ensure safety compliance at any time. In 2019, Haier Smart Home continued to promote the safety management upgrading based on platform establishment, system construction and standards development. The Company has achieved full-coverage safety management by virtue of the HSE&6S cloud platform, fire-protection IoT Big Data platform, ITPM equipment intelligent management system and other platforms; continues to work on safety system construction, and promote the integration and implementation of the 'two systems' of safety management of Shandong Province, the national production safety standardization system, and the international ISO 45001 system; the Company has completed full upgrading of the OHSAS 18001 system, and begun to comprehensively implement the new standards system.

Case: HSE&6S cloud platform

In 2019, HSE&6S cloud platform is put to a wider range of applications. The system uses NFC labels to achieve dynamic safety and health control with regard to equipment, points and areas, real-time data updating and automated safety risk warning, allowing for full-coverage information-based workplace health and safety control throughout the Group.



We also pay close attentions to the safety of stakeholders in the parks. We have formulated 9 must-dos and 18 construction safety controls, in order to define the responsibilities of the construction units, factory's liaison departments and the safety departments, enhance construction safety management, and effectively ensure the health and safety of third-party construction staff in the parks. Meanwhile, we further strengthen the safety self-management of the outsourcing units and suppliers, by signing the Safety Self-Management Contract therewith and arranging about 200,000 employees across the supply chain to perform safety supervision, to achieve a self-operating safety system.

Occupational health management

Haier Smart Home complies with the Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases, continuously works on protecting employees' occupational health and safety and preventing occupational diseases and hazards. In 2019, except for the new factories built this year which have not been subject to annual evaluation, all factories of Haier Smart Home have passed the ISO 45001 occupational health and safety management system certification.

Environmental monitoring

We engage qualified third-party institutions to examine the positions with occupational hazards and hazardous workplace environments on site, with reports issued, to ensure compliance with occupational health and safety laws and regulations. In 2009, our occupational hazards evaluation coverage reached 100%.

Notice on occupational disease hazards

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

Haier

Physical examination for occupational health

We implement 'pre-job, on-the-job and departure' whole-process physical examinations with respect to occupational diseases, and any person detected not to fit the position requirements will be timely transferred to other positions, in order to prevent occupational diseases or suspected occupational diseases. In 2019, our physical examination coverage reached 100%.

Equipment automation

We have achieved equipment automation in production lines of interconnection factories, and work to promote unmanned automated factories for high-risk environments. In 2019, our automated safety equipment coverage reached 100%.

Construction of safety culture

Haier Smart Home embraces our safety culture throughout the entire production and operation processes. While constructing the safety management system based on the HSE&6S cloud platform, we work actively on creating a safety culture atmosphere requiring 'implementation of 6S management by everyone, for every matter and at any time', with a view to achieving the 'six zeros' safety objective.



We give priority to publicity of safety culture and take advantage of the HSE&6S interactive platform and the 'Safety Encyclopedia' WeChat public account to raise employees' safety awareness and promote safety culture.

We attach importance to safety skills trainings for employees. With respect to special types of work, the employees are required to complete corresponding trainings under our supervision before working; we regularly carry out special trainings regarding dangerous equipment/jobs; we keep raising employees' safety awareness and safety operation skills by carrying out 6D8H intelligence study contest, improvements from HSE makers and other competitions, releasing safety standards manuals, and hosting 'One Case Every Week', 'One Class Every Week' and other education activities.



Case: HSE&6S safety officer training for Dalian Refrigerator

Dalian Haier Refrigerator Co., Ltd. has carried out 'Eight Must-Dos' personal quality improvement training for safety officers of work shifts, to enhance their understanding and implementation of the 'eight must-dos' including HSE&6S interactive examination for all employees, responsibility handover, employee emotion management, abnormal operation of equipment and emergency supervision, to let safety officers play the role of safety guidance.

Moreover, in order to further strengthen employees' safety awareness and emergency response skills, we have hosted activities such as fire protection month, safety drills and safety skill contests.



Case: fire protection month

During the fire protection month of 2019, we arranged the interconnection factories to carry out fire protection trainings, fire risk elimination and fire safety culture publicity, designed to achieve safety culture publicity and safety knowledge popularization that covers all employees, all respects and all processes.

Case: Laboratory electrical fire emergency evacuation drill and training

In order to improve the safety qualities and comprehensive capabilities of all employees in positions with major fire risks, Chongqing Washing Machine Impeller Laboratory carried out fire emergency drill and training. The trainees studied the emergency plan and participated in emergency alarm evacuation drills to improve their fire emergency response capabilities.



3. Support employees' personal development

Haier Smart Home embraces the principle that 'everyone can develop and everyone deserves attention', builds up an all-around talent development management system and designs '1+N' (1 management path + N professional paths) non-linear career development paths, so that makers can develop not only toward micro-enterprise owners (founders of start-ups), but also in the direction designed for their respective professional skills.

Talent inventory system

We build up information-based talent inventory platform, and implement tiered talent storage and development plans, to increase talent development efficiency.

Construction of reserve talents

We form different reserve talent pools based on talent inventory, and create different talent development programs according to the attributes of talent pools and personal development needs, in order to achieve systematic operation of the reserve talent pools.

Haier

Talent budget system

We establish dynamic budget system, and apply the zero-base budget concept where employees' development is not based on their age or experience, but on the value they create. This reflects the non-linear talent development notion and open-minded mechanism Haier employs.

Talent development channel

We aim to establish first-class, open and diversified talent development channels to help makers better plan their career development and prove their self-worth.

Training system

Haier Smart Home is devoted to building a growth platform and a training system to help makers grow faster. By means of platforms such as the V-study online learning platform and Haier University, we provide trainings to makers through various online and offline channels. To satisfy makers' demand for improving their working skills, we provide diversified skill improvement trainings and development programs, to help them keep strengthening their comprehensive qualities and working capabilities. To satisfy the demand of micro-enterprise owners and platform owners for improving their operating capabilities, we have developed a tiered course system including elementary level, middle level and advanced level, and use trainings and certification services to promote the quick improvement of their corporate governance and operating capabilities. This year, Haier Smart Home's Global Engineering Development Program (GEDP) and makers' training camp, diversified English language courses and other various training programs have received significant effect.

Global Engineering Development Program

Global Engineering Development Program (GEDP) was first developed by General Motors Corporation. After acquisition of GM's household appliances business in 2016, Haier has introduced this model into China as a long-term top talents development program, with a view to culturing skilled world-class R&D engineers. This program adopts a mode of cross-sector job rotation + professional technical trainings and, during the process of localization in China, has included a section about global operation.

The elite makers the Company recruits from universities will study 50 household appliance R&D courses across different countries within two years, and participate in basic training courses for scientific research. Meanwhile, they will also take part in key positions rotation program, study the key techniques and tools in four household appliance industries, and learn the R&D secrets for different categories of products; attend exchange meetings with academic KOLs, discuss and communicate with the CTO, R&D Director and industry experts, and study leadership skills; and complete the special self-improvement projects assigned by the rotation mentor and course mentors, and ultimately participate in the module R&D and design projects of Haier's household appliance divisions.

GEDP R&D engineers, with their excellent language skills, strong professional capabilities and international visions, have played an unparalleled role in taking over and promoting the globalization projects of different industries.





Makers Training Camp

Makers Training Camp is a maker incubation platform combining innovation, openness, cooperation and win-win, built by Haier Smart Home for rookie makers. In 2019, a total of **1,075** new makers joined Haier Smart Home's Makers Training Camp. In the training camp, through team building activities, sharing by KOLs, commercial roadshow contest and other activities, makers get the chance to deeply understand Haier's culture and spirit, experience the power of entrepreneurship, and receive instructions on starting a business, to help the rookies to become entrepreneurs as soon as possible.

