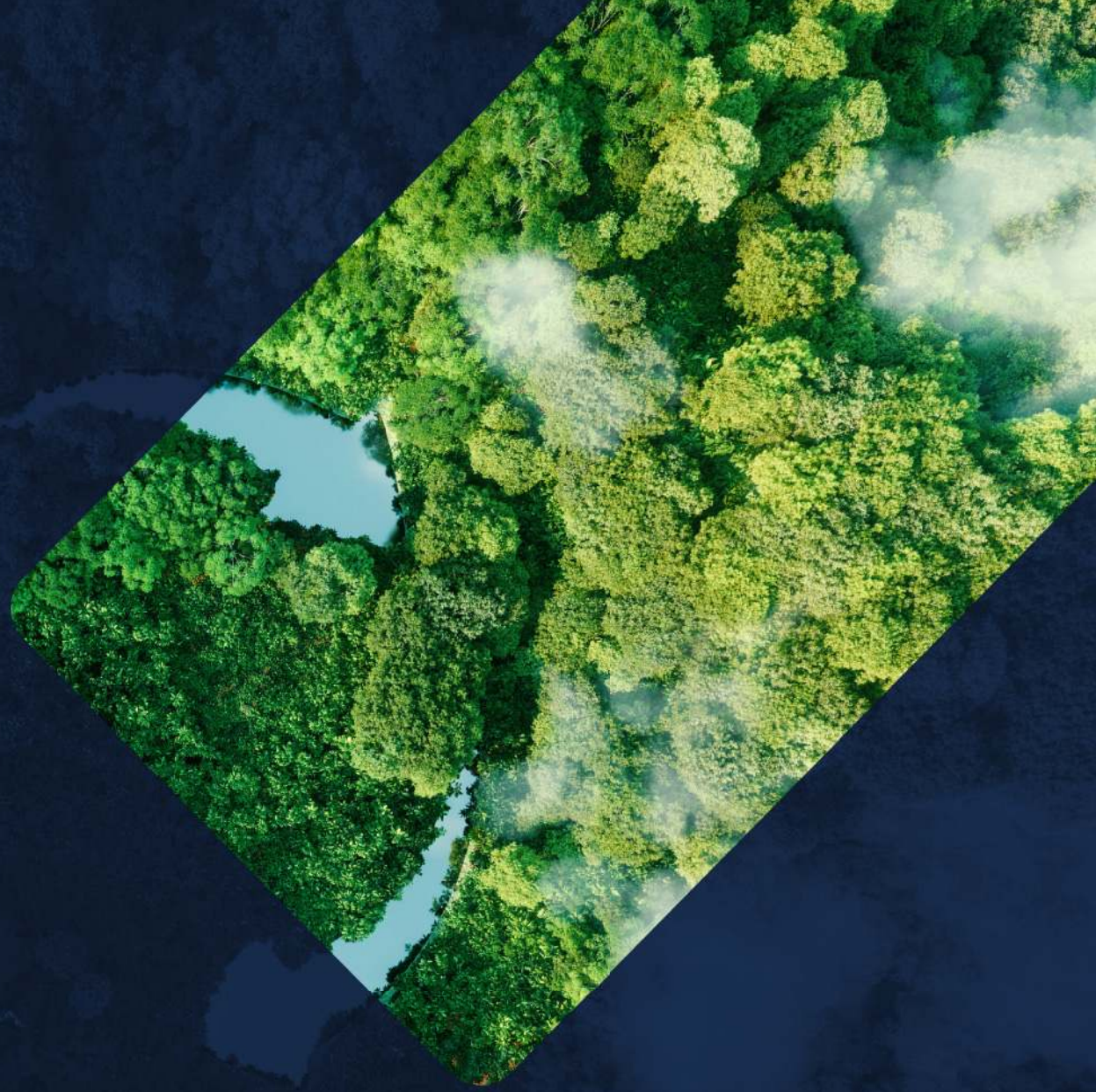
Haier Europe
Sustainability

Sustainability Report 2023

1st January – 31st December 2023



Opening remarks

Dear Stakeholders,

It is an honor to assume the role of CEO at Haier Europe during such a pivotal time for our journey toward sustainability, as we continue to strengthen our position in the European market. This moment presents an opportunity to enhance our sustainability efforts while staying true to the values that define our company. I believe that continuity is key to turning our commitments into concrete outcomes, and together, we will chart a credible path towards a more sustainable future.

In 2023, while many of the external headwinds and challenges from the previous year persisted, the landscape has evolved with new complexities. Inflationary pressures remained a concern, but supply chain disruptions began to ease as global logistics slowly stabilized. However, the energy crisis continued to impact costs and production processes across industries, with many companies still struggling to adjust to fluctuating energy prices and supply volatility. Additionally, 2023 saw an increased focus on regulatory compliance. The introduction of the Corporate Sustainability Reporting Directive (CSRD) has added stringent requirements for sustainability disclosures across all industries, including ours. Haier Europe has fully recognized the need to align with these enhanced regulations, viewing them as a vital component of our long-term strategy.

As we look back on 2023, I am proud of Haier Europe's achievements in sustainability, innovation, and operational excellence.

Our connected products are driving smarter living. With over 70% of our products compatible with the hOn app, a growing community of 1.7 million registered users, and an 4.3-star app rating, we're empowering customers to optimize energy use, reduce costs, and lower their carbon footprints. Our 10-year journey in IoT has taught us valuable lessons, connecting us with zero distance to our users. Collaborations with energy providers and the integration of smart solar systems have further strengthened our contribution to sustainable living. Additionally, we advanced product circularity through Life Cycle Assessments and integration of eco-design principles, extending product lifecycles with solutions that promote preventive maintenance and repair. This approach enables us to guarantee the availability of essential spare parts for up to 10 years.

Reducing the environmental footprint of our operations. Across our plants, we have achieved significant reductions in energy

Opening remarks

consumption and water usage, while maintaining a 96% waste recovery rate. Our ongoing analysis of Scope 1, Scope 2, and select Scope 3 emissions underscores our dedication to mitigating our climate impact. In line with our sustainability goals, we have implemented large-scale solar energy projects, including a 5.25 MWp solar power plant in Turkey and a 3.3 MW system in China. These initiatives are designed to reduce the impact of our manufacturing processes and support our goal of achieving 60% renewable energy use across all production sites by 2025.

People remain at the heart of our success. In 2023, Haier Europe was recognized as Top Employer in the UK and listed among Forbes Best Employers across 52 countries, testament to our commitment to attracting, retaining, and engaging talented individuals who drive our growth and success. With over 10,000 employees contributing to our achievements, we've invested heavily in their development through live training programs, both online and in-person, enhancing skills and fostering greater engagement. **Workplace safety is a top priority at every level of the organization**. We are dedicated to providing a safe and healthy working environment for everyone, with 63% of our factories certified under ISO 45001, the global standard for occupational health and safety management enabling us to keep the very low time incident rate level achieved.

As we look to the future, Haier Europe remains dedicated to leadership in sustainability, innovation, and operational excellence.

I want to express my gratitude to all our employees, partners, and stakeholders for their contributions to making 2023 a remarkable year for Haier Europe. Together, we will continue to innovate and build a sustainable future.

Neil Tunstall,
CEO Haier Europe

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Our 2023 in brief

Haier Europe Sustainability

Sustainability is a key focus for businesses. As a leader in the household appliances sector, Haier Europe leverages connectivity and the Internet of Things (IoT), the Company is developing innovative solutions to optimize resource consumption and extend products' lifespan.
Aligned with the United Nations Sustainable Development Goals (SDGs), Haier Europe is looking to transform into an ecosystem of co-creation and IoT communities, committed to engaging consumers and stakeholders in its values through its Zero Distance approach, focusing on sustainability and well-being.

WHO WE ARE Haier Europe

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

Terra Carta seal awarded
Haier Europe is the first Asian company awarded by the Sustainable markets initiative

No. 1
Haier is the number one brand globally in major appliances
(source: Euromonitor International).

SMARTABILITY: smart and innovative solutions delivered to customers

100%
of Haier branded washing machines and Candy & Haier ovens offered on the market are A-Class

IoT for energy
smart solar systems for users offered in partnership with Tate, Yale, Ostron, Hive Power and Edison

Life Cycle Assessments
performed on product categories to assess the carbon footprint and water footprint

OPERATIONS: focus on the production footprint

40%
reduction in energy consumption has been achieved in Brugherio through the implementation of energy efficiency initiatives

Carbon Footprint
analysis, assessing Scope 1, Scope 2, and select Scope 3 emissions

96%
waste recovery rate thanks to separation and recycling of components and material and 40% of water use reduction across plants compared to 2022

PEOPLE: Haier Europe's employees

63%
of Haier Europe's factories are certified ISO 45001 for health and safety at work standards

+10,000
employees who contributed to the Haier Europe's achievements throughout 2023

Top Employer
in the UK for the second consecutive year

RESPONSIBLE DATA: data strategy in the IoT era

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

4.3
Haier Europe's hOn app rating

Safe connectivity
UL Golf certified solutions on the IoT Ecosystem of all IoT products coming from HQ in Qingdao

Who we are

Haier Europe Sustainability

Haier Smart Home

200
markets served globally by Haier Smart Home

Only IoT Ecosystem Brand
Recognized in Kantar BrandZ Top 100 List for Five Years in a Row

> 100 million
units of home appliances provided by Haier Smart Home

€33.3 billion
sales revenue achieved in 2023, with a 7.3% year-on-year growth

+100,000
employees that are part of Haier Smart Home

143
manufacturing centers, supported by 10 R&D centres, 71 research institutes and 35 industrial parks

Established in 1984 in Qingdao, China, Haier Smart Home is a global leader in the home appliance manufacturing industry and is listed on both the Shanghai and Frankfurt Stock Exchanges. The Company designs, develops, manufactures and sells a wide range of smart home appliances, including refrigerators, freezers, washing machines, air conditioners, water heaters, small domestic appliances and comprehensive smart home solutions.

Haier Smart Home markets its products under **7 distinct** brands, including the scenario brand **Three-Winged Bird**, which offers bespoke home appliance solutions. Additionally, the Company operates **COSMOPlat**, an industrial IoT platform with independent intellectual property rights in China, enabling full-process user engagement and experience.

Premium Brands
High value service

Casarte, Monogram, Café, Profile, Fisher & Paykel, Haier, GE Appliances, Aqua, Candy, Leader, Hotpoint

Scenario Brands
Solutions for the whole scene

三翼鸟

Whole House Intelligence, Whole House water, Smart Kitchen, Smart Bathroom, Whole House Air, Smart Living Room, Smart Balcony, Smart Bedroom

Ecosystem Brands
Endless experience

卡奥斯 COSMOPlat

IoC (Internet of Clothing), IoF (Internet of Food), **Internet of Air**, **Internet of Water**, **RRS, Yingkang Life, Hainayun, HCH**, **Beer/stone/garment/agriculture/education industry**

Present across all 5 continents, Haier Smart Home counts 10 R&D centers, 71 research institutes, 35 industrial parks, 143 manufacturing centers and a sales network of 230,000 nodes around the world. **In 2023, the Company reached €33.6 billion operating revenue, marking a year-on-year growth of 7.3%.**

Haier Smart Home

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

1984 — **Establishment in Qingdao, China**, as Qingdao Refrigerator Co. to manufacture refrigerators for the domestic market.

1991 — Major restructuring, **product diversification** through **acquisition of domestic businesses** and name change to Haier Group.

1998 — **Internationalization** and entrance on the **Shanghai Stock Exchange**, becoming a publicly listed company.

2005 — **Global branding** and consolidation of R&D, manufacturing, and marketing activities.

2006 — Launch of the "**Zero Distance to the Customer**" initiative, aiming to improve customer service and satisfaction by flattening the traditional organization into a network in which **employees act as entrepreneurs** directly responding to user requests.

2009 — Establishment of the open innovation platform "**Haier Open Partnership Ecosystem**" reaching out to the broader innovation community.

2012 — **Acquisition of Fisher & Paykel Appliances**, premium home and kitchen appliance manufacturer, and entry into the high-end appliance market.

2016 — **Acquisition of** the home appliances division of **General Electric,** becoming **the third-largest appliance manufacturer globally.**

2019 — **Acquisition of Candy-Hoover Group**, specialized in home appliances, and coverage of the **entire European domestic appliances market.**

2020 — Adoption of the **Ecosystem Brand Strategy.**

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

2023 — Haier Smart Home was once again honored as the **Most Admired Company by Fortune Magazine,** while its US subsidiary earned recognition as a **Great Place to Work.**

Haier Smart Home

In 2023, Haier Smart Home received several international recognitions and achievements.

BrandZ Top 100 Most Valuable Global Brands	Haier, the world's **only IoT ecosystem brand** on the list **for 6 consecutive years**
Euromonitor International Ranking	Haier has been the No.1 brand of major household appliances in the world in retail sales **for consecutive 15 years**
Fortune´s World´s Most Admired Companies	Haier Smart Home was named once again one of **the Fortune´s World´s Most Admired Companies in the world for 2024**
Fortune Global 500	In 2024, Haier Smart Home was once again listed on the Global 500.
"ESG" International Awards	Haier Smart Home was selected amongst the recipients of the 2023 Terra Carta Seal

Haier Europe in 2023

54
subsidiaries operating across Europe and China

10,912
employees in 2023 of which 60% male and 40% female

LEED
Certified EU headquarter recently inaugurated in Vimercate's Energy Park

8
manufacturing sites located across 5 countries

22
warehouses belonging to the Company present globally

2,700
worldwide suppliers of components and services

Candy S.p.A. [1] (also known as "Haier Europe" or "the Company") **was acquired by Haier Europe Appliance Solution S.p.A. in 2019,** with its first headquarters established in Brugherio, Italy. Haier Europe operates within the domestic appliances market, offering a diverse range of products that span from ultra-premium to entry-level options. This broad brand positioning enables the Company to cater to all consumer segments.

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

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

Haier Europe in 2023

Haier Europe's categories and product lines

Home laundry
High-capacity tumble dryers and washer dryers

Refrigeration
Multidoor and high-capacity fridges, upright and top freezers

Wine cellars
Wine fridges and freestanding coolers

Heating, ventilation and air conditioning
Residential and commercial air conditioning solutions

Dishwasher
Free-standing and built-in

Large cooking
Cookers, ovens and hobs

Small Domestic Appliances
Kettles, Fryers, Toaster, vacuum cleaners

Haier Europe's operates through three distinct brands: Candy, Hoover and Haier.

CANDY
offers innovative but simple and easy to use solutions and products, with an accessible positioning

HOOVER
delivers high-quality products, designed to ensure high-performing and reliable home appliances

Haier
aims to deliver superior design products, that are tailor made and integrate unique and advanced technologies

In 2021, Haier Europe acquired **Fisher & Paykel Appliances Italia (F&P),** a company based in Borso del Grappa, Veneto, with over 70 years of experience in manufacturing cooking appliances. F&P owns the Elba brand and markets De'Longhi household appliances under license. These brands are now part of Haier Europe's portfolio, enhancing its range of high-quality home appliances.