Maker Mechanism

We encourage employees to start their own business and make innovations and, by continuously optimizing our incentive policies, tap their creativity and promote their development. 'Maker Mechanism' is an employee incentive policy developed under the 'RenDan-HeYi' notion.

In 2019, we further detailed our maker partner management measures and stock ownership incentive rules, continued to upgrade the full-participation maker mechanism. Any excellent chain group makers who create values for users, build ecosystem brands or incubate and create new IoT applications will have the chance to join Haier's maker incentive platform and become maker partners, thus transforming from the administered party to owners, and sharing the benefits from corporate development in addition to their work compensations.

To support the full-participation maker mechanism, we have further detailed the 'three authorities' transition concept at the workers' congress, handing the power of recruitment, power of decision making and power of resources allocation over to makers, thus allowing every employee to actively create value for users.

4. Enhance communication with employees

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

We let the workers' congress to fully play its role in democratic decision making, democratic administration and democratic supervision, and hear employees' advises and needs through the workers' congress. We convene a session of the workers' congress at the end of every month, making resolutions to adopt representative advises of employees and provide timely feedbacks and solutions. With respect to important employee policies and corporate development advises, we will collectively discuss them and make decisions at the annual workers' congress. In 2019, the Seventh Workers' Congress was convened successfully, during which many resolutions were passed to grant more autonomous power to employees. Among them, with regard to Employee Code of Conduct, we changed the original Haier Group Employee Code of Conduct, formulated by the group, to the Haier Group Employee Conduct Guidelines, which means that the group will formulate general rules only and the chain groups will formulate their respective specific rules, thus further releasing the autonomous power to chain groups. Moreover, at this Workers' Congress, we further detailed the 'three authorities', in order to allow micro-enterprises to exercise their powers with larger freedom, according to their own business scenarios.

Apart from the workers' congress, we also convene monthly employee symposiums to collect reasonable advises of employees and make targeted improvements; we also regularly collect information of employees and, based such information, visit employees to send the company's care.



Case: 'Keep You Close at Heart' terminal makers visit

In order to extend our gratitude to the makers who have been working hard on their positions and learn their needs, this year, the Air-Conditioning Industry Labor Union has carried out the 'Keep You Close at Heart' terminal makers visit activity and, with thoughtful, warm and touching gifts and letters, sent the warmth and love to the terminal makers at the shopping malls across the country, showing them the company's care for them.

During the visits, by communicating with employees, the labor union further understood the challenges, difficulties and needs of the makers in their work, and worked with relevant departments to design improving plans and develop better service terminal mechanism, providing employees with whole-process care that gives them channels to claim their rights and interests and solutions to their problems.

Stay true to the mission and undertake social responsibilities

Since our foundation 35 years ago, Haier has been a passionate participant in public welfare activities and fulfilled its social responsibilities. In 2019, Haier published the revised Haier Corporate Social Responsibility, and founded the 'Haier Charitable Fund', as to fulfil its commitment to undertaking corporate resident's responsibilities worldwide, caring for vulnerable groups, participating in public welfare activities, supporting capacity building of communities, and continuing to integrate the public welfare activities into routine corporate operations.

1. Targeted poverty alleviation

Poverty Alleviation and People Benefiting

Haier has actively responded to the 'Ten Thousand Enterprises to Help Ten Thousand Villages' targeted poverty alleviation initiative, and carried out the 'Poverty Alleviation and People Benefiting' service project, with a view to improving the quality of life of more poverty-stricken households and lifting them out of poverty.

<p>Charity Road</p> 	<p>In 2019, Haier Group Leader's 'Charity Road' poverty alleviation project came to Jishui County, Ji'an City, Jiangxi Province, handing out more than RMB50,000 worth of household appliances to the poverty-stricken people in the county. Haier went to every towns and villages of the county and handed out a RMB500 worth of subsidy card to every registered poverty household for purchasing Leader's household appliances. 'Charity Road' is just a corner of Haier's poverty alleviation and people benefiting practices. In 2019, Haier carried out many poverty alleviation projects, extending Haier's care and love to the poverty-stricken, low-income and disabled people.</p>
<p>Heart-Ear-Eye Health • Act of Light</p> 	<p>In October 2019, Haier donated RMB1 million to support the 'Heart-Ear-Eye Health • Act of Light' project for the registered poverty-stricken population in Qingdao, Anshun, Longnan and Heze, allowing 4,100 children suffering congenital heart diseases and deafness and elders suffering cataract in the four cities to get free operations, a practical approach to help the low-income and poverty households.</p>

2. The Hope project

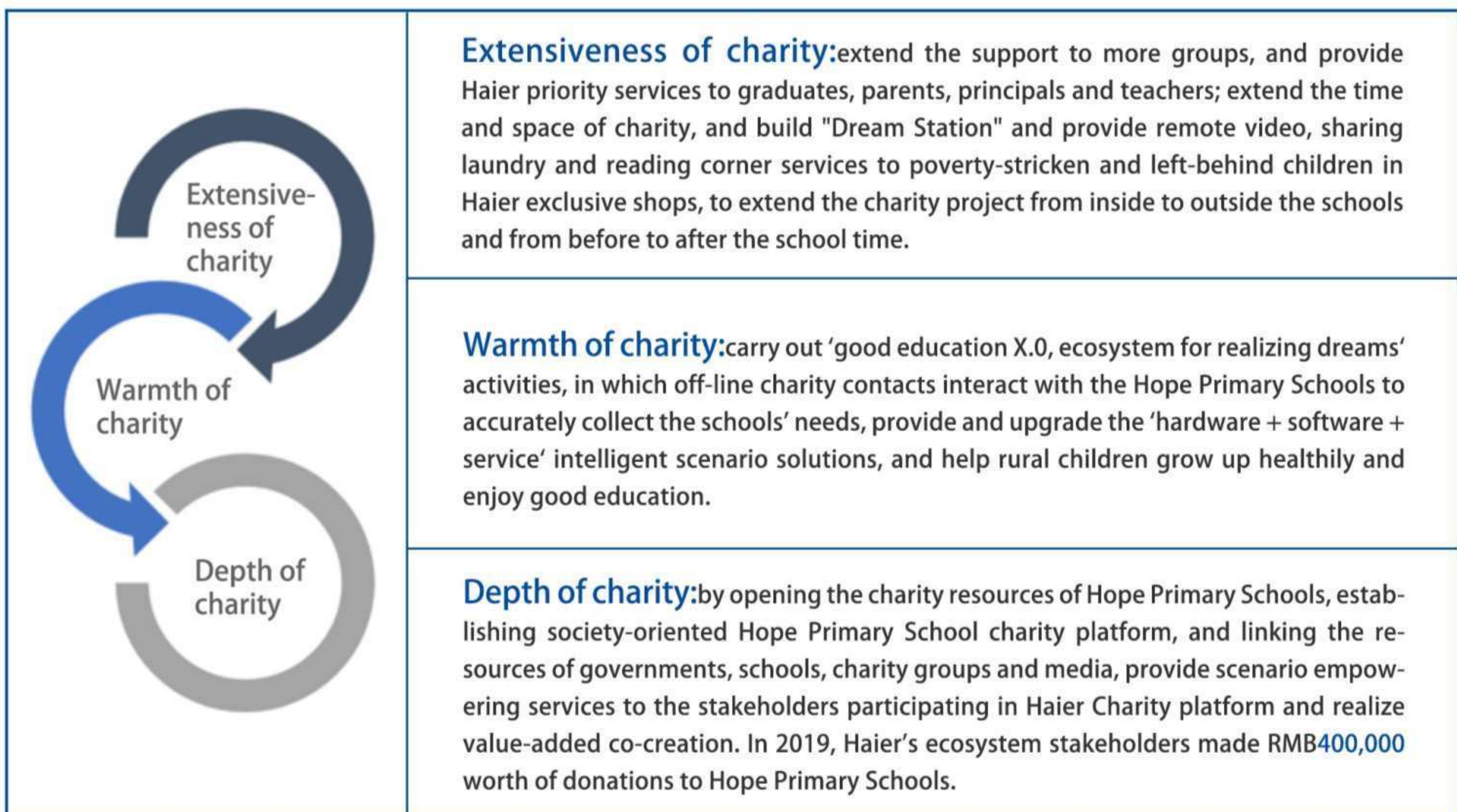
'We always believe that an enterprise cannot develop without the help and support from all walks of the society. Therefore, after growing big and strong, the enterprise should do its best to return benefits to the society. Haier has done this by focusing on the education of children from the first place.'

- Zhang Ruimin, Chairman of the Board of Directors and CEO of Haier Group

Over the past 30 years since the foundation of Hope Project (1989-2019), Haier has walked alongside the whole journey. By the end of 2019, Haier has input more than RMB110 million. From the first Hope Primary School built in 1995, Haier has contributed to construction of 306 Hope Schools (305 elementary and 1 middle schools), more than any other Chinese enterprises.

Haier's innovative IoT-based charity mode uses the open and sharing charity ecosystems, taking Haier Hope Project as the main line and driven by the Shunguang social interaction platform, and integrating the Hope Primary Schools network, charity contacts network and charity social groups network, to achieve the comprehensive upgrading of Haier charity mode in the IoT age. So far, Haier Hope Primary Schools have covered 26 provinces, municipalities and autonomous regions, with more than 72,000 students. Haier has set up a competing participation mechanism for joining the charity chain groups, encouraging micro-enterprises in Haier chain groups to compete to become off-line charity social contacts. We has established a Haier Elementary School charity system combining site selection, contribution to construction, progress watch and follow-up visit, leading the brand reputation for Haier and the micro-enterprises in chain groups. There are now 144 Haier's exclusive shops as the exemplary charitable contacts.

'Haier Charity' social interaction platform has come on-line, which, by on-line release, donation collection, contribution and project closed loop, makes Haier Hope Primary School construction and relevant charity projects visible, transparent and easy to join. With the mode of 'social groups + charity', it has changed the one-way charity activities by enterprises to a co-creation charity ecosystem participated by all people. Over the past year, Haier Charity platform launched 24 charity projects with the interaction volume of charity users reaching 1.05 million person-time. Haier continues to work on improving the extensiveness, warmth and depth of charity, and is devoted to building the charity scenario ecosystem of Hope Primary Schools. With the ecosystem mode, we aim to achieve sustainable development of the Hope Primary School project.



Young Dreamers



'Young Dreamers' charity project has come into its third year. Around the Children's Day of 2019, the first 'Young Dreamers - Graduation Season' launching ceremony in China, sponsored by Haier exclusive shops, titled 'good education X.0, ecosystem for realizing dreams', was held in Haier Hope Primary School in Sumu Camp, Lanqi Town, Longhua County, Hebei Province. 'Graduation Season' is a special education charity activity sponsored by Haier exclusive shops, with respect to all Hope Primary Schools across China, aiming to establish regular contact and interaction with Haier Elementary Schools by issuing exclusive graduation certificates, and to show the care and love for the students and teachers.

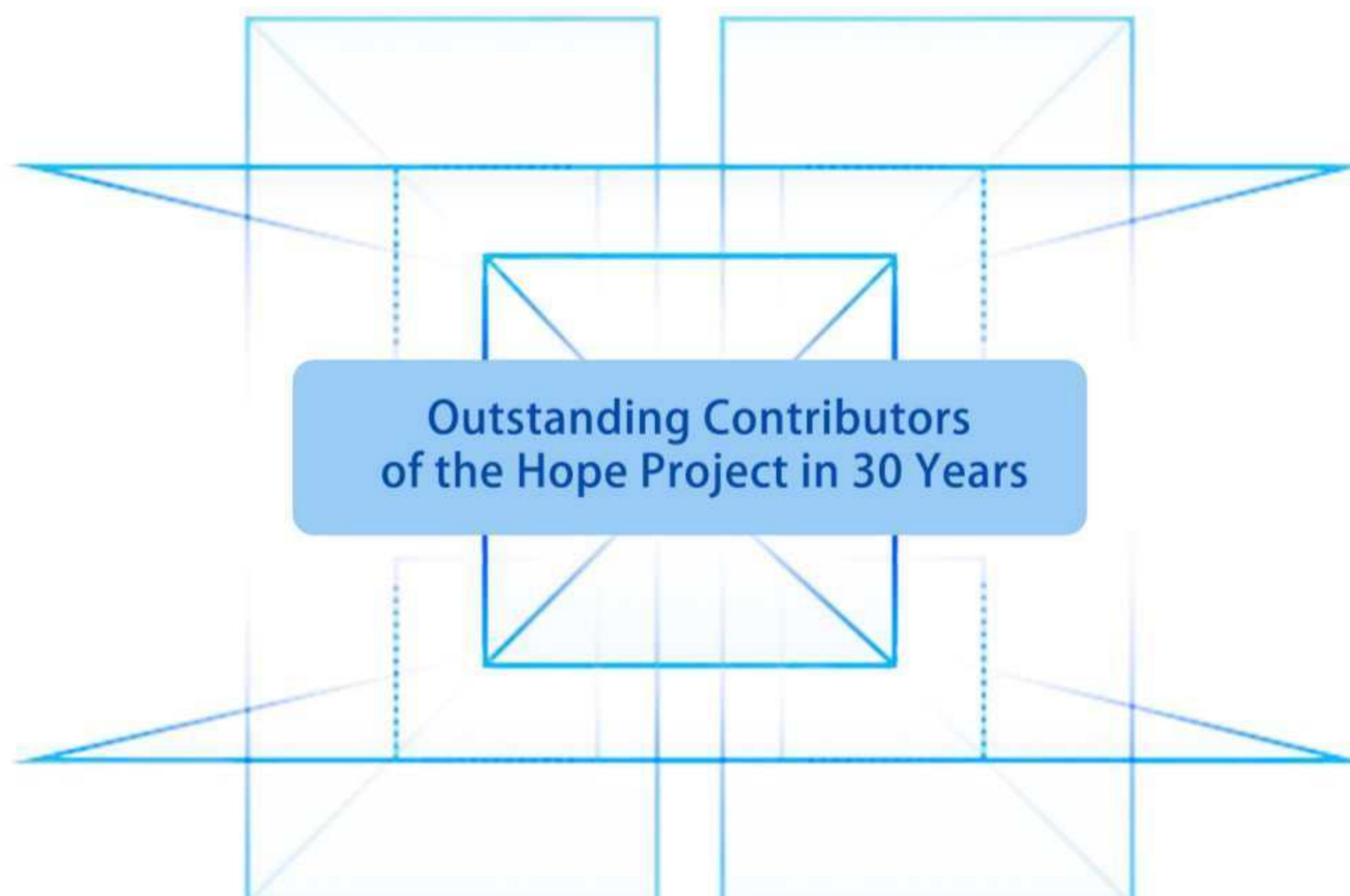
In 2019, Haier exclusive shops across China worked together to carry out more than 120 charity activities including Young Dreamers-Greenland Action, and Young Dreamers-Graduation Season, and granted more than 3,000 exclusive graduation certificates.