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

Haier Europe in 2023

Haier Europe's value chain

Upstream

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

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

Operations

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

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

Downstream

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

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

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

Product use: use of products by the end consumers in the residential sector.

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

End of life: product disposal once it reaches the end of its lifespan.

Haier Europe in 2023

Focus on: Haier Europe's Visionary Hub: A Sustainable and Innovative Headquarters in Vimercate

Haier Europe's new headquarters in Vimercate Energy Park is a state-of-the-art facility covering **over 2,600 m**2 across three floors and placed within an eco-sustainable technology park in the Brianza area**. The facility operates in an entirely plastic-free environment and is certified to the highest standards of energy and environmental resource management, having achieved the prestigious Leadership in Energy and Environmental Design (LEED) Platinum certification.**

This certification highlights the building's efficiency, low carbon footprint and cost-saving features, including photovoltaic panels installed on the roof, which began operating in 2023 to power the building.

The building features ventilated wall facades, solar shading, best-in-class cooling and heating systems. Additionally, rainwater collection systems are in place to reuse water for toilet drains and irrigation. The office also features a dedicated area for product displays where stakeholders can experience IoT and connectivity in real-life kitchen, laundry and living scenarios. Moreover, it is strategically located for accessibility, offering electric vehicle charging stations and ample parking.

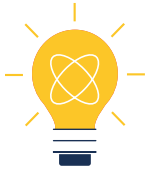
The headquarters serves as a dynamic hub for over 500 employees, fostering a culture of entrepreneurship, creativity and collaboration. **The office spaces are designed to be flexible, promoting a balance between work and relaxation,** with areas dedicated to informal collaboration, physical activity, and open-air relaxation.

Haier Europe in 2023

Haier Europe's vision is to become the global leader in Internet of Things (IoT) serving household smart solutions and customers' first choice for smart home appliances. The Company is dedicated to breaking barriers and designing a **new era of living** where **innovation and connectivity enhance quality of life**, while contributing to sustainability through better environmental monitoring and education.

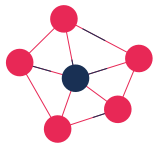
Haier Europe's Zero Distance Philosophy focuses on supporting customers through the entire product lifecycle in a sustainable way. This approach allows Haier to identify customer needs, promote sustainable habits and make product maintenance more accessible, extending product lifespan and reducing resource demand. To achieve "zero distance" with consumers, the Company turned its organization into a dynamic network that empowers employees to act as entrepreneurs, aligning their goals with user value, following the "RenDanHeyi" principle of innovation, value creation, and integration.

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



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

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



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

Haier Europe's Governance

Organizational structure and Corporate Governance

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

Haier Europe has established a governance structure founded on the principles of good faith management and transparent information. Haier Europe's corporate structure is composed of governance bodies and specific documents such as the **Code of Ethics** and the **ESG Business Code of Conduct** that define their functioning.

Board of Directors

The Board of Directors is comprised of a President (or Chairman), a Managing Director and three additional Directors. Haier Smart Home in China appoints the President and one of the Directors, ensuring that their independence and expertise are thoroughly evaluated during the nomination process. This evaluation aims to balance commercial and financial skills effectively. Consequently, the chair of the highest governance body holds a senior executive position within the organization. The Company also implements measures to prevent any conflicts of interest.

Senior Leadership Team

The Senior Leadership Team (SLT) shapes the Company's vision and strategy while overseeing all European operations. This team consists of executive members, each representing essential functions within the company, including finance, operations, technology, marketing, and product lines.

Board of Statutory Auditors

The Statutory Board comprises independent individuals responsible for overseeing the financial reporting process, audit procedures, and the company's compliance with laws and regulations. It consists of three members: a President and two effective auditors, as well as two alternate auditors.

The ESG Business Code of Conduct and the Code of Ethics

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

The ESG Business Code of Conduct and the Code of Ethics Haier Europe has established a governance structure founded on the principles of good faith management and transparent information. Haier Europe's corporate structure is composed of governance bodies and specific documents such as the **Code of Ethics** and the **ESG Business Code of Conduct** that define their functioning.

Haier Europe operates according to the ESG Business Code of Conduct, which was recently updated in July 2023, which outlines the ESG principles, values and standards all suppliers and business partners are required to comply with. The ESG Business Code of Conduct is inspired by the principles of the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises, encouraging individuals to report any violations anonymously through a compliance hotline or a dedicated email

Haier Europe's Governance

address. This document works in conjunction with the Code of Ethics, which defines the rules, principles, standards of ethical behavior and values to be observed by all recipients. **The recent update includes integrating the three main traits of the Haier Attitude: Entrepreneurship & Innovation, Zero Distance and IoT & Ecosystem Thinking.**

The Code also incorporates ESG principles and reaffirms the Company's commitment to controlling gas emissions, waste, substances of concern and social responsibility. **The Board of Directors is responsible for its application and the implementation of sanctions in case of breaches.** The Code of Ethics also outlines the process for preventing conflicts of interest, specifying that employees must avoid situations where their personal interests may conflict with those of the Company.

Organization, Management and Control Model 231

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

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

To ensure the Model is respected, each Company appoints its own Surveillance Body, endowed with autonomous powers of initiative and control and in charge of supervising the operation of and compliance with the Model, as well as seeing to its updating. To ensure adherence to Model 231, in 2023 in Italy, **Haier provided training to all new hires, for a total of 163 people involved** – with a 93% of completion rate – and soon the course will be extended to all Haier Europe population, starting from Italy and following to all European branches. The Model is available to all employees through the Company's website and Intranet.

Violations can be reported through dedicated channels established by Haier Europe's Whistleblowing Policy, lastly amended in 2023, in response to Legislative Decree 24/2023, according to which the scope of individuals eligible to benefit from the system has been expanded. Protection is now extended not only to company personnel but also to those who have had any form of relationship with the Company including collaborators, consultants, freelancers, volunteers, interns, job applicants and shareholders. Employees are encouraged to report concerns or potential violations also regarding the Company's ESG Business Code of Conduct and Code of Ethics. The updated Policy establishes a confirmation response to all reports 7 days from the date of receipt, to inform whistleblowers on the status of their report and an escalation mechanism to the supervisor. The channels made available to employees guarantee the anonymity of the whistleblower and include:

Haier Europe's Governance

- an IT platform and hotline, which allows reports to be made electronically and by telephone.
- the e-mail address of the Chairman of the Surveillance Body;

- transmission by mail, in a sealed envelope, for the attention of the Surveillance Body Chairperson.

In 2023, Haier Europe recorded 0 instances of non-compliance with GDPR, Antitrust Export control and Model 231 laws and regulations.

Anticorruption and antitrust system

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

Starting from FY 2023, the Company established the Antitrust Compliance Program, including the Antitrust Code of Conduct and the Antitrust Guidelines. Haier Europe also appointed an "Antitrust Compliance Officer" responsible for the introduction and maintenance of the Program.

Internal audit

In 2023, Haier Europe started consolidating its Internal Auditing and Enterprise Risk Management function, which was previously managed at the Group level, **establishing the Haier Europe Internal Audit department (HEIA).** Said function operates independently and purports to ensure the effectiveness of the organization's risk management, control and governance processes.

HEIA provides independent **auditing and consulting services** aimed at improving business operations and processes. Through a systematic evaluation of risk management, internal controls, governance and compliance, it helps identify and mitigate risks, ensuring compliance with policies and safeguarding assets. Additionally, HEIA plays a key role in supporting Haier Europe's sustainability goals by promoting effective internal controls and risk management related to environmental, social and governance (ESG) factors.

In 2023, the Group initiated the first phase of its Enterprise Risk Management (ERM) process by introducing a high-level risk overview. This step involved identifying both strategic and operational risks, including those related to sustainability. The objective was to assess and prioritize these risks to strengthen the organization's overall risk management framework. Key actions included defining the Group's risk appetite, establishing foundational ERM processes, and implementing tools for ongoing risk monitoring, with a focus on integrating risk and response

Haier Europe's Governance

plans into the regular management reporting cycle.

ESG Governance

[GRI 2-17]

The Company established an ESG governance framework with roles and responsibilities to integrate sustainability into its decision-making processes and align sustainability goals with business objectives.

At the core of this framework is the **Lean Central Team**, which operates within the Corporate Communication team and collaborates with subject matter experts (SMEs) on strategy, communication and reporting to map out key sustainability priorities based on self-assessments, regulations, stakeholder expectations and competitive landscape influences.

Commitment begins at the top

Haier Europe's Governance

The Sustainability Board Committee, composed of four members (two male and two female), meets quarterly with the Lean Central Team to review and approve the sustainability roadmap, ensuring that strategic decisions and significant business impacts are addressed. **The Board of Directors, responsible for overseeing ESG matters, meets on a quarterly basis**. The board includes the CEO, Communication and Sustainability Director, Legal Director, CFO and HR. In exceptional cases, functions from operations are also involved.

The **Cross Functional Executive Sustainability Committee (CFESC)** meets monthly and is tasked with delivering on the sustainability roadmap by developing initiatives, **deploying resources and embedding sustainability into the business agenda, particularly in the areas of products, operations and supply chain.** These monthly meetings include key people such as ESG market leaders, ESG procurement leads, risk managers, and ESG leads from product lines. Additionally, representatives from IoT, Service, and HR responsible for Diversity and Inclusion (D&I) are also involved, ensuring a comprehensive approach.

Agile Sustainability Working Groups (SWGs), consisting of relevant team members, focus on executing specific tasks, such as emissions reduction and integrating sustainability into the Company's products and supply chain. These working groups, many of which have evolved from existing efforts, continue to adapt and develop as needed. The focus areas for these groups include key projects such as Sustainable Packaging, compliance with the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), and the focus on Haier Europe's sustainability plan objectives.

Certified management systems

Haier Europe has implemented a **Quality, Health and Safety, Environment and Energy Policy** to ensure a safe, hazard-free workplace for employees, provide consumers with secure products and services and operate with a commitment to environmental preservation.

ISO 9001:2015	ISO 9001 is **a globally recognized standard for product and service quality management.**	All of Haier Europe's production sites in Italy, Turkey, Romania, China and Russia
ISO 14001	ISO 14001 standard sets out the requirements for an **environmental management system.**	China, Romania and Turkey
ISO 45001:2018	ISO 45001 for **occupational health and safety management systems.**	China, Romania and Turkey
ZERO WASTE	The Zero Waste certification is awarded to organizations that have achieved a **high level of waste reduction and diversion from landfill.**	Turkey

Haier Europe's Governance

Materiality analysis

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

Sustainability reporting, in line with the most widely used standards, involves providing stakeholders with the necessary information to understand the key characteristics of an organization and specific details on its most significant environmental, economic and social impacts.

Haier Europe carried out its materiality analysis in 2020. **This involved a thorough assessment of the sustainability context and Haier Europe's peers. A long list of potentially relevant topics was identified and examined, ultimately leading to the definition of 14 key issues.** These topics were validated through consultations with 20 external stakeholders, selected for their expertise and relevance to the company's activities.

A dedicated workshop was organized during which the stakeholders shared their views on the priority of the issues of greatest relevance. Based on the diversity of experiences, skills, values, a debate led to define a ranking of priority issues. The results of the meeting were in turn examined by the top management, which carried out final evaluations, drawing the materiality threshold, the cut-off point beyond which a topic is sufficiently important and identifying the **6 material topics** on which to focus the reporting activity. For each material topic, Haier Europe has set medium- to long-term goals, targeting 2030, to enhance sustainability in areas such as smart home solutions, production processes, employee well-being, and data management. Since then, Haier Europe has updated such analysis in line with the Global Reporting Initiative (GRI) 2021 Standards, to find that no necessary modifications were needed.

Aware of the evolution of current reporting standards and particularly, with the introduction of the European Sustainability Reporting Standard (ERSR) issued by the European Financial Reporting Advisory Group (EFRAG), the Company's next materiality assessment will align with the double materiality requirements.

Haier Europe's material topics

1 **Resource productivity in circular economy and clean solutions**
Encouraging sustainable consumption by achieving energy efficient products, that are designed according to circular principles.

2 **Digital consumer journey**
Deploying 4.0 technologies as levers for environmental sustainability, developing digital ecosystems to enhance the customer experience.

3 **Climate action and energy efficiency**
Satisfying consumption needs with clean energy sources and increasing efficiency in energy and resource use while decarbonizing products and operations.

4 **Responsibility along the supply chain**
Ensuring sustainable procurement through the introduction of criteria on environmental, social and labor standards for suppliers, surveying, auditing, evaluating and engaging suppliers.

5 **People attitude and well-being**
Guaranteeing equality and inclusion while promoting diversity, ensuring the health and wellbeing of employees, and providing training for the upskilling of employees.

6 **Cybersecurity and data privacy**
Accelerating technological change by leveraging Artificial Intelligence and the Internet of Things, ensuring data protection and cybersecurity.

Smartability

Haier Europe
Sustainability

Smartability

Smart innovation

Pioneering a future of smart sustainability by ensuring that our products not only reduce food waste, water and energy consumption but also actively contribute to a circular economy. Committed to educating our connected users on sustainable consumption, integrating smart technology with sustainable practices to create a smarter and more responsible future.

Key challenges: the context in which we operate

Regulatory pressures. A key challenge facing manufacturers is the continuous evolution of **EU legislation**, such as the **Ecodesign for Sustainable Products Regulation (ESPR)[2] and the Energy Labelling Regulation (EU) 2017/1369.** The ESPR will apply from June 2025 and aims at improving the sustainability of products by setting mandatory requirements across the product lifecycle, from design to disposal. It focuses on enhancing product durability, reparability and recyclability, reducing environmental impact and promoting circular economy principles. Additionally, stricter energy efficiency standards will take effect on March 1, 2024, under the Energy Labelling Regulation, which applies to washing machines, refrigerators, freezers and dishwashers. Both Regulations impose rigorous performance criteria for appliances, requiring manufacturers to significantly enhance the energy and resource efficiency of their products.

[2] Regulation (EU) 2024/1781

IoT and Data challenges. The rise of the **Internet of Things (IoT)** in home appliances enables real-time monitoring and control, offering potential energy savings, reduced waste and optimized performance. Such potential is to be balanced with the following risks and opportunities:

- **Data privacy and security concerns:** connected appliances collect vast amounts of user data to optimize efficiency. Ensuring compliance with **General Data Protection Regulation (GDPR**) and addressing consumer privacy concerns is key. This should be coupled with information security in light of increasing cybersecurity threats.
- **Technological innovation:** developing AI-driven features, such as intelligent auto-dosing, proactive maintenance alerts and real-time monitoring of energy consumption, requires constant R&D resources both in terms of capital and labour.