Leonardo da Vinci Art Promotion Plan



Casarte Art Campaign and Children's Art Education Class was initiated in Baoguo Haier Hope Primary School in Harbin City on September 19. Casarte developed children's art sense by means of non-profit class, donated art education materials and encouraged every single child to draw their own wonderful life with paintbrushes. Mr. Gabriele Rivolta, the vice chairman of the Italian Future International Education Association presented in person to guide the children in appreciating the art works of Leonardo da Vinci and immersing in the wonder of art.

Haier was rewarded with a title of honor 'Outstanding Contributors of the Hope Project in 30 Years' in 2019, which was a recognition from the society towards the full efforts the Company had actively made for public welfare projects. Haier will consistently uphold the social responsibility value of 'the corporate responsibility is to contribute to the society', continue to give concerns and full support to public welfare projects, actively improve the education conditions in poverty-stricken areas and contribute to the public welfare projects in China.



3. Other public welfare projects

Haier Marathon

During the Press Conference of 2019 Qingdao Haier Marathon themed 'Run in Qingdao and Chase for Future' and Sponsor Awarding Ceremony On April 19, Haier released brand new PB outfits for marathon and Qingma applet, committed to reward 'Haier Special Challenge Award' to the female and male runners in first place in the marathon and half marathon game in the aim to encourage more people interested in marathon to bravely challenge and go beyond themselves. The game was held on May 4 for the purpose of paying tributes to the 100th anniversary of May Fourth Movement. In total 25000 runner, including international runner teams and wheelchair runner teams from nearly 30 countries covering Japan, France and America, participated in the game. All the volunteers participated actively and became the strong backup for the successful carrying out of the game.

**Hug Daddy**

Haier franchised stores have been moving for the public welfare campaign of 'Hug Daddy' since 2017. The Company acts as a family station to not only provide consistent material support to families in need of help, but also bring the children directly to their parents who are immigrated for work for making the family reunion dream come true. Through the help of the Company, cumulatively around 120 left-behind children have reunited with their parents during summer vocation. In 2019, the 'Hug Daddy' campaign upgraded to a sustainable movement from a mere public welfare event. It expanded the coverage from rural left-behind children to those in first-tier and second tier cities, attracting 38 brands for joining the cooperation, more than 50,000 visitors for its public welfare exhibitions in Shanghai and Shenzhen, and almost 300 million people's attention.



Warm-hearted Care

In the summer of 2019, Haier launched 'Care Plan Under the Heat of 26°C' in 42 cities nationwide to establish fridges and break zones for the special groups working in the positions as briefed. Month of December every year is the month of gratitude of Haier franchised stores. 1600 warm winter activities have been carried out cumulatively by the current year.



The Haier service managers of Zhengzhou Jianmin Commercial Service Point send care and support to the Children Welfare Center in Anyang on a regular basis. During the year, the Haier employees have delivered not only the daily necessities to the children and elders, but also provided free water heater repairing and maintenance service to the whole welfare center. The welfare center expressed their sincere gratitude by rewarding a silk banner.



School-Enterprise Cooperation

Haier actively responds to the nation's policy of encouraging and supporting integration of production and teaching. On July 19, 2019, 2020 Haier corporate and school cooperation strategy press conference was held. Department directors from Haier HR Department, Maker Center, Micro-enterprise Businesses released the corporate and school cooperation plan, talent development mode, maker incubator project and implementation plan of 2020. In the future, Haier will further develop modern apprenticeship system to help Haier employees in career planning and achieve multi-win mode of corporate and school cooperation.



PART 1

Special Topic:
Fight against Epidemic Together
and Serve for Love



Special Topic: Fight against Epidemic Together and Serve for Love

The outbreak of COVID-19 has posed peoples life at huge risk around the whole world. At the tense situation of the current global struggle against the epidemic, Haier displayed its role in social responsibility as a national brand and proved itself with practical actions in fighting against the epidemic with people in the whole world and overcome the difficulties together. We established and initiated emergency guide team at the first hour, quickly coordinated the all the departments, mobilized the global resources and actively participated in the fighting against the epidemic with the consideration of guaranteeing the employee safety, assisting the corporate in locations where we have business presence to resume the work, continuously stabilizing the service to the global users and supporting global anti-epidemic front line. We carried out 3-in-1 layout globally in order to ensure a stable supply of products and services, actively performed our corporate and civic responsibilities as well as participated in global anti-epidemic.

Global employee safety protection

The Company upholds the people-oriented philosophy, and firmly guards global employees' right of health and safety during the epidemic period. We follow strictly the Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases and relevant epidemic prevention laws and regulations of all countries, actively respond to all the emergency policies, build the global epidemic prevention system in no time, promote in overall the implementation of epidemic prevention measures and provide multiple services to facilitate employees life.

1. Global epidemic prevention system building

After the outbreak of the COVID-19, we unified the distribution of global business operations, responded promptly and built a global epidemic prevention system in order to protect the health of employees.

In China, we established the epidemic prevention team at the first hour, regulated the TGM Process⁵ for epidemic prevention, confirmed the responsibility for epidemic prevention and proceeded the epidemic prevention work in overall in accordance with the national and regional policies. The epidemic prevention team conducted daily procedures such as checking on personnel, area disinfection to ensure the zero mistake and omission in epidemic prevention work. To achieve the balance between epidemic prevention and production, we focused on the strengthening the work resumption and epidemic prevention system building after the Spring Festival. The Company, by combining the actual business and the laws and regulations requirements of China, arranged proper timing for resuming the work, compiled Manual for Epidemic Prevention and Work Restoration, adopted a series of measures for epidemic prevention, and fully realized epidemic prevention systemized and employees guaranteed. By middle of February 2020, Haier Smart Home successfully resumed work in all the process under the precondition of guaranteeing the employee safety in line with the related requirements from the national and all the local governments for regulating holiday and corporate production resumption. It was highly recognized by all the local governments and regarded as a local example of corporate resuming work.

Haier carried out overseas epidemic prevention and control work with the domestic ones simultaneously. Before the epidemic spreads globally, the headquarter of Haier Smart Home established an overseas epidemic prevention and control day-clearing team to ensure the epidemic in overseas operating regions can be prevented and controlled in advance. In addition to China, Haier Smart Home's overseas 66 marketing centers, 54 factories and major R&D centers had simultaneously launched various epidemic prevention work, established a full process of prevention system from the establishment of an epidemic prevention mechanism, the formulation of an epidemic prevention manual and the distribution of epidemic prevention materials in order to guarantee the security of employees and provided support for the stable operation of Haier Smart Home's overseas business and the localization of 3-in-1 layout of 'R&D, manufacturing and marketing'.

2. Implementation of epidemic prevention measures

To ensure the employees all over the world safety during the work resumption, we conducted a series of measures in the aspects of material supply guarantee, overall disinfection, entry and exit control, education promotion, avoidance of personnel gathering and employee health checking.

⁵ TGM Process is a work execution process created by Haier, which refers to target, team and mechanism respectively.

Enhancing the promotion and education for epidemic prevention

We compiled Guide for Employee Epidemic Prevention, collected and sorted out the matters requiring attentions regarding epidemic prevention, educated and trained every employee; we placed signs at all the disinfection and food allocation areas to guide the employees for implementing the relevant requirements safely and efficiently.