Key actions: our contribution to the Sustainable Development Goals (SDGs)

- **Educating consumers on sustainable use** and habits through IoT and connectivity
- Personalized **tips for consumers** to optimize energy and water usage through the **hOn app**

- Partnerships, such as with **Tate** and **Ostrom**, help consumers optimize their energy use by scheduling appliances during low-cost, sustainable energy periods
- Expanding product efficiency by increasing the range of products with A class energy ratings

Smartability

Haier Europe Sustainability

- Providing connected products and services
- The hOn app promotes **preventive maintenance** and **reparability**, helping users maintain appliances over time while reducing waste

- Enhancing **longer product life cycles** through preventive maintenance, reparability, and the reduction of waste
- Development of **first AI-driven washing subscription** service that optimizes detergent use with intelligent auto-dosing
- Conducting **LCAs on its products** to calculate and then reduce environmental footprint

Key challenges: the context in which we operate

Pillar and Material Topic	Goal	Target to 2025	Progress in 2023
Resource productivity in circular economy and clean solutions	Providing connected products and services that reduce the burden on the environment	▪ >5% of sales (i.e. 250.000 machines/year) in auto-dose washing machines by 2025 ▪ Life cycle assessment on at least one product per category in MDA and SDA covering water + carbon	▪ **Reached** ▪ **In Progress:** Expeted for Q3 2024
	Improve circularity, recyclability, durability and energy efficiency	▪ 100% of products that can be connected to the hOn app by 2030 ▪ 10 million users registered on the hOn application by 2028 ▪ 7.500 issues solved with remote update, 7.500 avoided technical interventions and 7.500 shipments avoided by 2025 ▪ Energy upgrade for DW to A class for Haier and Candy brands by 2024 ▪ First floorcare model made with 50% recycled plastic by 2025	▪ More than 70% ▪ 1.7 million registered users ▪ **Reached** ▪ **Reached** ▪ **Reached** ▪ **Reached:** As of 2023, in three products
	Empowering consumers on sustainable use and habits	▪ 50% increase in engaged active users via digital channels by 2025 ▪ Direct to Consumer (D2C) models for MDA and SDA by 2025	▪ **In Progress** ▪ **In Progress**

Product Leadership

Haier Europe invests in the development of innovative products designed to meet the rapidly changing needs of its customers. The Company's product leadership is driven by a focus on energy-efficient solutions and the integration of IoT technology as a key enabler of sustainability and its zero-distance philosophy.

Haier Europe's range of smart solutions includes 18 smart product families, available across 22 app languages, showcasing the company's global reach and adaptability to diverse markets.

To achieve this, the hOn app was developed to create connected ecosystems and smartly manage Candy, Hoover and Haier appliances, particularly by optimizing energy performance and reducing their environmental impact.

The hOn app, in fact, empowers users to monitor, manage and delegate their household appliances with ease. By providing comprehensive energy and water usage insights, the app helps optimize appliance performance, ensuring efficiency and longevity. Users can schedule operations during periods of lower carbon intensity, allowing appliances to work in harmony to minimize energy and resource consumption. **The hOn app also serves as an educational resource for users.** It provides personalized tips and suggestions to help improve energy efficiency, enhance appliance performance, and promote sustainable usage. Whether it's advice on reducing water consumption in your washing machine or optimizing energy use in your refrigerator, the hOn app offers valuable insights that empower users to get the most out of their appliances.

Our Leadership in IOT

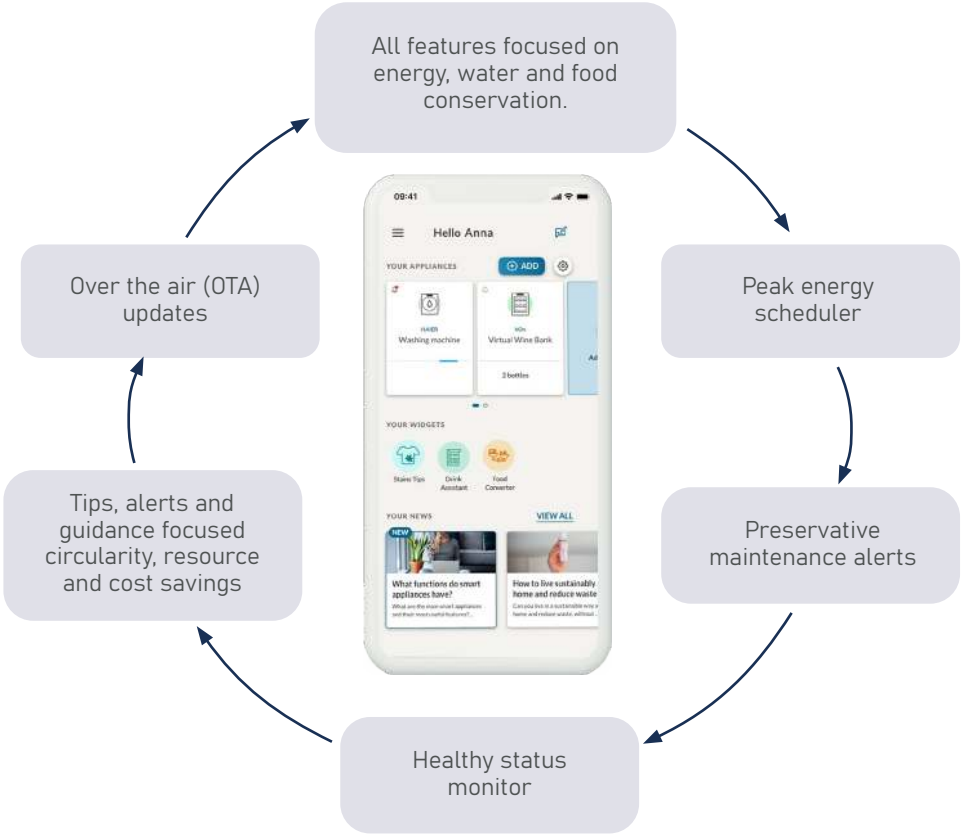
7 M
Registered User (Value fot the company and partners) +1.6M vs PY

52%
MIX of Smart products (sell-in) (+6pp vs 2022)

18
Smart product families

22
App languages

Product Leadership



In addition to these features, hOn supports **preventive maintenance** to help identify issues early, reducing waste and troubleshooting effectively. The app also promotes **reparability** by offering assistance for repairs, ensuring that appliances remain functional over time. Indeed, the hOn app enhances Haier Europe's assistance network by enabling technicians to connect to compatible products and efficiently manage repairs. Technicians can access product control boards, review error histories, detect anomalies and update software remotely, improving the speed and quality of service. With the hOn app, they can:

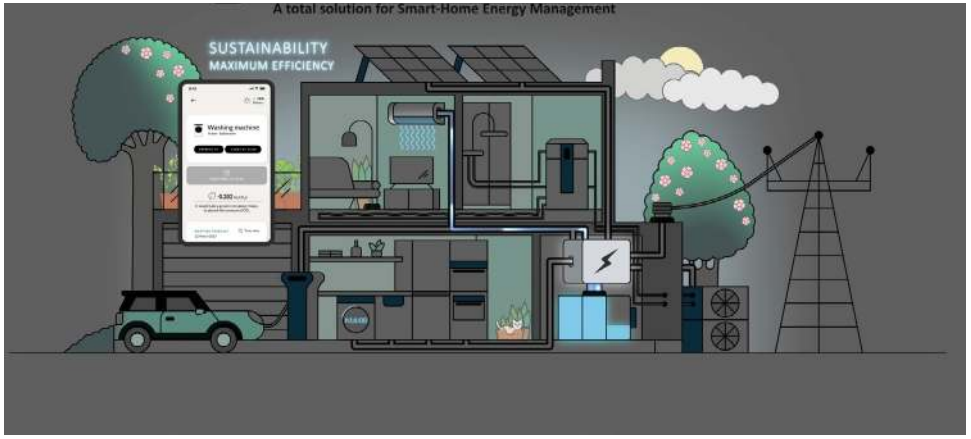
- View **control board** details and software versions;
- Consult **real-time error histories;**
- **Perform troubleshooting** and quickly resolve issues;
- **Install updates remotely** via smartphone;
- **Access and download technical information** for convenient offline use

Product Leadership

Home energy mangement

In 2023, the Company has focused on partnerships for sustainable consumption which will allow customers to obtain the utmost efficiency from the use of smart appliances.

Through the hOn platform, **the Company collaborates with a wide range of partners across different sectors to offer an ecosystem of optimized services for its users.** These partnerships span various industries, including utilities, food, smart home, e-mobility.



As an example with regards to the utilities sector, **Haier Europe has partnered with Tate, an Italian digital electricity and gas supplier,** to manage households' energy consumption. This partnership introduced a new time-of-use tariff model (PUN), enabling users to pay for electricity at its real-time market price rather than relying on average monthly rates.

Thanks to next-generation smart meters, the PUN tariff updates every hour, allowing consumers to take advantage of fluctuating energy prices. Through this real-time pricing model, users can monitor energy prices via the Tate app, receiving suggestions for optimal usage times. **Appliances connected to the hOn platform**—such as Haier, Candy, and Hoover washing machines, dishwashers and dryers—**can be programmed to run during off-peak hours, when energy is cheaper and more sustainable.** This results in considerable savings. By aligning with renewable energy peaks and minimizing the use of more polluting sources, the partnership supports eco-friendly energy habits, encouraging consumers to shift their usage patterns.

Haier Europe has also partnered up with Ostrom, a leading provider of dynamic electricity tariffs in Germany. Said collaboration allows Haier's devices, controlled via the hOn app, to access real-time electricity price data from Ostrom. As a result, appliances like refrigerators, dishwashers and tumble dryers can now operate during the most cost-effective times, optimizing energy efficiency and reducing overall electricity costs.

One of the standout features is the Smart Tariff Scheduling system, which allows users to save on their energy bills by intelligently scheduling appliance usage based on real-time energy prices.

Product Leadership

This feature is powered through:

Energy Provider Integration: the smart tariff function is activated by linking the user's account with an energy provider in their specific country.

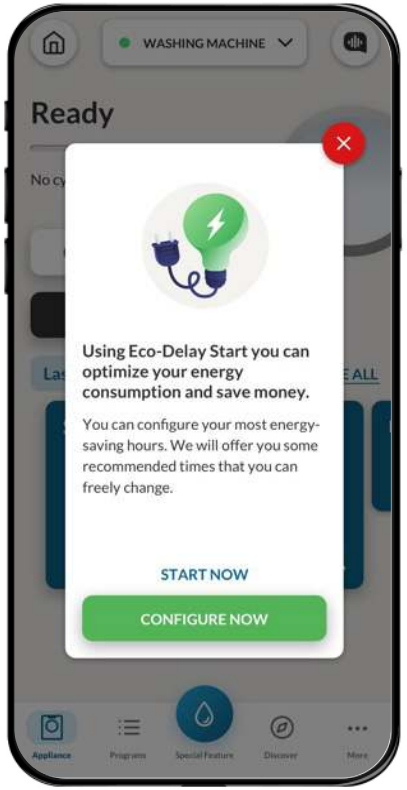
Account Linking: the user connects their hOn app with the energy provider's application, which uploads the current tariffs, ensuring that users get accurate energy time suggestions.

Schedule Optimization: the partner's app and the hOn platform work together to suggest the optimal times to run appliances based on energy prices, thereby ensuring that the devices operate when energy costs are lower or when renewable energy usage is highest.

Savings: by following these optimized schedules, users can effectively reduce their energy consumption and lower their energy bills.

Additionally, through a **partnership with Edison Energia**, customers with an Edison-connected solar system can utilize the innovative Smart Solar function. This feature automates the operation of appliances, allowing users to save up to 70% on energy consumption by scheduling their devices to run when energy production is optimal. This includes managing appliances and heating systems based on solar energy availability, maximizing efficiency and minimizing grid reliance.

Focus on: the Eco Schedule



The new **Eco Schedule feature**, available through the hOn app, provides an innovative solution **to automatically schedule appliance usage during times when electricity costs are lower** and optimize energy use with minimal intervention. Users can configure their energy pricing plans based on their provider's tariffs, and the app suggests optimal time slots, which can be easily customized to fit individual preferences.

Survey results show that **55% of users already take advantage of delay start functions to run appliances during cheaper time slots, and 70% are eager for an automatic feature like Eco Schedule to manage their energy consumption efficiently.**

Product Leadership

WASHING

In the washing product category, Haier Europe offers dishwashers, washing machine and tumble dryers. Leading the market with 100% of its washing machine in A class, Haier's innovations including auto-dose, soft pillow drums, water and heat recirculation, connectivity, and efficient heat pump inverters dryers.

95% of **Candy/Hoover machines will have minimum B energy class efficiency** in the next 3 years.

100% of **Haier-branded washing machines** offered on the market **already have an A class energy efficiency rating.**

In 2023, efforts to improve the energy efficiency of the washing product portfolio across all brands continued. Alongside the launch of the first A Class dishwasher, several washing machines and dryer ranges saw significant energy upgrades. For example, **Candy Rapidò and SmartPro Inverter models improved from A and B ratings to A-15% and A-10%**, respectively. Candy now **achieves up to A-40%** with its new range.

On the dryer side, notable improvements were made to Candy's SmartPro range, which introduced the Save&Dry Cycle, and **Hoover's H-Dry 250, which now features the Energy Saving Cycle.**

Haier X-Series 11 Washing Machine

In 2023, Haier Europe developed the first A -60% efficiency X-Series 11. A standout feature of the X-Series 11 is the **Ultra Fresh Air technology**, which keeps clothes fresh and clean for up to 12 hours after washing. By letting fresh air coming inside the drum, it helps prevent the growth of mould, bacteria and unpleasant odors. **Equipped with Artificial Intelligence**, this washing machine can identify fabric types and load sizes, optimizing wash cycles for the best results. Additionally, the **auto-dose system** measures the required amount of detergent and fabric softener based on load weight, minimizing waste. The **Direct Motion Motor technology** reduces the number of moving parts, increasing durability and contributing to quieter performance while lowering energy usage.

Product Leadership

Haier A Class WashPass

Haier offers the A Class WashPass, the first AI-driven washing subscription service that brings a professional laundry experience directly to customers' homes. This monthly service includes installation, repair and maintenance. Key features include:

Disaggregated chemistry: optimizes detergent selection using four Nuncas detergents, tailored to washing temperatures.

Intelligent auto-dosing 2.0: through the hOn app, customers receive tips on using the right type and amount of detergent, minimizing chemical waste and environmental impact.

Automatic refill: AI detects low detergent levels, triggering automatic reorders and home delivery.

Direct Motion Motor for long lasting efficiency: ensures long-lasting performance with greater energy efficiency and durability, outlasting traditional motors.

An LCA screening showed that the WashPass model has a lower environmental impact compared to traditional washing machines. Defective machines are collected for component recovery, material recycling and appliance refurbishment where possible. Its automatic dosing system, using four pumps for precise detergent delivery based on the selected program, reduces water, energy and detergent consumption. The WashPass model emits 26% less CO_2eq and has an 11% lower land-use impact compared to a traditional washing machine, resulting in an overall 3% reduction in environmental impact across all measured indicators.

IoT enabled features

In terms of IoT features for the latest washing machines ranges[3], consumers receive alerts to clean filters or advice on the level of maintenance required. Integration with weather services allows the app to warn in case of rain and through smart scheduling features, customers can customize the timing of product use without burdening the power grid or having to increase the meter power. **The Snap and Wash feature** was introduced also for washing machines: thanks to AI, consumers upload a picture of their laundry and receive suggestions on the best program to choose from.

[3] H-Wash 700, H-Wash 350

Product Leadership

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

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

Live energy and water monitoring during use helping the user understand the impact of different cycle options.

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

The Smart AI Cycle, optimizes water, energy, and detergent usage by adjusting washing programs based on fabric type and load weight, enhancing cost efficiency.

the Syncro function, which proactively adjusts the drying duration based on the type and amount of laundry washed and its starting humidity level to set the right cycle and reduce energy demand. The TD Syncro feature synchronizes the washer and dryer, automatically setting the drying program based on load size and humidity levels. **This results in substantial energy savings, reducing consumption by 100 kWh per year.**

Focus on: partnership with Procter and Gamble

Haier Europe is continuing its partnership with Procter & Gamble, featuring brands such as Dash, Ariel, Lenor and Fairy. Through the hOn app, users gain access to eco-friendly tips that enhance appliance efficiency while reducing environmental impact. These include optimizing cycles to save water, minimizing energy use, and promoting the correct use of detergents.

Additionally, **the app's development now includes tailored cycles designed to maximize efficiency across different wash loads, helping users further reduce waste**. Visitors to the hOn website can also explore the Sustainability section, where articles based on P&G research share insights on practices like low-temperature washes and water conservation by eliminating unnecessary rinsing.

Haier I-Pro Shine Series 7 Dishwasher

In 2023, Haier Europe introduced its first A-class dishwasher. The Haier I-Pro Shine Series 7 combines premium performance with energy efficiency, with an A energy rating. Its innovative Brushless Inverter Motor reduces noise and vibrations while enhancing durability and efficiency.

Product Leadership

Key features include the **patented Cutlery Shine Plus technology,** which uses five rotating nozzles and an additional upper spray arm to ensure spotless cutlery cleaning. The H-Spray guarantee results by up to 60% compared to standard models.

Equipped with **AI-driven programs and intelligent sensors**, the dishwasher optimizes water and energy consumption for each load, providing tailored washing cycles. The **Smart Dosing feature** accurately measures detergent based on load weight, minimizing waste.

The spacious **Maxi Tub design** accommodates larger items, while the flexible lower basket allows for customizable loading. Additionally, the **eco-friendly drying option automatically opens the door** at the end of the cycle for natural airflow, enhancing drying efficiency without additional energy use.

IoT-enabled features designed to enhance dishwashing efficiency while minimizing waste and costs include Snap and Wash and Half-Load Pro. **Snap and Wash is an AI-driven tool** developed in collaboration with Politecnico di Milano and Accenture, which guides users on optimal loading techniques and cycle selection to maximize resource efficiency. By simply taking a picture of their load, users receive recommendations for the most suitable washing program.

Half-Load Pro is a specialized option that allows users to target a specific basket within the dishwasher, achieving savings of over 25% in energy and 20% in water compared to the already efficient ECO cycle. Additionally, smart AI programs provide insights into the consumption values of various cycles, enabling users to select the option that minimizes both water and energy usage.

Haier Europe connected users increasingly choose eco and rapid cycles, reflecting a strong shift toward sustainability and convenience. Rapid cycles, especially RAPID_59 and RAPID_35, offer fast, efficient cleaning while conserving resources, with RAPID_35 now a top-five choice.

Focus on: Since Haier's A-class dishwasher launch in Western Europe, market share has surged to nearly 10%. A-class demand is doubling year-over-year, with sales rising from 11,000 units in 2023 to 14,000 by mid-2024.

Product Leadership

REFRIGERATION

The refrigeration category includes fridges and freezers. With regards to these products, Haier Europe focuses on reducing energy loss and enhancing food preservation through cutting-edge design and technology. In terms of energy efficiency, **the Company has proactively upgraded its product range to meet regulatory requirements well before deadlines, including the transition to Class A by 2023[4].** For instance, Haier Europe phased out F Class products ahead of their legal phase-out date, **introducing an A class for the 2D BM 60 model and upgrading the multi-door Cube 83 fridge to D class.**

Haier's Bottom Mount 2D 60 PRO Series 5 refrigerators seamlessly blend upscale design with advanced efficiency features. These refrigerators ensure optimal food preservation through specialized cooling zones and innovative technologies. **The Haier Air Surround Fresher Tech** circulates air throughout the fridge, preventing direct airflow that can dry out food. This system maintains the taste of food for up to 99% freshness after seven days.

Users can easily customize temperatures with the **My Zone feature for tailored freshness**, while the **Humidity Zone keeps fruits and vegetables at an ideal 90% humidity.** The top display allows independent temperature control for both the fridge and freezer, along with options like holiday mode and eco settings. Wi-Fi connectivity via the hOn app enhances convenience, making it easy to manage and monitor food preservation.

In 2023, Haier Europe introduced Candy Fresco, a flexible refrigerator available in free standing and looking forward for introduction in the Built in version. Featuring Total No Frost Circle+ technology and innovative connectivity solutions, it is designed to adapt to any lifestyle and keep food fresh up to 40% longer, no matter where it is stored. Its versatile design ensures it meets the evolving needs of customers, providing longevity and maximizing usability throughout its lifespan.

Another key launch is the Cube 90 Series 9, featuring an outer touch and interactive display designed to promote sustainable behaviors. This fridge provides recipes to reduce food waste and adjusts temperatures based on external weather conditions without needing to open the doors. Key sustainability features across connected smart refrigeration products include **AI-powered food locator**, which recommends optimal storage locations and sends alerts before food expires; **smart cooling**, which notifies users

Product Leadership

when food reaches the desired temperature, saving energy; and **inventory management**, allowing users to track food purchases and avoid waste through duplication. Throughout the year, an upgrade to Class E was introduced, along with a **French door design** featuring two doors and two drawers. This design offers time savings of up to 25-30% by reducing the time the fridge remains open, ensuring greater efficiency.

Focus on: Preventing food waste

Haier Europe continues to innovate in **food preservation and waste reduction through its hOn app.** One of the main features is the **Proactive Temperature setting**, powered by integrated AI. This technology ensures optimal food freshness by automatically adjusting fridge temperatures based on factors such as weather, shopping habits, and user behavior. This leads to longer-lasting freshness and reduced food waste.

The app also includes a **Smart Food Locator**, offering precise **advice on the ideal storage location for each type of food, further prolonging freshness and reducing spoilage.** Moreover, the hOn app provides real-time monitoring, **including a Blackout Alert feature** that notifies users of power outages, allowing them to take necessary actions to protect food quality. **By implementing these intelligent solutions, families can reduce their food waste by approximately 65 kg per year, the equivalent of 22 daily meals.**

HEATING, VENTILATION AND AIR CONDITIONING (HVAC)

Although Haier Trading AC is not part of Haier Europe's (Candy Spa) perimeter, the HVAC division continues to offer a wide range of **heating, ventilation, and air conditioning solutions.** Under the Haier brand, several new models have been developed, focusing on delivering enhanced efficiency and performance.

Air to Water units and Heat Pump Water Heaters: a more sustainable approach to heating, cooling and sanitary water at home

The air-to-water (ATW) heat pump is a more sustainable alternative to traditional oil and gas boilers. **Haier's ATW solutions harness the energy from outdoor air to generate renewable energy, which is then used for space heating, cooling, and sanitary water**. This offers an energy-efficient and environmentally responsible solution that significantly lowers energy consumption, operating costs, and CO_2 emissions.

Heat pump water heaters, designed specifically for domestic hot water production, are a proven technology capable of replacing both electric water heaters and gas boilers, **delivering up to 80% energy savings. Haier's split (S series) and monobloc (M series) models utilize R134a, a refrigerant known for its ecological**

Product Leadership

properties and high COP (Coefficient of Performance), making it widely used in cooling and refrigeration. The split water heaters prioritize the use of the heat pump, with heating elements activated only during pre-set periods, allowing users to take advantage of lower electricity rates throughout the day. The M3 and M5 series operate using only the electricity necessary for the compressor and fan, further enhancing energy efficiency.

Haier introduces comprehensive green energy solutions

In March 2023, Haier unveiled its complete lineup of green energy products at the Key Energy exhibition in Rimini. This innovative range includes batteries, inverters, car charging stations, balcony kits and high-performance photovoltaic panels.

Haier also presented this new lineup at the UK Solar and Storage Live exhibition in Birmingham at the NEC arena. The highlight of the stand was an innovative smart energy solution with a visible energy flow, demonstrating how power is harnessed from the grid, battery modules and photovoltaic system. **Integrated with an Air to Water Heat Pump, the entire system operates using renewable energy.**

What makes this solution unique is Haier's all-in-one management system, which seamlessly integrates all components, providing comprehensive control over the entire energy ecosystem. **It offers multi-scenario applications, enabling users to tailor their energy use based on specific needs, such as reducing costs, preparing for travel, or adapting to weather changes.** Users can also input their own energy cost data, creating a truly personalized energy management experience, all easily controlled via the NAHUI app.

Product Leadership

Haier Pearl R290 air conditioner

The Pearl R290 air conditioner represents a significant leap forward in sustainable cooling technology for Haier Europe. **Utilizing R290, a greener refrigerant with a notably low Global Warming Potential (GWP)**, this innovative unit offers an eco-friendlier alternative to traditional refrigerants. By opting for R290, the Pearl air conditioner not only reduces its environmental impact but also delivers efficient and reliable performance, making it an ideal choice for eco-conscious consumers seeking to minimize their carbon footprint without compromising on comfort.

COOKING AND BUILT-IN

In the cooking and built-in category, Haier Europe manufactures cookers, ovens and hobs. These products are designed to help users save energy and adopt more sustainable habits through intelligent cooking solutions.

Haier I-Touch Steam Series 4 oven

The I-Touch Steam Series 4 oven, now introduced in Class A+, offers an intuitive touch interface, featuring manual programs, steam functions and automatic recipes. Connectivity enhances the cooking process, enabling access to recipes and tips via the hOn app, even remotely. Indeed, through the **My Taste function** users can create custom multi-step programs, keeping favorite recipes readily accessible. The **Assisted Steam mode** provides pre-set temperatures and steam injections for various food categories, while the **i-Steam feature** allows for up to five additional steam bursts during cooking. The advanced water drawer collects residual water for easy cleaning, ensuring no waste. The **Climatech technology ensures** uniform heat and humidity distribution, while the **Pyrolytic cleaning system is a self-cleaning feature that simplifies** maintenance by heating the interior to extremely high temperatures, effectively incinerating cooking.

Beyond the hOn app, a range of smart features enhances the sustainability performance of these cooking appliances:

Home Energy Management

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

Oven ECO Cooking cycles: optimize cooking cycle in order to reduce energy peak during the cooking.

No Preheat function: the oven uses powerful heating elements that can quickly reach high temperatures. This rapid heating capability eliminates the need for preheating and allows to save up to 30% of time and 25% in energy.

Multi-level cooking: streamlines cooking time and energy use, avoiding multiple separate cooking programs and longer cooking times. This saves up to 60% of cooking time and reduces energy consumption by 40%.

Power Management: allows the setting of an energy consumption limit for all induction hobs.

Ecosystem synchronization: synchronized hob and hood optimizes power needs for efficiency.

Sync Hob-Hood: regulates the suction speed of the hood based on the use of the induction hob, avoiding it running in excess.

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

Recipe library: over 300 recipes and videos promoting more sustainable food choices.

SMALL DOMESTIC APPLIANCES

The Small Domestic Appliances (SDA) range includes **handstick vacuums, canisters, handheld vacuums, kettles, fryers, blenders, and toasters. In 2023, the focus was on enhancing durability and quality**, highlighted by the launch of a **premium line of handsticks, led by the Hoover HFX.** This flagship product features a redesigned, shorter airpath that **improves efficiency by 40% compared to traditional models** and comes with a 5-year warranty to ensure long-lasting performance. The entire premium range now benefits from the plastic-free Box project, which promotes sustainable packaging.

Home Energy Management

The Series 5 Air Fryer, launched in 2023, features a front glass window that allows users to monitor cooking progress without opening the appliance. This design prevents heat and air from escaping, significantly enhancing cooking efficiency and reducing energy loss.

The Kettle Series 7, launched in 2023, boasts advanced vacuum insulation that effectively retains heat, allowing it to keep water warm for up to 12 hours. This feature reduces **energy consumption and boiling time by up to 80%, maximizing efficiency.** User-friendly design is a key highlight of this model: it includes a fully removable lid for easy maintenance and an automated cleaning program, making it both eco-friendly and convenient.

Haier Europe integrates connectivity to deliver a seamless physical and digital experience for small domestic appliances (SDA). **Through the hOn app, users can remotely control their appliances**, set optimal programs, monitor usage and energy savings, and receive personalized tips and troubleshooting, all of which help increase efficiency and reduce over-consumption.

Research and Development

Haier Europe operates over 10 dedicated research centers, blending technology, connectivity, and design, with an investment of more than 23 million euros in 2022. Supported by a team of 300 R&D engineers, the Company continuously drives innovation across its product range. In addition to its research centers, Haier Europe has established a specialized product design hub and fosters innovation through its microenterprise ecosystem and strategic investments in high-growth ventures.

Milan Experience Design Center

Haier Europe drives innovation and design year-round at its Milan Experience Design Center, a strategic hub located at the Brugherio site in Italy. Established in 2020, the Center focuses on creating customer-centric product experiences that enhance connectivity and bring consumers closer to the brand. Specializing in experience strategy, interaction, and product design. By integrating design with IoT and R&D, the Center ensures that customer feedback is at the heart of the design process, resulting in high-quality products tailored to users' needs.

Product circularity

50%-70%

recycled plastic in Haier´s first SDA floorcare model launched in 2023

Haier Europe is taking steps to enhance circularity across the product lifecycle, addressing the evolving regulatory landscape and the needs of stakeholders including customers, distributors and end-users.

Haier Europe has undertaken a series of **Life Cycle Assessments (LCAs)** to assess the environmental impact of its products and determine how to reduce it, **while also integrating eco-design principles** into all new products.