Logistic support

We were well prepared for materials allocation for protection and prevention after the work resumption, established work resumption vehicle teams to ensure the safety during work commute, and provided daily life services such as hairdressing and vehicle washing for employees.

Implementation of disinfection in all round

We were dedicated to provide safe working environment for employee, and disinfected in all corners in the area at a fixed schedule every day.

Entry and exit control

We reduced the door opening frequency for entry and exit, strengthened the registration of personnel for entry and exit, and disallowed in principle the non-valid registering vehicles and personnel such as food delivery, express delivery and visitor's vehicles entering into the area.

Implementation of epidemic prevention measures in all aspects

Avoidance of personnel gathering

Before the work resumption, we screened and figured out 70 scenarios where employees might gather during different occasions, and made corresponding solutions to resolve, avoid and reduce the personnel gathering.

Monitoring of employee health

We conducted body temperature checking on a daily basis, organized for reporting the employee health status, and screening the employee movement information to timely detect potential risk in personnel safety. We communicated by phone call with employees who had special situations, and reported it if necessary.



Setting up queue isolation strip to ensure that employees' routes are not crossed



Wearing masks and preparing well for epidemic prevention and control



Picking up employees with 'Haier' exclusive bus



Disinfecting comprehensively for 100% epidemic prevention and control.



Case: Smart body temperature checking

Haier Smart Home created a new path for smart body temperature checking by the use of digital technologies such as big data and artificial intelligence. Technology innovation team in Haier Creative Research Center introduced AI body temperature checking and device of employee movement thermal distribution. The device was based on the AI image recognition technology and infrared thermal imaging technology, and able to conduct quick screening of employee temperature without queuing and give warning. At present, the product has been installed and put into use in multiple factories and office zones.

Based on China's experience in epidemic prevention and anti-epidemic, we have established a systematic anti-epidemic mechanism in the global operating area and implemented comprehensive prevention and control to ensure the safety of overseas employees:

- In Europe: educate employees about self-testing declaration of epidemic, reserve sufficient anti-epidemic materials and launch a remote office system;
- In Southeast Asia: distribute epidemic prevention material packages to employees, formulate epidemic prevention manuals, publish animated version of epidemic prevention standards, carry out employee training and encourage telecommuting;
- In the US: establish a feedback mechanism to track and understand the impact of COVID-19 on employees in time, and prepare sufficient anti-epidemic and protective equipment for employees, and implement a rotation policy;
- In Russia: urgently procure anti-epidemic materials, formulate anti-epidemic manuals, carry out internal publicity, improve the level disinfection and sterilization and personnel access management;
- In Japan: continuously strengthen the anti-epidemic awareness of employees through publicity; encourage employees to avoid peaks when commuting to work at peak shifts; encourage employees to keep a one-meter gap during attending meetings, and prohibit face-to-face meetings with customers; conduct indoor ventilation every 1 hour, etc.

Assistance in corporate work resumption

Haier, as the global core corporate of the industry chain, actively performed the social responsibility, actively assisted upstream and downstream partners, helped the medium and small-sized companies to resume work and production and supported the stable production of overseas enterprises in the supply chain while ensuring the work and production resumption of itself.

Overseas, we took the advantages of 3-in-1 layout to help local suppliers and partners take a series of measures of employees' epidemic prevention to fully guarantee the stability of overseas supply of products and services during the epidemic period.

In China, Haier Smart Home actively respond to the call of the nation, created 'COSMOPlat' for work restoration and production increasing of enterprises, exerted the supply chain ecological capacity, joined hands with ecological cooperation partners to build 'Corporate Work Resumption Ecological Group' and empowered the medium and small enterprises to resume the work and shift the production. The platform provided a complete solution to 14 scenarios such as overall epidemic prevention smart management, work resumption practical guide, so as to ensure the corporate to resume work in all the process, and achieve the increase in production. The platform also set a special area for supply and demand of medical protection materials and helped with highly efficient matching in supply and demand for epidemic use of the government, companies, hospitals and communities.



Case: empowering the garment enterprises in shifting to the production of protective suites

During the anti-epidemic period, COSMOPlat created empowering value in fighting against the epidemic and assisting in the corporate work and production resumption, which was widely recognized by the national ministries, all the local governments and media. COSMO platform fully played the technological and ecological advantages of industrial internet, and supported effective to the nation in guaranteeing and allocating the medical protective items during the epidemic period.

Global health security service

In front of the global tense epidemic prevention situation, Haier Smart Home upheld the strategy of smart homes guidance, regulated the packing, delivery, repairing and maintenance service. Under the precondition of protecting employees and users, and with the philosophy of 'epidemic is for a short period of time while sincere service is forever', it adjusted and upgraded quickly to consistently and stably provide excellent quality service and health products to global users and meet the protection demand of the users during the special period.

Smart home guidance

'Smart + Health' scene

For the special demand of the users for daily home items disinfection and health management during the epidemic period, the Company upgraded the Haier Smart Home Application by adding smart health theme online, covering multiple health scenes such as garment disinfection, indoor air disinfection, healthy diet, for promoting protection and prevention knowledge to users and their families.



case:

In the scene example of 'indoor air disinfection', the users turn on the function of 'AC cleaning' in the Haier Smart Home Application, and the evaporator in the AC will proceed self-cleaning, deducting and prevent bacteria effectively with 99% bacteriostasis rate. Meanwhile, in the smart disinfection and cleaning scene, users can use voice control to activate the AC, and disinfect the air by using of UVC disinfection function.

Meanwhile, we launched online live broadcasting. During the period from January 31 to February 10, 2020, Haier Smart Home had 25 home-scene live broadcasts, covering smart product with epidemic prevention functions such as air-wash washing machine and new air AC. The users were able to place orders online during all the live broadcasting if they need the products. In addition, Haier Smart Home Application store added a health zone to directly provide health-friendly home appliances to users, which resolved the problem of inconvenient shopping and promoted our business to develop stably.

While we provide health appliances for domestic users, we continuously and stably provide a series of health products for global users to assist them in fighting against epidemic together, depending on effective epidemic response mechanism and supply chain system overseas. Among others, in Japan, Haier Smart Home launched a series of health products under its AQUA brand during the epidemic period, such as washing machines with the function of disinfection, sterilization and clothes protecting to meet the health prevention demand of local people, which was widely supported by local consumers. In Europe, with the increasing demand of health and fresh-keeping refrigerator which was affected by the epidemic, Haier Refrigerator promptly provide refrigerators with function of disinfection and fresh-keeping to European market, thereby meet the need of the European users at the first hour. Meanwhile, Haier Smart Home allocated 1,000 units of 56° C - sterilization air conditioner to Italy. This batch of air conditioners firstly will be offered to Italian respective major hospitals and areas which heavily affected by epidemic in order to provide local people with healthy air and assist them to fight against epidemic.

Haier 56° C sterilization air conditioner carries a kind of clean high-temperature sterilization technology developed by Haier Air Conditioner. Once the air conditioner is turned on self-cleaning, the temperature of evaporator can reach above 56° C for a duration of more than 30 minutes, which can effectively kill bacteria and viruses.

"Epidemic reporting" scenario

In order to enable users to timely understand the latest epidemic progress and correctly master professional protection knowledge, Haier Smart Home "AI Assistant Xiaoyou" launched the "epidemic reporting" scenario function. Via "Assistant Xiaoyou", users can timely inquire nationwide or surrounding epidemic dynamics, acquire the latest basic knowledge about the prevention, screening and treatment of COVID-19.