In the use phase, Haier Europe is focused on creating **more energy-efficient smart** solutions, enhancing product durability through preventative maintenance, and educating consumers on sustainable appliance use.

30%

recycled plastic in all Haier Europe´s products

Additionally, **the hOn app provides preventive maintenance alerts**, helping consumers address issues autonomously while monitoring product health through sensors.

Life Cycle Assessments

In 2023, **Haier Europe has undertaken Life Cycle Assessments targeting representative products from each category.** Based on sales data and their contributions to CO_2 emissions, the four products selected amounted to a **washing machine, an oven, a built-in refrigerator and a stick vacuum cleaner.**

Primary data was collected for the main life cycle stages of these products: **raw material extraction, manufacturing, distribution, use and end-of-life disposal**. The assessment[5] identified several key areas where improvements can be made, with a focus on both carbon and water footprints.

The analysis shows that the **use phase** contributes the majority of the **Carbon Footprint (CF) and Water Footprint (WF)** across all products, particularly driven by **electricity consumption and associated materials**, highlighting the importance of improving energy efficiency and sustainable practices in product design. For washing machines, over 75% of the CF and 95% of the WF come from the use phase, mainly driven by electricity and water consumption. **Refrigerators** see over 95% of both CF and WF from the use and raw materials stages, with 62% of the CF and 74% of the WF linked to electricity usage. In **ovens**, the use and creation phases together account for nearly 50% of the CF and over 35% of the WF, with steel parts being the largest contributor. For **stick vacuum cleaners**, more than 94% of the CF and almost 100% of the WF come from the use and raw material stages, with electricity consumption and battery production being key factors.

[5] The analysis assessed both carbon and water impacts of the products according to ISO standards, PEFCR, and PEF1 rules. Water usage was evaluated using the water scarcity footprint indicator.

Product circularity

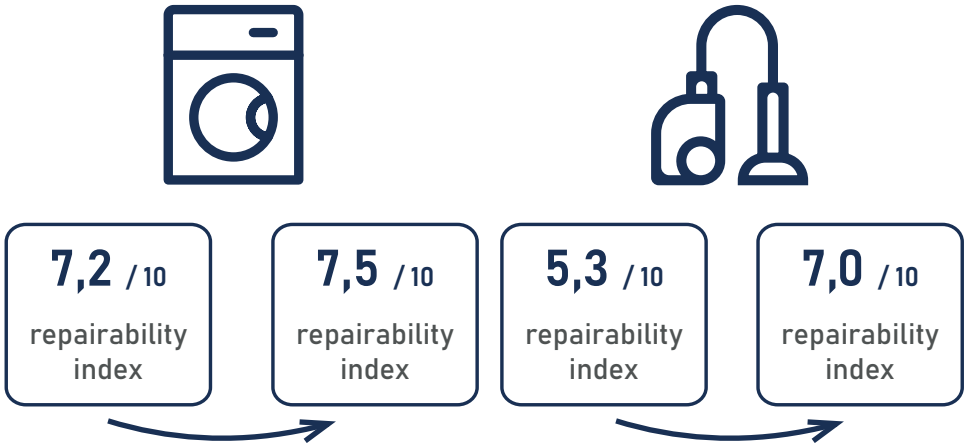
Bringing second life to products

Haier Europe's circularity plan goes beyond product components and packaging; it emphasizes the longevity and reliability of its appliances.

Haier Europe is working to expand these solutions to other key European markets, aiming to establish robust refurbishment programs across its largest countries. Moreover, Haier Europe is **developing new competencies at its Brugherio factory to refurbish returned products.** This initiative gives damaged appliances a second life, preventing them from being scrapped and having a positive impact on both the environment and the economy. In France, the Company is partnering with local businesses to refurbish returned products, with approximately 4,000 units reintroduced to the market this year, achieving a 70% recovery rate.

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

A more tangible application of circularity in products is visible in France. In response to the AGEC Law[6], Haier Europe has already adopted the repairability index on washing machines, dishwashers A more tangible application of circularity in products is visible in France. In response to the AGEC Law[6], Haier Europe has already adopted the repairability index on washing machines, dishwashers and vacuum cleaners. **To date, the Haier, Hoover, Candy, and Rosieres brands provide a repairability index on over 210 products: of these 95% fall in the score range between 6 and 7,9 out of 10 and 5% obtained a score above 8 out of 10.** Washing machines saw their score increase from 7,2 to 7,5 and vacuum cleaners from 5,3 to 7,0 by implementing solutions such as the availability of spare parts (14 years for washing machines and dishwashers and 13 years for vacuum cleaners), remote repairs and technical documentation. With regards to second life products, in France Haier Europe started working with a selected partner to repair and refurbish around 4,000 units/year and selling them in 5 shops in France.



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

Product circularity

Aside from reparability, the AGEC Law also requires companies to report on the recyclability and incorporation of recycled material in products, the presence of rare earths, precious metals or dangerous substances, their compostability and durability. **In the French market Haier Europe submitted 1,239 stock keeping units (SKUs) in the AGEC database: 43% of products issued in France are either composed with over 30% recycled materials or reusable packaging, while 5% have compostable packaging.**

Further to the repairability index, the AGEC law created the durability index. In 2025, this index will replace the repairability index for washing machine. The durability index will combine the repairability criteria already displayed in the repairability index, with criteria evaluating the reliability of the product.

Product sustainable packaging

Haier Europe is investing resources to reduce packaging and its associated waste, aiming for more sustainable solutions.

To enhance sustainability without compromising product protection during transport, Haier Europe is transitioning to cardboard packaging across product lines. Ongoing research and development efforts focus on phasing out EPS and plastics in favor of cardboard alternatives, with in place for identified areas of improvement.

In 2023, **the High end Induction hob Platform project was launched utilizing fully cardboard packaging.** Future iterations may incorporate advanced materials like paper pulp and honeycomb for improved sustainability, with plans to expand to other hob types by early 2025.

For ovens, a similar approach is being taken with a **packaging solution featuring cardboard and shrink film**, while also exploring mixed materials such as Expanded Polypropylene (EPP) for better recycling rates. **Dishwashers have seen the introduction of folded cardboard components**, paving the way for the inclusion of paper pulp supports in future designs. Research is also underway to shift dryer packaging to cardboard solutions.

In the SDA segment, Haier Europe has launched the Brown Box initiative, which focuses on transitioning to eco-friendly packaging by eliminating plastic where possible. This initiative has already led to the introduction of 26 products featuring entirely cardboard packaging filled with protective paper pulp. Key enhancements include replacing plastic handles with cutout cardboard handles and using permanent cable bands instead of single-use ties. **As of 2023, 100% oh Haier Europe's products feature full cardboard packaging.**

Product circularity

Focus on: Packaging Validation Laboratory

Haier Europe's Packaging Validation Laboratory, located in Brugherio, serves as a key hub for quality, R&D, and logistics functions. It focuses on researching and developing sustainable packaging solutions at the design stage, standardizing them across the company, and conducting supplier audits.

Equipped with advanced testing capabilities, including compression, vibration, and stack tests, the lab ensures high packaging quality. Haier has set a roadmap for sustainable packaging, focusing on:

Reuse & Recycle: Transitioning to plastic-free packaging solutions.

Reduce: Minimizing packaging weight, optimizing logistics, and reducing emissions.

Sourcing recycled materials: Aiming for 100% recycled packaging across all product lines.

Researching new materials: Testing alternatives to maintain product protection while ensuring packaging is fully recycled, recyclable, and non-fossil fuel-based.

Upholding highest quality standards

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

Company has implemented a set of procedures that formalize its approach to quality and safety, which are regularly updated to incorporate industry best practices and ensure a preventive approach.

In 2023, Haier Europe saw significant improvements in product quality, with a **5% reduction in defectiveness** compared to 2022. Nearly all product categories experienced positive trends including **ovens, washing machines and washer-dryers.**

All of Haier Europe's factories are ISO 9001 certified, guaranteeing compliance with international quality management standards. A dedicated **quality team** oversees product certification, audits and new product introduction (NPI) processes, working across all business areas to ensure rigorous standards. Products are covered by a **2-year warranty** for defects, with an additional **3-year warranty** on select home appliances. Moreover, **the Company offers essential spare parts for up to 14 years, depending on the product category** and brand. For small domestic appliances like Hoover and Candy, spare parts are available for **13 years.** Large domestic appliances in the cooling, cooking, and laundry categories have parts available for **11 to 14 years.** Additionally, it provides spare parts for other brands' large domestic appliances for up to 5 years.

Product circularity

To ensure maximum product safety, Haier Europe employs a thorough testing process during the manufacturing phase. This includes **reliability tests, field inspections and Failure Modes and Effects Analyses (FMEA)** to proactively identify and resolve potential issues. In addition, 100% of products are evaluated for health and safety impacts and **100% of Haier Europe's product categories at the EU level are assessed for compliance with these procedures**, including energy labelling.

In terms of compliance incidents, in 2023, there were a total of 8 cases of non-compliance concerning the health and safety impacts of products and services. Of these, 2 cases resulted in fines or penalties, including 1 case carried over from 2022 and closed in 2023. Additionally, there were 6 cases of non-compliance resulting in notices, with 4 of those originating in 2022 and resolved in 2023. No cases of non-compliance with self-regulatory codes were reported during the year. Concerning incidents of non-compliance regarding product and service information and labelling Haier Europe recorded 1 incident of non-compliance related to product and service information, resulting in a warning and requiring a minor revision of the User Manual to meet specific regulatory requirements (Annex II, Regulation 2019/2022)[7].

Haier Europe's approach to customer service

Haier Europe is committed to supporting customers throughout the entire lifecycle of their products, ensuring sustainability and ease of use. The Company provides a wide range of services, from traditional in-field repairs to more advanced digital and premium offerings, all designed to make product installation, troubleshooting, repair, and maintenance as efficient as possible.

Haier Europe's Growth Through Stars (GTS) program focuses on improving customer ratings and satisfaction. By systematically analyzing reviews at the SKU level, the Company identifies the root causes of low ratings and implements targeted actions to improve product performance and customer satisfaction. The goal is to first reach a growth horizon and ultimately achieve a best-in-class rating level.

Comprehensive Service Programmes

Haier Europe offers multiple service channels, including traditional in-field repairs and soft services delivered through apps and digital platforms. Its **Field Service Engineers (FSEs)** handle repairs through a network of branded service partners, with extensive coverage in the UK and Germany. The approach combines tailored solutions with standardized repair processes for optimal efficiency.

[7] In 2022, there were 6 similar incidents, each resulting in a warning, primarily for minor revisions to the energy label layout, and 1 incident carried over to 2023 (amendment of the energy label with correct noise values). In 2021, 7 warnings were issued, with 2 incidents leading to penalties in 2022 and 4 penalties in 2023, involving substantial revisions to energy labels and product information sheets following compliance tests. Haier Europe continuously strives to enhance quality and safety, using these processes to further strengthen transparency and the robustness of product labeling.

Product circularity

For customers seeking enhanced support, Haier offers a **Premium Service Programme**, providing:

Priority Line*: a dedicated helpline available from 8am to 10pm on weekdays and 10am to 7pm on Saturdays, supported by live chat and a callback option.

Premium Assistance Scheduling: technical support within two days of a request or scheduled at the customer's convenience.

Dedicated Consultants: a team of specialists ready to answer product-related queries and technical issues.

Care & Maintenance: technicians offering expert advice on appliance care, cleaning, and sanitation.

***Not available in all Haier Europe countries where the Company operates.**

Digital and Connected Services

The **hOn app** offers connected users smart troubleshooting for washing, cooling, and cooking products in 19 languages. When an error appears on the product display, the app captures the error code, initiates troubleshooting, and connects users to customer support, allowing technicians to remotely diagnose and resolve issues before visiting the customer.

Haier Europe has upgraded its **hOn Service app** to enhance diagnostic capabilities. The new version supports Bluetooth **Low Energy (BLE)** technology, improving connectivity and data transmission between appliances and the app. Technicians can now provide faster, more secure assistance through a serial code search, reducing appliance replacements and unnecessary service calls. The updated app also:

- Ensures a faster, more secure user experience.
- Reduces duplicate interventions, increasing first-visit repair success.
- Monitors app usage to improve future functions.
- Decreases intervention time while covering both connected and non-connected appliances.

Product circularity

Results and Continuous Improvement

Through these efforts, Haier Europe has reduced its overall service turnaround time by **12.4%** since 2021, with significant improvements in the UK and Germany. The Candy brand, saw a **15.48**% reduction in service times, reflecting Haier's ongoing commitment to delivering high-quality, efficient customer service. Moreover, Haier Europe has successfully **leveraged its Online Technical Assistance (OTA) to enhance product performance and reliability**, resulting in a significant reduction of **20,000 repairs in 2023.** By remotely updating software and firmware, the company has ensured that its products remain efficient and up-to-date, minimizing the need for physical repairs and improving customer satisfaction.

Operations

Haier Europe
Sustainability

Operations

Haier Europe Sustainability

Efficiency is our bottom line

Committed to operational excellence, embedding sustainability and efficiency at the core of our processes. We are driving an agenda that harnesses renewable energy, fosters circular innovation, and advances sustainability across our operational framework. Our vision is a future where every factory operates at the highest environmental standards, maximizing resource recovery, minimizing carbon footprint, and setting new benchmarks for industry-wide sustainability.

Key challenges: the context in which we operate

Decarbonization. The **Corporate Sustainability Reporting Directive (CSRD)**[8] requires companies to deliver transparent and comprehensive reporting on both direct and indirect emissions, making precise carbon accounting essential. A **central focus is on Scope 3 emissions**, which encompass the downstream value chain and represent the largest portion of total emissions in the household appliances industry—**estimated to be as high as 93%**[9]**.** The CSRD not only sets clear targets for reducing the overall carbon footprint but is also aligned with the broader objective of achieving carbon neutrality by 2050, as outlined in the European Green Deal.

As a result, **companies are under greater pressure to develop and implement more effective measures to reduce their Scope 1 and 2 emissions.** Furthermore, organizations are expected to establish transition plans that detail their strategies for climate change mitigation and that are based on science. To meet these requirements, **companies must adopt innovative technologies, enhance energy efficiency and invest in renewable energy sources.**

Sustainable Packaging. Approved in April 2024, the **European Packaging Regulation**[10] sets ambitious targets including achieving 100% recyclable packaging by 2030, reducing overall packaging by 5% by 2030, 10% by 2035 and 15% by 2040, alongside banning certain single-use packaging types. Additionally, the Regulation mandates a minimum recycled content requirement for plastics and introduces standardized labeling to facilitate proper disposal, ensuring a comprehensive approach to reducing environmental impact.

Supply chain management. The **Corporate Sustainability Due Diligence Directive (CSDDD)**[11] introduces stricter requirements for supply chain management, compelling companies to ensure that their entire supply chain adheres to environmental and human rights standards. This regulation increases the accountability of companies for the practices of their suppliers, promoting transparency and responsible sourcing across all levels of production.

[8] European Commission (2023)
[9] The European House – Ambrosetti, Own elaboration of industry data (2023)
[10] European Parliament, Revision of the Packaging and Packaging Waste Directive (2024)
[11] Directive (EU) 2024/1760

Operations

Haier Europe Sustainability

Key actions: our contribution to the Sustainable Development Goals (SDGs)

- **Energy efficiency projects** across facilities resulting in significant savings
- **Solar energy expansion** with the installation of a 5.25 MW solar power plant in Turkey and a 3.3 MW system in Jinling
- **Carbon emissions:** Haier Europe reduced its total emissions by 6% compared to 2021

- **R&D development** on plants and infrastructural enhancements
- **Centralized system** to track energy conspution across all sites

- Strengthening **ESG due diligence** of supply chain
- Assess **ESG risks** in ERM process

Key targets: our ambition for the future

OPERATIONS

Pillar and Material Topic	Goal	Target to 2025	Progress in 2023
3. Climate action and energy efficiency	Decarbonizing our operations and supply chain	▪ 60% of indirect energy consuption from 100% renewable energy by 2025 ▪ 96% of waste recovery by 2025 ▪ 70% of water recovered and reused in most water intensive factories by 2025 ▪ 100% factories ISO 45001 and 14001 certified by 2025 ▪ 100% factories ISO 14001 certified by 2025 ▪ At least 50% of vehicles in the corporate fleet hybrid or fully electric by 2025	▪ With 854 MWh., 2% of renewable energy was achieved with solar in Turkey, and China ▪ **Reached** ▪ 60% water use reduction compared to 2020 ▪ 63% obtained the certification, 5 over 8 facilities covering China, Romania and Turkey. ▪ **In progress:** 21% as of 2023
4. Responsibility along the supply chain	Ethical supply chain and operations	▪ Set minimal ESG requirements to be accepted and signed by all suppliers ▪ Formalize HE Suppliers Code of Conduct by 2025 ▪ Implement an auditing / due diligence system by 2025	▪ **Reached** ▪ **Reached** ▪ Implemented the new tool Due Diligence including ESG called Orbis powered Moodys

Operations

		▪ Integrate the in-house portal with ESG requirements by 2025 ▪ All suppliers screened using environmental criteria	▪ **Reached:** in-house portal integrated with minimal ESG requirements for new suppliers to be rolled out in all regions in '24 ▪ The Company started to evaluate the new ESG Due Diligence tool Orbis powered Moodys

Our production sites

In 2023, Haier Europe counts on 8 production sites located across Europe and Asia.

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

The **Renta factories are designed to achieve maximum energy efficiency, waste reduction and productivity** by adhering to the most advanced Industry 4.0 standards rooted in lean manufacturing principles. The Renta Dishwasher plant stands as Haier Europe's largest production and export hub in Europe, with an impressive annual production capacity of 1 million units, serving both European and global markets. This state-of-the-art facility integrates 100% automated measurement systems, advanced leakage detection, and complete traceability of critical components, ensuring the highest levels of quality and efficiency.

Similarly, the **Haier Tech Cooling plant in Ploiești** is Haier Europe's premier cooling export hub. The facility features cutting-edge Industry 4.0 innovations focused on waste minimization and productivity optimization.

Haier Europe is advancing digitalization across its operations to enhance traceability, performance, speed, and waste reduction. Italy and Turkey have already achieved full digital maturity, with Romania, Russia and China making steady progress. Key initiatives include:

Track and Trace system: enables precise tracking of appliance components via serial labels and process parameters.

Robotics: integration of remote-controlled robots to boost production precision, speed, and cost efficiency.

Prometeo: manages preventive, corrective, and predictive maintenance by analysing detailed site data to create schedules, dashboards, and equipment log.

Reducing our impact

Haier Europe Sustainability

Energy management

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

In 2023, Haier Europe's energy consumption totaled 535,545.79 GJ. The Company's direct energy consumption is linked to fuel usage for vehicles as well as heating for offices and production plants, while indirect energy consumption pertains to the purchase of non-renewable electricity for powering Haier Europe's industrial processes. Although the percentage of purchased renewable energy is currently minor, the Company is taking significant steps to achieve 60% of its total energy consumption from 100% renewable sources by 2025.

Starting in 2023, Haier Europe has expanded and refined its data collection framework to include facilities that were previously excluded in 2022. For example, operations in England, which only accounted for the fleet last year, are now fully included, along with facilities in France, where offices and fleet consumption were previously omitted. Additionally, company cars in Elba and Turkey have now been incorporated. To ensure accurate comparisons, it's important to distinguish between the data parameters for 2022 and 2023. **Indeed, Haier Europe's energy consumption increased by 36.3% from 2022 to 2023. However, this rise is largely due to the broader scope considered in 2023, which included additional operations and facilities. When comparing the same perimeter year-on-year, the increase is much smaller (9.9%).**

[12] Conversion factors used for Diesel: 0,038 GJ/liters (DEFRA 2023); Petrol: 0,032 GJ/l (DEFRA 2023); natural gas 0,034289 GJ/sm3 (Italian Greenhouse Gas Inventory 1990-2020 - National Inventory Report 2023)

GRI 302-1 | Energy consumption within the organization

Indicator	Units of measure	2023 (expanded perimeter)	2023	2022	2021
Non-renewable direct energy consumption					
Diesel consumption	liters	992,168.00	963,365.00	757,530.40	839,758.00
Petrol consumption	liters	174,178.00	174,178.00	85,613.72	91,888.00
Natural gas consumption	Smc	6,518,572.00	4,124,051.00	3,986,493.00	5,459,259.00
Renewable direct energy consumption					
Solar Power		854,087.00	854,087.00		
Indirect consumption					
Purchased electricity	kWh	74,451,688.00	68,747,260	62,353,784.00	66,084,354.00
Electricity from photovoltaic	kWh	854,087.00	854,087.00	-	-
Total energy consumption[12]	GJ	535,545.79	441,590.47	392,863.50	460,131.20

Haier Europe's corporate fleet in 2023	
Type	Vehicles (n)
Petrol	14
Diesel	468
Battery Electric Vehicle (BEV)	54
Plug-in Hybrid Electric Vehicle (PHEV)	50
Mild Hybrid Electric Vehicle (MHEV)	0
Total	586

Reducing our impact

Responsible for the consumption of diesel, petrol and electricity for mobility,

In 2023, **natural gas consumption** totalled 6,158,572 smc. However, **considering the 2022 perimeter, there was a 24% reduction (baseline 2021)**, mainly driven by upgrades in heating systems at Haier Europe's factories and offices in Brugherio, Turkey, and Vesta. Radiant systems now heat production sites only when needed, and heat pumps were installed in offices.

Energy efficiency projects

Responsible for the consumption of diesel, petrol and electricity for mobility, **Haier Europe's corporate fleet comprises 586 leased vehicles, of which 21% are electric or hybrid.**

In 2023, Haier Europe implemented a **number of energy efficiency initiatives to reduce consumption across its operations.**

The spare parts warehouse in Brugherio, Italy, has undergone a significant upgrade. In March-April 2023, **the lighting at GIAS' central warehouse in Brugherio was upgraded from fluorescent to LED during night shifts**, aiming to improve energy efficiency and lighting quality. **Initial results show a 40% reduction in energy consumption**, based on a comparison between 2022 and 2023 data. Over 800 traditional incandescent lamps have been replaced with 400 energy-efficient LED lamps.

The R&D facilities in Brugherio have undergone redevelopment, including significant office improvements. This includes the removal of 24 MW boilers and plans to exit the Emissions Trading System (ETS) by 2024, further boosting energy efficiency.
In Romania, Haier Europe has introduced a series of energy-saving initiatives across its plants. These include replacing fluorescent lights with LED lighting, enhancing insulation in heating areas and optimizing electrical heating in office spaces. Moreover, in the Ploiesti plant two significant energy efficiency projects were completed. The first project focused on optimizing compressed air usage and upgrading technology with inverters, which resulted in a 20% improvement in energy intensity (kWh/pc). The second initiative involved the installation of automatic closure gates and a heat recovery system, leading to a 21% improvement in gas consumption intensity (m3/pc). The yearly amount of energy efficiency saved through these initiatives totals **1,098,179 kWh**, with a total investment of more than **€60,750.**

Finally, also the Jinling plant in China undertook two key energy efficiency projects. The first involved installing new injection machines and reducing air leaks, leading to a 7% improvement in energy intensity (kWh/pc). The second project focused on upgrading gas burners, which resulted in a 13% improvement in gas consumption intensity (m3/pc).

Reducing our impact

Central energy monitoring project

The **Central Energy Monitoring Project (CEMP)** is designed to centralize and streamline energy consumption data from all Haier Europe factories into a single repository. This system provides a comprehensive view of utilities usage across all sites alongside the monitoring of common KPIs for real-time comparison, allowing to track energy consumption and evaluate energy-saving initiatives. Key features of CEMP include:

Holistic utilities monitoring: providing a global view of energy usage across all sites.

KPI standardization: establishing consistent performance indicators to track energy reduction

Measurement of savings: accurately quantifying the impact of energy-saving initiatives.

Haier Europe's Solar Energy initiatives

As of 2023, Haier Europe is making significant strides by implementing advanced solar energy projects across its manufacturing sites. **These initiatives align with the Company's broader goal of achieving at least 60% renewable energy usage at all production facilities by 2025.**

The most recent achievement is the **installation of a 5,25 MWp solar power plant in Turkey, which features 9,720 solar panels spread over 36,000 square meters.** This project began generating electricity on August 25, 2023, and includes advanced infrastructure such as 41 inverters housed in a dedicated "Inverter Room," along with three main breaker panels to efficiently manage the electrical output. The energy generated from this installation is expected to cover a significant portion of the factory's energy needs.

In parallel a 3.3 MW solar panel system at its Jinling plant in China became operational in 2023. This installation produces 3.6 million kWh per year, covering 15% of the plant's energy consumption. The solar energy generated is utilized not only for manufacturing activities but also for supporting operations at the tumble dryer factory, significantly reducing the environmental impact of these facilities.

Reducing our impact

Carbon emissions

The company plans to submit a detailed roadmap by 2025, setting targets that adhere to the 1.5-degree Celsius pathway. This plan will encompass Scope 1 and Scope 2 emissions, as well as value chain emissions (Scope 3), ensuring comprehensive measurement and reduction efforts across all operations.

In 2023, the consumption of fuels by Haier Europe generated over 20,000 tons of CO_2. Whereas the Company's Scope 2[13] emissions, associated to the consumption of electricity, amounted to over 38,000 tons of CO_2. Additionally, Haier Europe carried out a comprehensive assessment of its Scope 3 emissions, which are emissions indirectly generated across its value chain. These include emissions from purchased goods and services, transportation, and the use of sold products, among other activities. The evaluation revealed that the company's Scope 3 emissions totaled 11,023,000 tons of CO_2. -

In total, Haier Europe's total emissions sum up to **11,081,000 tons of CO_2 equivalent**, reflecting a reduction of approximately 6% compared to 2021.

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

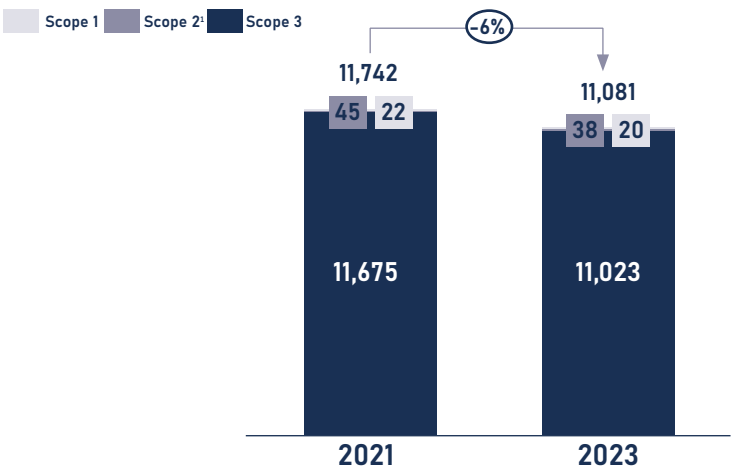
Total emissions (ton CO_2)	2023	2021
Scope 1	12,380.23	22,000,00
Scope 2 - Location Based	38,000.00	45,000.00
Scope 3	11,023,000.00	11,675,000.00
Total emissions (Scope 1 + Scope 2 Location Based)	58,000.00	67,000.00
Total emissions (Scope 1 + Scope 2 + Scope 3)	11,081,000.00	11,742,000.00

For **Scope 1**, the company reduced overall emissions by **9%**, primarily driven by a **15% decrease in natural gas consumption** at the Eskişehir plant. However, there was a **72% increase in petrol fuel consumption** for Company cars in international offices, based on updated primary data compared to 2021 estimates, while **diesel fuel consumption** for company cars in the same offices decreased by **16%.**

Scope 2, emissions were reduced by 16%, thanks to a **10% drop in electricity consumption** across operations. Additionally, Haier managed to self-produce enough electricity to cover **1%** of its total consumption, contributing to this reduction.

[13] Market-based approach

Reducing our impact



The **Jingling** and **Eskisheir** plants are the highest contributors to emissions within Haier Europe, as they also have the highest energy consumption. Jingling accounts for **35%** of Haier's total electricity needs, while Eskisheir covers **21%.** These two plants are currently the only ones with solar PV systems installed, meeting **2%** and **1%** of their respective electricity demands. Notably, the Eskisheir PV plant began production in December 2023, which is expected to increase solar energy coverage next year and help reduce Scope 2 emissions.

In contrast, emissions from the **Borso del Grappa plant** and the company's offices increased in 2023 compared to 2021.

For Scope 3, emissions saw a 6% decrease, largely due to a 6% reduction in raw materials purchased compared to 2021, even after including the Borso del Grappa plant in the assessment. Moreover, there was a significant reduction in finished products sold, particularly in small domestic appliances (SDA), which were down by 47%. This decline in sales, coupled with a 10% reduction in the emissions from the use of sold products, further contributed to the overall reduction in Scope 3 emissions.