Smart ecology integration

We joined hands with the Smart Ecology Network in launching multiple smart integration functions. Haier Internet of Clothing released such scenarios as sterilization protection for people arriving home, disinfection for people staying at home and sterilization to safeguard the health and safety of users; Haier Internet of Food joined hands with Baidu in developing the platform for real-time display of epidemic information at the terminal of smart household appliances, enabling users to learn about epidemic prevention knowledge even in times of cooking simply through the screen of the smart refrigerator.

2. Safety service specification

Haier Smart Home issued the Specification for Safety Service During Epidemic Prevention and Control, according to which we actively launched the online 'non-contact health service' for online reporting of service demands, online supply of service instructions and online viewing of service process, thus ensuring continuous supply of home appliance installation and maintenance services to consumers while effectively avoiding the spread of virus and reducing the risk of infection; in addition, we upgraded the door-to-door installation service through such measures as temperature detection, mask wearing, disinfection and cleaning, to reduce the risk of infection in the process of service.



Non-contact health service



Haier service professionals transmits site construction information to users through mobile phone in a real-time

Assistance to global anti-epidemic front line

Escort the epidemic fighters and campaigners. Upon the outbreak of COVID-19, Haier Smart Home, relying on its global layout and industrial advantages, took immediate actions to coordinate resources worldwide for continuous donation of supplies and funds. Meanwhile, the Company organized anti-epidemic teams to assist the global anti-epidemic front line, becoming one of the earliest and also the most generous assistance providers.

Funds and supplies donation

Since the outbreak of COVID-19, Haier Smart Home, in active response to the anti-epidemic work in the frontline in China and overseas, has assisted the anti-epidemic frontline in such forms as funds, IoT appliances and anti-epidemic supplies. Up to now, Haier Smart Home has donated RMB13 million cash, IoT home appliances worth more than RMB 2.5 million in China and also anti-epidemic supplies worth USD 500,000 which were urgently raised by Haier's companies worldwide.

Spare no efforts to fight against COVID-19 as a 'smart' manufacturer in China

Upon the outbreak of the epidemic, Haier Smart Home donated such IoT appliances as air conditioners, disinfection cabinets, electric water heaters, automatic washing machines and refrigerators to Wuhan in the first time, to protect the health and safety of patients and medical staff fighting in the anti-epidemic front line.



Case

Wuhan Huoshenshan Hospital was delivered for use on the night of February 2, 2020. In the early morning that day, the large-scale purification-heating machines (22 sets) and water boilers (4 sets) donated by Haier were delivered overnight to Huoshenshan Hospital by the Gooday Logistics. These water purifiers and water boilers will be placed in hospitals' water heater rooms and rest areas for medical staff, so as to ensure healthy drinking for medical staff and patients as a support to the fighting against the epidemic.



Case

In order to solve the problem of clothing sterilization and disinfection in the anti-epidemic front line, Haier Washing Machine spared no efforts in fighting against the epidemic to safeguard the health of medical staff and patients. Haier Washing Machine has, since the end of January, assisted 152 hospitals nationwide at the speed of 7 a day, to provide cloth washing, sterilization and disinfection services for medical staff and patients fighting in the anti-epidemic front line.

Global collaborative anti-epidemic

In response to the sudden shortage of short-term anti-epidemic supplies in China, the overseas platform of Haier Smart Home urgently raised supplies at home and abroad by advantage of its global network. By the end of March 2020, we have received protective supplies such as masks, protective clothing and goggles donated by our branches in various countries such as the United States, Japan, Russia, France, India, Thailand, Malaysia, Indonesia and Nigeria. These anti-epidemic supplies will all be used to assist the medical staff fighting in the anti-epidemic frontline.

Case

Haier Russia urgently purchased more than two tons of anti-epidemic supplies upon hearing about the epidemic. However, due to environmental and flight impacts, it was quite difficult to transport these supplies. Thanks to joint efforts, these supplies were smoothly delivered to the Union Hospital affiliated to Tongji Medical College of Huazhong University of Science and Technology and Tongji Hospital affiliated to Tongji Medical College of Huazhong University of Science and Technology on February 4. It was the first batch of anti-epidemic supplies delivered by Haier Smart Home to China from abroad.

Confronted with the global spread of the COVID-19, Haier Smart Home continues to strengthen the communication and coordination of various segments around the world, relying on the deep globalization of the network and supply chain advantages, actively carried out cross-border support to provide support for the global anti-epidemic, highlighting the role of a global enterprise.

Haier global assistance sketches

- Haier Smart Home urgently purchased 25,000 masks to support Europe, and sent out products equipped with sterilization and disinfection functions to European countries; we continued to pay attention to the development of European epidemics, and donated masks, protective clothing and other epidemic prevention materials to many Italian hospitals, supporting Italy's epidemic prevention and anti-epidemic work with practical actions;
- Relying on COSMOPlat to take advantage of the industry, the intelligent temperature measurement and disinfection channel was urgently customized and donated to the German Heidelberg University Hospital to empower the local epidemic prevention work. The devices had arrived in Germany in April;
- Haier India continued to pay attention to the local epidemic situation, and actively took various actions, such as distributing meals to local communities, providing 'love meals' for difficult groups, and donating protective equipment such as masks and disinfectants to the local police stations, schools, hospitals, community personnel and other anti-epidemic first lines supplies, to provide local people assistance within its ability to fight against the epidemic;
- Haier Malaysia learned that the current local epidemic prevention materials are in short supply, and most of the donated materials flew to the hospital. Knowing that the media workers in the anti-epidemic front line lacked of the protection against epidemic, they purchased 10,000 masks to support the front line media after coordinating with various parties;
- Haier Pakistan donated 50,000 protective masks to the local government to ease the pressure on the shortage of local medical supplies and epidemic prevention materials. As of April 2, 2020, Haier Pakistan was stepping up the procurement and transportation of the second batch of epidemic prevention materials to further protect local medical personnel.



Haier Europe donated 2,500 sets of protective clothing to Italy



COSMOPlat's smart temperature measurement and disinfection channel donation ceremony to German



Haier India provided local communities with food India provided local



Haier Malaysia donated masks to the local front-line media

2. Anti-epidemic teams

In order to satisfy the needs for household appliances arising from the building and renovation of various hospitals in Wuhan, Haier Smart Home urgently organized an anti-epidemic team with 102 members on the day of the New Year's Eve, to install water heaters, refrigerators, water purification units and other home appliances for Huoshenshan Hospital and Leishenshan Hospital.

On the construction sites of Huoshenshan Hospital and Leishenshan Hospital, despite the difficulty of road closure for reasons of construction, Haier 'anti-epidemic teams' finally succeeded in delivering and installing Haier air conditioners, water heaters and refrigerators as required. As at February 4, 2020, Haier 'anti-epidemic commando' had completed all its tasks in Huoshenshan Hospital and Leishenshan Hospital. During the Spring Festival, there was totally 2,700 service staff of Haier sticking to their posts in Hubei Province, and being ready to respond to emergency needs from hospitals and contribute to the anti-epidemic frontline.

At the most critical moment come the true heroes. Haier Smart Home never retreats in face of crisis. We will pay constant attention to the evolution of the global epidemic, keep summarizing experience, and improve the Company's ability to respond to public emergencies, show the due ability of enterprises to resist risks, perform the social responsibility as a global enterprise with practical actions, and resolutely win the anti-epidemic war in solidarity with the whole world.