Water management

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

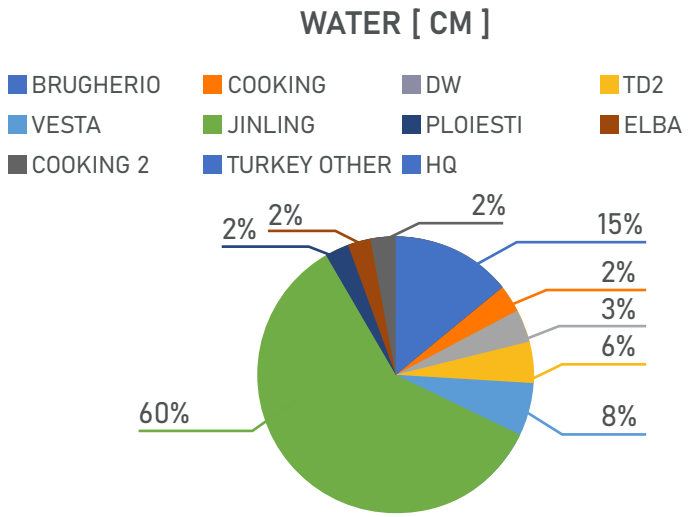
In 2023, Haier Europe's consumed 461 ML of fresh water for its operations, coming from third-party sources, 12% less compared to 2022. Of the water consumed, 13% comes from a water stressed area in proximity of the Eskişehir plants[15].

GRI 303-3 | Water withdrawal
GRI 303-4 | Water discharge
GRI 303-5 | Water conspumption

Water withdrawal by source and from areas with water stress (ML)	2023	2022	2021
From third-party water[16]	**461.92**	**524.00**	**763.02**
in water-stressed areas	61.71	62.74	64.75
Water discharge by destination (ML)			
In all areas	**461.92**	**524.00**	**763.02**
Third-party water	461.92	62.74	64.75
Water consumption (ML)			
In all areas	**461.92**	**524.00**	**763.02**
in water-stressed areas	61.71	62.74	64.75

[15] The area was identified as such by using the Aqueduct Water Risk Atlas
[16] Municipal water service providers and wastewater treatment plants, public or private utilities, and other organizations involved in the provision, transportation, treatment, disposal, or use of water and wastewater discharges

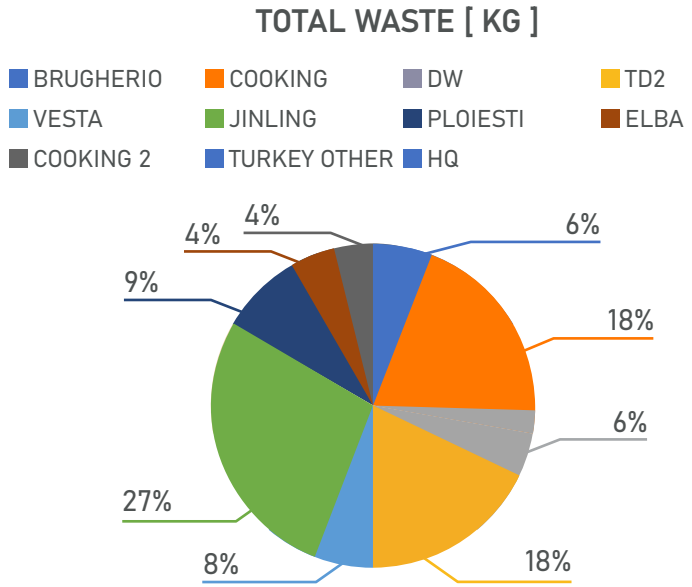
Reducing our impact



Since 2021, Haier Europe's withdrawal of water decreased by 39%, thanks to recycling and reuse efforts across plants. One notable achievement is the implementation of a water recirculation system in the production processes at the Brugherio and Jingling plants, allowing for the recycling of used water and significantly reducing the need for freshwater withdrawals. **Since 2020, Haier Europe has reduced its overall water usage by 60%.** This was made possible by the introduction of innovative cooling systems that no longer rely on water. Water usage is particularly high at the Jinling Plant, accounting for 67% of total water consumption. This is largely due to Jinling being the largest facility, producing over two million products annually. However, at the Jingling facility, water used in testing processes is recovered and recycled, further enhancing water conservation efforts.

Waste management

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



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

The Company keeps track of generated waste, to identify those sites where the greatest impact is caused. The plant generating the greatest share of waste is Jingling in China (28%). **The total waste generated by Haier Europe in 2023 amounted to 24,571 tons,**

Reducing our impact

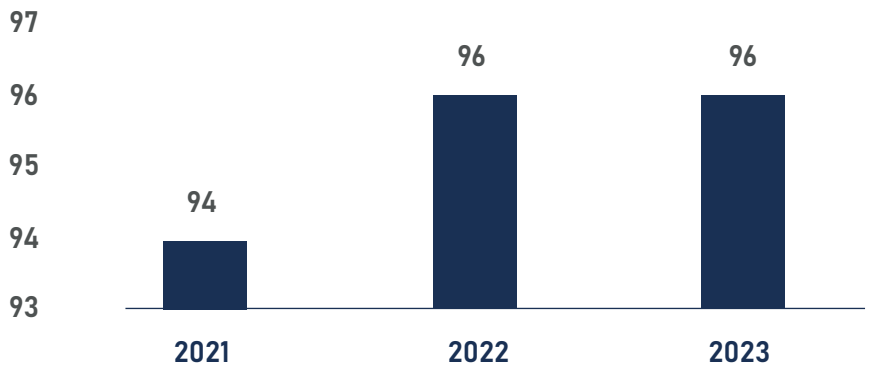
slightly more compared to 2022. Of the waste produced, 98% was non-hazardous and attributable to paper, wood, metal and plastic, while the remaining 2% classified as hazardous, in line with previous years.

GRI 306-3 | Waste generated

Total waste generated	2023	2022	2021
Waste generated (t)	**24,571**	**23,437**	**23,074**
Of which non-hazardous	24,094	23,022	22,615
Of which non-hazardous (%)	98%	98%	98%
Of which hazardous	477	415.18	460.27
Of which hazardous (%)	2%	2%	2%

Haier Europe's waste management process begins with an initial assessment by the Purchasing Office, selecting suppliers from qualified national registers. The Health, Safety & Environment (HSE) Team then monitors compliance with specific requirements. Once waste collection operators are chosen, they are required to provide a declaration detailing the waste's destination and the percentage allocated for recycling.

Haier Europe % of recycled material



Thanks to the Company's efforts in ensuring the separation and recycling of individual components and other material, Haier Europe is able to recycle over 96%, equal to 23,622 tons of the waste generated. This achievement is largely due to projects that significantly improved separation and recycling capabilities in Turkey and China. These projects have offset a decline in Brugherio caused by oily emulsions in certain presses that were scheduled for decommissioning by 2023 but will now be decommissioned in 2024. This adjustment will further enhance our recycling target to 98%. In Romania, 100% of waste is fully recovered.

In 2023, the waste directed to landfill amounted to 948.11 tons, a reduction of 30% compared to 2021.

Reducing our impact

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

Weight of waste diverted from disposal (t)	2023	2022	2021
Total weight of waste diverted from disposal	**23,622.94**	**22,141.71**	**21,260.00**
Of which hazardous waste	0.00	0.00	0.00
Of which non-hazardous waste sent to recycling at an external site	23,622.94	22,141.71	21,260.00
Weight of waste directed to disposal (t)			
Landfilling	**948.11**	**880.55**	**1,355.00**
On site	0,00	0,00	0,00
Offsite	948.11	880.55	1,355.00

The improper treatment of Waste from Electrical and Electronic Equipment (WEEE) can cause significant environmental damage and pollution. Haier Europe partners with local non-for-profit partners in Italy to ensure proper disposal and treatment of its WEEE. In 2023, the total WEEE waste produced by Haier Europe locations in Italy and consequently managed, amounted to 232,023 tons and 5,853 tons of waste from batteries. Thanks to this, in 2023 the following were achieved:

- 25,878,624 kWh saved;
- 146,730 ton of CO_2eq avoided;
- 23,476 tons of recycled materials.

In 2023, Haier Europe in France helped collect over 26,656 tonnes of household electrical and electronic waste (WEEE), significantly contributing to the recycling of critical materials. This initiative resulted in **saving 81,493 tonnes of raw materials,** equivalent to producing over 203,000 IT units, and preserving enough energy to power over 14,000 homes for a year. The depollution efforts helped avoid 22,095 tonnes of CO_2 emissions, further mitigating the environmental impact and contributing to a reduction equivalent to removing nearly 200,000 cars from the road. Additionally, recycling activities prevented 10,744 kg of ozone-depleting gases and the equivalent of one year's worth of acid rain over 16 million square meters.

Responsibility along the supply chain

Our suppliers

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

Haier has integrated ESG criteria into the supplier selection process, from pre-qualification to ongoing partnerships. By updating **its ESG Business Code of Conduct,** the Company ensures that its suppliers adhere to high standards in governance, human rights, workplace safety, environmental protection, anti-corruption and social development, in line with Haier Europe's ethical values. This approach reinforces the Company's commitment to sustainability throughout its supply chain.

Rare minerals and conflict minerals sourcing

Haier Europe commits to responsible minerals sourcing, adopting an ethical approach that safeguards the human rights of everyone in the Company's global supply chain while preserving the environment. The Company strictly prohibits any association between the materials used in its products and activities that fuel armed conflict or human rights abuses. This includes the trade of tin, tantalum, tungsten, and gold (3TG), which can finance armed groups, lead to forced labor and support corruption.

To ensure responsible sourcing, **Haier Europe requires all suppliers to provide complete and accurate information about the minerals supplied for its products and to conduct thorough due diligence on their origins.** Suppliers are also expected to extend these requirements to their own supply chains, ensuring compliance with Haier Europe's ESG Business Code Of Conduct, which includes commitments to responsible sourcing and the prohibition of forced labor.

Chemicals and persistent organic pollutants

Suppliers of components, materials and substances are required to declare if they exceed the threshold of restricted chemicals indicated through the various regulations set out by the EU. **In February 2023, the European Chemicals Agency (ECHA) proposed a comprehensive ban on around 10,000 per- and polyfluoroalkyl substances (PFAS) under the EU's REACH Regulation.** This proposal aims to restrict the manufacturing, market placement, and use of PFAS due to their harmful effects on human health and the environment. The ban, expected to be implemented by 2026 or 2027, will significantly impact industries reliant on these substances, requiring them to find alternatives swiftly. This regulation marks one of the broadest and most stringent measures under REACH to date, reflecting the EU's commitment to addressing the risks posed by "forever chemicals."

Haier Europe recently conducted a preliminary survey among its suppliers regarding PFAS in their commodities. The survey aimed to gauge awareness and actions taken concerning PFAS usage. The results indicated that while most suppliers are aware of the

Responsibility along the supply chain

issue, 90% have not taken any action, primarily because they consider it not applicable to their products. Among those suppliers who do have PFAS-related products, they are already actively addressing the issue.

Prioritizing a local supplier base

Haier Europe is actively advancing its 5-year action plan, initiated in 2022, to transition towards a "local for local" supply chain strategy. This approach focuses on sourcing materials and components closer to its production facilities, with the dual aim of reducing emissions associated with logistics and resource distribution and enhancing the company's resilience to geopolitical risks and global supply chain disruptions. By capitalizing on regional synergies, particularly between its plants in Turkey, Europe, Russia, and China, Haier Europe is creating a more sustainable and secure supply chain.

Currently, 73% of Haier Europe's procurement budget is allocated to suppliers local to its production sites. China leads in this effort, with 98% of the procurement spend going to local suppliers, followed by Italy, where 73% of the suppliers are local. This strategy not only supports environmental goals but also strengthens the company's operational stability and responsiveness to global challenges.

GRI 204-1 | Proportion of spending on local suppliers

Proportion of spending on local suppliers	2022	2021	2020
Italy	73%	74%	81%
Turkey	66%	65%	62%
Romania	45%	56%	55%
Russia	38%	41%	55%
China	98%	99%	99%
Total	73%	76%	76%

Haier Europe is advancing its integration of ESG factors into the selection and evaluation of suppliers through distinct approaches for existing and new partners.

For existing suppliers, the **Company has initiated a pilot due diligence process**, focusing on a cluster of suppliers that represent 80% of the Annual Purchased Value. This assessment categorizes **risk profiles based on factors such as product category, supplier dependency, and country of operatio**n, with additional considerations for **climate risks, natural disasters, and human rights conditions** as reported by organizations like Human Rights Watch. Suppliers are then prioritized for action based on their risk category.

Simultaneously, Haier Europe has launched an **online vendor portal for new suppliers**. The registration process is divided into

Responsibility along the supply chain

three phases: **pre-qualification**, where suppliers provide general data and complete an ESG questionnaire to assess their maturity on various ESG topics; **qualification initialization**, where terms are negotiated and financial due diligence, as well as screenings against international sanctions, are conducted; and **qualification completion**, which finalizes the contract with approvals from the Procurement and Accounting departments.

In 2023, 20% of the 2,086 new suppliers responded to the ESG topics. Haier Europe is currently exploring ways to increase this response rate and plans to extend the ESG questionnaire to existing suppliers. The ESG due diligence process includes continuous screening to enhance coverage, support the company's decarbonization efforts, and deepen supplier engagement, with a full decarbonization plan to be established within the next two years.

GRI 308-1 | Supplier Environmental Assessment

New supplier environmental assessment	2023	2022	2021
Number of new suppliers	2,086	1,145	657
New suppliers screened using environmental criteria (%)	20%	17%	17%

Focus on: ethical audit in the supply chain

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

People

Haier Europe
Sustainability

People

Anyone can be an entrepreneur

Committed to a future where everyone has the opportunity to be an entrepreneur, driving innovation and inclusivity throughout the organization. We are dedicated to increasing the representation of women in leadership, cultivating inclusive communities that draw out the best in every individual, and providing transformative training opportunities for all employees. At the core of this vision is a steadfast commitment to ensuring the safety and dignity of every team member.

Key challenges: the context in which we operate

Equal opportunities. In 2023, **globally women held 32.2% of senior leadership roles**[17], underscoring the need for further efforts to achieve gender balance. The World Economic Forum estimates it will take 131 years to close the global gender gap.

The EU's Pay Transparency Directive[18], part of the 2020-2025 Gender Equality Strategy, mandates that companies disclose detailed pay information for men and women in equal value roles and requires action if the pay gap exceeds 5%. Additionally, the

Gender Balance Directive[19] requires publicly listed companies to ensure at least 40% of non-executive board members are from the underrepresented gender by 2026. In some Member States, said Regulation extends to executive directors, aiming for at least 33% representation of the underrepresented gender in all positions.

Talent acquisition and training. In Italy, **58% of companies face difficulties in recruiting personnel**, primarily due to the demand for specific skills (45.8%). The country has a 38.5% skills and qualifications gap in the workforce, with 20.2% of workers being overqualified and 18.2% underqualified[20].