Third-party evaluation made by the Household Appliances Industry Association

After more than 40 years of hard work, China's household appliances industry has written a magnificent chapter in the rise of China's manufacturing industry with its own wisdom and diligence. In 1978, the output value of China's home appliances industry was only RMB423 million. Starting from a weak foundation, China's household appliances industry has gradually ranked forefront worldwide, epitomizing the take-off of China's economy. At present, China's household appliances industry is transforming from the trade model relying solely on exports to the new international strategy, and the position of Chinese household appliances brands in the international market has achieved a qualitative leap.

2019 marks the 35th anniversary since the establishment of Haier. Since 1984 when Haier Refrigerator Factory introduced the first four-star refrigerator production line in Asia from Liebherr GMBH in Germany, Haier has been keeping pace with the times through continuous development. Adhering to exporting its proprietary brands, Haier has, through years of efforts, acquired the white goods business of Sanyo of Japan, the household appliances business of GE Appliances (GEA), and several foreign home appliances brands such as Fisher & Paykel (FPA) (a household appliances brand in New Zealand) and Candy (a household appliances brand in Italy), finally building a core competitiveness integrating R&D, manufacturing and marketing worldwide that can satisfy the individualized demands of users in more than 100 countries. According to the data released by Euromonitor in 2019, Haier again leads the industry in sales volume this year. That means, Haier has ranked No. 1 among large household appliances brands in sales volume for 11 consecutive years, making itself a world-class brand from China.

In recent years, the central government has, according to the requirement of 'transforming the mode of economic development', continuously promoted the upgrading of major industries and carried out supply-side reform, with remarkable results being already achieved. As a leading enterprise in the household appliances industry, Haier is also at the forefront of transformation. Breaking the barriers of traditional industry modes, Haier has innovatively proposed the 'Sansheng' Mode (a mode of 'ecosystem, ecological income and ecological brand'), and explored a new way of efficient development. Haier has built a rainforest-style business ecosystem, in hope of joining hands with all members of the rainforest to achieve win-win results. With the rapid development of the Internet technology, channel mode and manufacturing mode begin to undergo profound changes, and openness and crossover have become the theme of the times, with openness being undoubtedly the foundation for achieving unbounded communication. Being as inclusive as the sea, Haier has, starting from smart home appliances, constantly expanded the boundary of the industry and created such ecological platforms as 'Internet of Clothing' and 'Internet of Food'.

Thanks to the breakthroughs in IoT, big data and other technologies, the wisdom core of the household appliances industry has been constantly strengthened, and the independent innovation capability of China's home appliances industry has achieved significant improvement, accompanied by the endless emergence of innovative products and the gradual formation of an active and healthy atmosphere. The improvement of people's living quality is accompanied by the significant trend of consumption upgrade, marking the entry of consumption demands into the era of diversification and individualization. In the future, household appliances will also play the role of smart terminal in the same way as mobile phones, and thus build the smart home life through IoT. This year, 'Qingdao Haier' was officially renamed as 'Haier Smart Home', which launched the '5+7+N' smart solution package based on its continuous input of global layout R&D resources and in-depth understanding of global consumers. In the future, Haier will develop 'Smart Home' into a leading ecological brand, and try to customize beautiful life for global users by means of smart home, thus enabling everyone to be the 'designer' of his/her own beautiful life.

We are living in a great era witnessing the great leap of the Chinese Nation from standing up to becoming rich and strong and the substantial rise in the comprehensive strength and people's living standard of China; while it is also a challenging era troubled by constant global trade frictions, complicated and volatile international environment and restless trade protectionism. Only those who struggle ahead can truly possess time and history, and only through struggle-based definition of enterprise value can an enterprise develop faster and reach further. In the tide of the era, Haier remains true to its original intention and forges ahead following its dreams. Haier will continuously adhere to independent innovation, build proprietary brands and implement global layout, so as to constantly satisfy the individualized demands of global consumers and help China realize the goal of becoming a global power of household appliances.

As is said by General Secretary Xi Jinping, 'great dreams can by no means be made by waiting or shouting, but by struggling and working'. We hope that, in its sixth ecological strategy stage, Haier can continuously construct industrial ecology, lead technological innovation and contribute superior products and smart scenarios, and join hands with the industry, consumers and the whole society to set sail through the tide of the IoT era and write new brilliant chapters.



中国家用电器协会

理事长: 

2020年4月

Corporate honors

1. Leadership Honors

- **Top 60 of the Top 10 Businessperson of the Year 2019**

On December 2, 2019, Zhang Ruimin, chairman of the board of directors and CEO of Haier Group, was listed as the Top 60 of the Top 10 Businessperson of the Year 2019, ranking 11th.

- **Forbes China Lifetime Achievement Award**

On October 19, 2019, Forbes China Leadership Summit released the list of Forbes China Businessperson of the year 2019: Business Leaders of Multinational Operation, on which Zhang Ruimin, chairman of the board of directors and CEO of Haier Group was listed. In addition, Zhang Ruimin won the Forbes China Lifetime Achievement Award.

- **40th Anniversary of Promoting Total Quality Management: Outstanding Entrepreneur**

On August 28, 2019, Zhang Ruimin, chairman of the board of directors and CEO of Haier Group, won the award of 40th Anniversary of Promoting Total Quality Management: Outstanding Entrepreneur given by China Association for Quality at the Commemorative Ceremony of the 40th Anniversary of Promoting Total Quality Management & Founding of China Association for Quality.

- **40th Anniversary of Promoting Total Quality Management: Outstanding Quality Person**

On August 28, 2019, Ren Xianquan, vice president of Haier Household Appliance Industry Group, won the award of 40th Anniversary of Promoting Total Quality Management: Outstanding Quality Person given by China Association for Quality at the Commemorative Ceremony of the 40th Anniversary of Promoting Total Quality Management & Founding of China Association for Quality.

- **China Brand Person of the Year 2019**

On May 26, 2019, Zhang Ruimin, chairman of the board of directors and CEO of Haier Group, was awarded China brand Person of the Year 2019 at the China Brand Person of the Year Award Ceremony 2019 co-hosted by Business China Magazine, China Development Website and China Brand Research Center of Capital University of Economics and Business and jointly sponsored by China Brand Development Website.

- **China 50 Most Influential Business Leaders 2019**

On April 15, 2019, Fortune China released the list of China 50 Most Influential Business Leaders 2019, on which Zhang Ruimin, chairman of the board of directors and CEO of Haier Group, was ranked 25th.

2. Brand Honors

● People's Corporate Social Responsibility Award – Enterprise of the Year

On December 27, 2019, at the 2019 People's Corporate Social Responsibility Summit and the 14th People's Corporate Social Responsibility Award Ceremony hosted by People.cn with the theme of 'Enterprising for 70 Years with Responsibility Along the Road', Haier Group won the award of Enterprise of the Year for its continuous efforts in the field of public welfare for more than 30 years.

● Ingenuity Service of the Year 2019

On December 25, 2019, at the Quality Development Summit 2019 and the 16th People's Choice Ingenuity Awarding Ceremony hosted by People.cn, Haier Casarte's seven-star service won the award of Ingenuity Service of the Year 2019.

● Qingdao Top 10 Charity 2019

On December 24, 2019, at the awarding ceremony of Qingdao Top 10 Charity of the Year 2019 hosted by Qingdao Charity Association with the theme of Thousands of Small Waves of Charity Merge into the Ocean of Charity, Haier Group won the honorary title of Qingdao Top 10 Charity 2019 for its outstanding contribution in social responsibility.

● Board of Directors Corporate Governance Medal

On December 20, 2019, at the 15th Golden Round Table Forum of Board of Directors of China Listed Companies, Haier Smart Home won the Board of Directors Corporate Governance Medal.

● 'Industrial Blockchain Application Example'

At the China Industrial Blockchain Summit 2020 held on December 20, 2019, Haier Internet of Food and Internet of Clothing respectively won the honorary titles of Industrial Blockchain Application Example.

● i China 2019 – Top 10 Brands of the Year 2019

On December 19, 2019, at i-China Forum 2019 The 17th, Haier Smart Home won the award of Top 10 Brands of the Year 2019 for its smart home solution of creating the beauty of life with science and technology and customizing the good life with wisdom.

● China Internet Economy Brand of the Year 2019

On December 19, 2019, at i-China Forum 2019 The 17th jointly sponsored by the CI Week of Chinese Academy of Sciences and Center of Informatization Study of Chinese Academy of Social Sciences, Haier Smart Home won the award of China Internet Economy Brand of the Year 2019 with the high growth of share and implementation achievement of complete set.

● Gold Award of the Year 2019

On December 18, 2019, at the 5th China Smart Home Conference and Gold Award Ceremony, Haier Smart Home won Gold Award of the Year 2019 of Leading Brand of Smart Home. Gold Award aims to honor products and enterprises with unique quality, innovation and function. Each category has only one winner.

● China Brand Model of Powerful Nation 2019 Top 100

On December 15, 2019, at the China Brand Powerful Nation Ceremony 2019 held by CCTV, Haier Group was ranked among Top 100 of China Brand Model of Powerful Nation 2019.

- **Trustworthy and Outstanding Listed Company of the Year**

On December 10, 2019, Haier Smart Home was selected as the Trustworthy and Outstanding Listed Company of the Year by Investor China.cn.

- **Italy Best Investor Award 2019**

On December 10, 2019, at the China Awards 2019 Ceremony in Italy, Haier Smart Home won the award of Italy Best Investor. Mr. Sun Shubao, General Manager of Haier Europe, received the award on behalf of Haier and stressed the importance of Italian and European market to the Company. Haier was the only home appliance enterprise that had won the award of Italy Best Investor.

- **Company of Best Investment Value 2019**

On December 10, 2019, Haier Smart Home Co., Ltd. won the 'Golden Jubilee Award • Company of Best Investment Value 2019 given by China Investment Network'.

- **Golden Awards: The Best Corporate Governance(G)Responsibility Award 2019**

China ESG Golden Awards 2019 was selected from the shortlist on November 27, 2019. Haier won China ESG Golden Awards 2019-The Best Corporate Governance (G) Responsibility Award owing to its sense of responsibility and practical actions in daily operation.

- **Ranked First in Forrester's Industrial Internet Leader Quadrant**

On November 25, 2019, Forrester, the global leading market research and consulting agency, officially released The Forrester Wave™: Industrial IoT Software Platforms In China, Q4 2019, making a comprehensive evaluation of twenty-six indicators of seven leading Chinese manufacturers in the field from three dimensions of product supply, strategic layout and market performance. Haier scored the highest in eighteen indicators and ranked first in Forrester's Industrial Internet Leader Quadrant.

- **Outstanding Contributors of the Hope Project in 30 Years**

On November 21, 2019, the 30th Anniversary Ceremony of the Hope Project Implementation. Haier won the honorary title of Outstanding Contributor of Hope Project in 30 Years with its high concern and continuous investment in the Hope Project.

- **Star of China Smart Home Appliance Technology**

On November 13, 2019, at the 2019 China AIoT Smart Terminal Summit and 2019 China Smart Home Appliance Industry Forum jointly sponsored by China Institute of Communications and Chinese Institute of Electronics, Haier Smart Home Cloud Brain Platform won the title of Star of China Smart Home Appliance Technology on the strength of the first-mover advantages and technical capacity in the field of 'smart home with initiative intelligence'.

- **Chinese Enterprises Globalization 2019 Top Ten**

November 2nd to 3rd, 2019, at the 6th China Inbound-Outbound Forum 2019 and the 6th Chinese Enterprises Globalization Forum jointly sponsored by CCG, CAFIEC, CAEFI, UN China, Haier was selected as 2019 Chinese Enterprises Globalization Top Ten Enterprises by CCG, being the only one household appliance enterprise listed.

- **40th Anniversary of Promoting Total Quality Management: Outstanding Promoting Unit**

On August 28, 2019, Haier was awarded 40th Anniversary of Promoting Total Quality Management: Outstanding Promoting Unit by China Association for Quality awarded at the Commemorative Ceremony of the 40th Anniversary of Promoting Total Quality Management & Founding of China Association for Quality. At the same event, the project of Haier (Home/Commercial) Products Intelligent Diagnosis, Prediction and Health Management and Practice won the first prize in Quality and Technology.

- **Fortune Global 500 in 2019**

On July 22, 2019, Fortune released the list of global top 500 companies in 2019. Haier Smart Home ranked 448th with operating revenue of USD27,714 million, up 51 places from last year.

- **Leader of Top 100 Chinese Listed Companies of Scientific and Technological Innovation**

On July 16, Haier Smart Home got on the list of Top 100 Chinese Listed Companies of Scientific and Technological Innovation, jointly launched by Sina Finance and Research Center of Listed Companies of Chinese Academy of Social Sciences. Haier Smart Home won the title of Leader of the Top 100 Chinese Listed companies of Scientific and Technological Innovation.

- **BrandZ™ Top 100 Most Valuable Global Brands 2019**

On June 11, 2019, the list of BrandZ™ Top 100 Most Valuable Global Brands 2019 was officially released on the NYSE. Haier ranked 89th on the list with a brand value of USD16.3 billion. For the first time, the list added the category of Internet of Things Ecology, and Haier became the first and only ecological brand of Internet of things in BrandZ's history to enter the Top 100.

- **Interbrand Best Chinese Brands**

On May 30, 2019, Interbrand, a brand consulting company, released the list of China Best Brands of 2019, on which Haier ranked 23rd.

- **The first New Fortune Best Listed Companies**

On May 16, 2019, Haier Smart Home got on the list of the first New Fortune Best Listed Companies.

- **Best Innovation Breakthrough Award, Best New Brand Award, and Best Growth Brand Award**

On May 9, 2019, at the 4th TES Tmall Consumer Electronics Ecology Summit, Haier, Casarte and Leader, **three** major brands under Haier, won three awards respectively, the Best Innovation Breakthrough Award, the Best New Brand Award, and the Best Growth Brand Award.

- **The AWE Award 2019**

On March 16, 2019, the list of the 9th AWE Awards was announced. Haier won **ten** awards on the strength of the leading original technology capabilities in the industry, being the enterprise with most awards. Haier Heyan Refrigerator and Casarte Fiber Washing Machine won the AWE Gold Award, making Haier the household appliance enterprise with the most gold awards.

- **The Most Influential IoT Ecology Award**

On February 28, 2020, the IoT Star Award 2019 of China IoT Industry Annual Selection jointly hosted by China IoT Industrial Application Alliance and Shenzhen IoT Industry Association was officially announced, and Haier Internet of Clothing won the Most Influential IoT Ecology Award.

- **iF Design Award 2019**

On January 29, 2019, the list of the iF Design Award 2019 in Germany was announced. Haier and its high-end brand Casarte won a number of iF design awards, covering refrigerators, washing machines, freezers, water heaters, kitchen appliances, household appliances, with the highest number of awards in record.



Haier Smart Home Co., Ltd.

COUNTACE US

 Haier Industrial Park, No.1 Haier Road, Qingdao City, PRC

 0532-88931670

 finance@haier.com