To address these challenges, **61% of companies invest in training activities and 30.2% of industrial firms participate in local programs to connect with students**[21]**.** Continuous skills development and clear career paths are crucial for attracting and retaining talent, with **81% of Gen Z workers prioritizing training opportunities when choosing a job.**

[17] World Economic Forum (2023)
[18] Directive (EU) 2023/970
[19] European Commission (2024)
[20] Confindustria, 2024
[21] Confindustria, 2024

People

Well-being. Globally, **85% of young workers consider flexibility crucial for maintaining a work-life balance**, and in Italy, 61% of workers aged 15 to 24 would reject a job offer if it compromised this aspect. Employee well-being and flexibility in where, when, and how work is done have become strategic priorities. According to Forbes' Future Workplace HR Sentiment survey, nearly 70% of organizations are implementing flexible work measures, and **68% of HR leaders view employee well-being as a top business priority.**

Key actions: our contribution to the Sustainable Development Goals (SDGs)

- Fostering a **culture of health and safety** through initiatives like the AI Digital Ergonomic Risk Assessment.
- Enhancing employee wellbeing through mental health programs like Moka.Care and Workplace Options, leadership support for open conversations, and a Wellbeing Hub managed by local champions. The "colleague listening strategy" also gathers feedback to build a supportive, engaging workplace culture.

- Investing in **continuous learning and skills development**, ensuring a well-trained workforce.
- Offering more than 16.000 hours of **training** for employees with programs such as City & Guilds qualification for service engineers.

- Developing a comprehensive **Diversity, Inclusion, and Belonging (DI&B) framework**, while an operational Working Group gathers region-specific feedback to execute company-wide initiatives.
- Conducting a **DEI assessment and launching initiatives** like the Women Empowerment Programme and Race Equality Week. Building strategic partnerships with key organizations to benchmark progress and advance commitment to belonging. Collaborations with groups like **Inclusive Employers** and See Her Thrive to lead the way in creating a more **inclusive workplace.**

- Offering **full-time contracts** and competitive remuneration and safety programs to guarantee stable employment.

Key targets: our ambition for the future

PEOPLE

Pillar and Material Topic	Goal	Target	Progress in 2023
People managment and well-being	Investing in our workforce and promoting an inclusive environment for all leveraging the Haier philosophy "RenDanHeYi" and a zero-distance mindset	▪ Foster inclusion and promote a balanced and diverse workforce that represents our diverse consumer base and ensures growth ▪ Design and offer well-being initiatives – including benefits and perks - managed both centrally and locally - to meet the needs of Haier employees and work-life balance ▪ Develop and provide training focused on continuous learning, skill enhancement, and effective use of digital tools. Develop and provide training focused on continuous learning, skill enhancement, and effective use of digital tools.	▪ Conducted a DEI assessment to understand the workforce's demographic and gather feedback on inclusion efforts. ▪ Launched the Diversity, Inclusion and Belonging (DIB) committee, a team of passionate and committed people who will help the

People

			company define and implement our diversity, inclusion and belonging strategy. ▪ Launched an online wellbeing portal, providing employees with resources to support their mental, physical, and financial health. In response to the challenging economic climate, Haier Europe launched a 12-month Financial Wellbeing Program in the UK. ▪ Implemented a full and comprehensive Learning Management System (GrowU) to enhance the user experience through a more intuitive interface, improved functionalities, and streamlined access to resources such as mandatory training, onboarding modules and a comprehensive LinkedIn Learning catalogue.

	Ensuring the safety and well-being of our workforce and all stakeholders in our value chain	▪ 40% reduction in occupational accidents by 2025 ▪ 63% reduction in occupational accidents by 2030 ▪ 100% of factories to be certified with an ISO 45001 occupational health and safety management system by 2025 ▪ Achieving an occupational accident rate of at least 2 by 2030 from 12.5 in 2020	▪ **Reached** ▪ **Reached:** more than 80% reduction from 2020 ▪ **In progress** 63% certified ▪ **Reached:** the rate stands at 2 in 2023

Our team

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

As of 2023, 37% of new hires were female, compared to 63% male. Additionally, a substantial portion of the new hires — 45% — are under the age of 30. Overall, the Company achieved a hiring rate of 28% in 2023.

Our Team

100%
employees receive a 6-month probation period proceeding to full-time contracts

99%
workers have a full-time contract and 96% are permanent employees

1%
of part-time contracts, implemented to meet employees' specific needs based on individual requirements

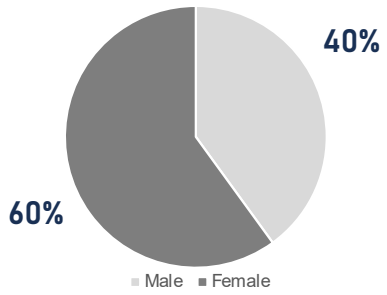
4%
of the total workforce is represented by temporary workers

+13%
of women in the Board, +25% increase in women blue collar workers

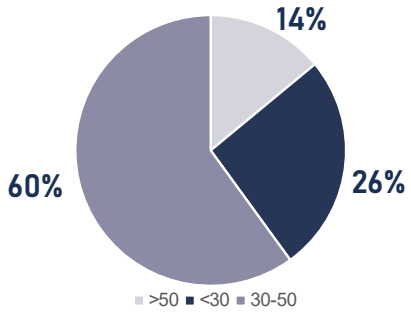
37%
of new hires in 2023 are female vs 63% men and out of the total 45% are below 30

As of December 31, 2023, Haier Europe successfully achieved its results thanks to the contribution of 10,912 employees.

Gender ratio amongst Haier Europe's employees



Age split amongst Haier Europe's employees



At the regional level, 38% of the workforce is based in Russia, 11% in Italy, 11% in China, and the remaining 40% is spread across other geographic locations where the Company operates.

Our team

Haier Europe Sustainability

GRI 2-7 | Employees by gender and region[22]

	2023		
	Female	Male	**Total**
China	397	851	**1,248**
Germany, Austria & Switzerland (DACH)	49	85	**134**
France & Benelux	117	131	**248**
Italy	418	835	**1,1253**
Russian Federation	2,122	1,917	**4,093**
South Europe (Greece, Portugal)	16	28	**44**
Spain	77	103	**180**
East & North Europe[23]	699	465	**1,164**
United Kingdom (UK)	196	500	**698**
Overseas (Argentine, Morocco, Turkey, UAE)	249	1,601	**1,850**
Total employees	4,342	6,570	**10,912**

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

	2023			2022			2021		
Senior Leadership Team (SLT)[24]	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**
< 30 years	0	0	**0**	0	0	**0**	**0**	**0**	0
30 -50	0	6	**6**	0	3	**3**	**2**	**4**	6
> 50	2	8	**10**	2	10	**12**	**0**	**11**	11
Total	2	14	**16**	2	13	**15**	**2**	**15**	**17**

GRI 405-1 | Diversity of employees by gender and age[25]

	2023		2022		2021	
	Female	Male	Female	Male	Female	Male
Executives	1%	3%	1%	3%	**1%**	**2%**
Managers	5%	8%	5%	8%	**4%**	**5%**
Office employees	35%	25%	37%	24%	**40%**	**25%**
Factory employees	59%	63%	57%	65%	**55%**	**68%**

	2023			2022			2021		
	< 30 y	30 -50	> 50 y	< 30 y	30 -50	> 50 y	< 30 y	30 -50	> 50 y
Executives	0%	3%	5%	0%	2%	6%	0%	2%	6%
Managers	2%	10%	8%	1%	9%	8%	1%	6%	7%
Office employees	35%	33%	25%	28%	30%	28%	26%	30%	34%
Factory employees	82%	66%	54%	72%	59%	58%	74%	61%	53%

[22] Said data is reported in head count. The regions identified represent the official financial cluster classification used which aggregate multiple countries in the same geographic area. No relevant fluctuations were registered during the reporting period

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

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

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

Our team

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

	2023			2022		
	Female	Male	Total	Female	Male	Total
< 30 y	413	925	1,367	503	1,160	1,663
30 – 50 y	607	824	1,431	818	981	1,799
> 50 y	107	119	226	150	168	318
Total hiring	**1,127**	**1,897**	**3,024**	**1,417**	**2,309**	**3,780**
Total hiring rate	**28%**			**38%**		
< 30 y	374	1,031	1,405	271	1,023	1,294
30 – 50 y	648	1,066	1,714	439	762	1,201
> 50 y	134	210	344	75	1,949	2,734
Total turnover	**1,156**	**2,307**	**3,463**	**785**	**1,949**	**2,734**
Total turnover rate	**32%**			**28%**		

As of 2023, 37% of new hires were female, compared to 63% male. Additionally, a substantial portion of the new hires — 45% — are under the age of 30. Overall, the Company achieved a hiring rate of 28% in 2023.

[26] For SLT members and CEO, Long Term Incentives are approved by Haier Smart Home based on its guidelines
[27] Hired at least in the previous year

Haier Europe's remuneration policy

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

Haier Europe's remuneration policy is designed to apply uniformly across all employees, including both top management and the broader workforce. This approach is rooted in the belief that fair compensation is closely linked to business performance and the creation of long-term value. The policy is aligned with market practices and is guided by an internal grading system, which allows for competitive salaries in every market.

The total compensation package includes three key components: **a base salary, a performance-based bonus that is a percentage of the base salary, and incentives (LTI)**[26] in the form of restricted stock units, which vest over a three-year period. Termination payments and retirement benefits are determined through mutual agreement and are based on the terms set forth in collective agreements or applicable legislation.

Pay reviews and Management by Objectives (MBO) processes are designed to reflect individual achievement and performance. The pay review process applies to all employees[27] and is based on an evaluation of individual performance and market competitiveness. For white-collar employees, the process is conducted offline, while blue-collar employees use specific tools tailored to their roles. **MBO, on the other hand, is negotiated at the hiring stage** and is not applicable to all employees. It specifically targets

Our team

salespeople and employees at certain grades, focusing on the achievement of individual qualitative goals and financial KPIs.

In 2023, Haier Europe introduced the Sales Incentive Plan (SIP) for its salespeople, designed to drive performance through key financial KPIs: Net Sales Value (NSV), Sell Out, First Margin and Direct Delivery Percentage. The plan ensures a consistent approach across the entire sales organization, with all participants following the same payout schedule. KPIs are evaluated quarterly, offering the potential for higher advance payouts compared to the previous annual system.

GRI 2-21: Annual total compensation ratio[28]

	2023 Ratio	2022 Ratio	2021 Ratio
Annual total compensation	53,77%	167,30%	163,86%
Percentage increase	-23%	117%	280%

This standard focuses on annual remuneration information for an organization's highest-paid individuals compared to its median employee pay.

[28] For the purposes of the computation of the highest paid compensation package the base salary, STI paid in the year (cash principle), LTI paid in the year (cash principle) were considered. No reference was made to any benefit paid to the employee or any relevant gross up recognized in relation to any expat treatment or assignment from a foreign location. For the purposes of the median of all the rest of Haier Europe population, the base salary of every employee in each Haier Europe country was considered in addition to the relevant STI at target. The midpoint was then calculated, ordering the numbers from the lowest to the highest, excluding only the highest paid individual.

Welcome home, entrepreneur

Haier Europe has fully digitalized its talent acquisition process with the implementation of Workday, a comprehensive human capital management system. The digital transformation has streamlined the management of payroll, benefits, HR and employee data while simplifying recruitment for both internal and external candidates. The platform features two key components: the Job Posting portal, which allows employees to explore and apply for internal opportunities, and the Company's Referral Program, which provides a transparent and user-friendly process for employees to refer candidates.

To equip new employees with the information and resources they need to succeed from day one, the Company has developed a tailored **Orientation Program**, that introduces new hires to essential guidelines, tools, rules and policies about Haier Europe. This program helps newcomers familiarize themselves with the company's working environment.

As part of the **onboarding experience**, new employees are also introduced to the company's core values, wellbeing initiatives, and various learning resources available to them. To further enhance this framework, Haier Europe has recently launched the Buddy Program, where new starters are paired with a colleague who serves as their primary point of contact to ensure a smooth and successful integration into the company.

As an innovative business, Haier Europe focuses on attracting and converting early STEM talents, Gen Z and millennials to build the best solutions for society's future needs. To meet the high demand for these professionals, the Company has redesigned its talent acquisition process, leveraging social media, physical events and strategic partnerships with universities, business schools, digital startups, and online communities.

Haier Europe's attraction strategy includes collaborations with academic institutions, partnerships with innovative companies, engagement with student networks, and influencer marketing. The Company hosts online and onsite activities such as career days, hackathons, webinars, and company visits, providing hands-on experiences and connecting with top talent in STEM, IT and business fields.

Training and skills development

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

The Company's approach to training is multifaceted, focusing on continuous learning, skill enhancement, and effective use of digital tools. Central to Haier Europe's training strategy is the implementation of the **Docebo Learning Management System (LMS).** This new LMS is designed to enhance the user experience through a more intuitive interface, improved functionalities, and streamlined access to resources such as mandatory training, onboarding modules and a comprehensive LinkedIn Learning catalogue.

Welcome home, entrepreneur

Haier Europe Sustainability

Haier Europe has implemented its LMS in a phased approach, starting with a Functional Analysis Update and followed by the integration of new features, culminating in a successful go-live in July 2023. Post-launch, the company continues to refine the platform based on user feedback and is exploring additional features like competency mapping. The training initiatives are aligned with Haier's strategic goals, offering tailored learning

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

Mandatory sessions: Each employee is required to complete 8 hours of compulsory training covering the Company's 231 Organizational Model, GDPR, Code of Conduct, Code of Ethics and Cybersecurity, with a total of 2,106[29] participants.

Development of technical and soft skills: This category encompasses 320 hours of diverse training courses, including leadership and change management, HVAC management, Excel (basic and intermediate), GDPR for HR, OTC co-design and workshops, project management, team development for R&D, and a program on transforming towards an entrepreneurial ecosystem.

Annual ESG workshop: The 2023 workshop brought together participants from all markets, expanding its scope to include representatives from across the Company. The 4-hour session focused on tackling practical challenges specific to each region while fostering a shared understanding of ESG principles throughout the organization.

Health and safety: In 2023, 7,598 hours of training were provided to employees in Italy. The safety training of workers, supervisors and managers is tailored to the job and the risk assessment of the activity performed.

In 2023, Haier Europe provided a total of 16,331[30] hours. The Company focused on enhancing soft skills for senior corporate employees and managerial roles, emphasizing leadership and communication. Simultaneously, it prioritized delivering technical training to employees in roles where these skills are crucial for their daily responsibilities. This dual approach ensured that both managerial competencies and essential technical skills were effectively developed across the organization.

In the UK Haier Europe continues to invest in the development of its Service Engineers. The Field Service **Engineer Training team has received the prestigious "Assured" qualification from City & Guilds for its five-week residential induction and several professional development programs.** All new and existing Service Engineers will earn a City & Guilds qualification upon completing

[29] Training hours do not refer to employees in Russia, Ukraine, Argentina, China, Marocco
[30] The above data include learning initiatives from Italy, UK & Ireland, Spain, Turkey, France for White collars only. HSE for WC courses are included only for Italy and UK (White Collar only)..

Welcome home, entrepreneur

their training at the new centre in Birchwood Park, Warrington. Additionally, Haier Europe in the UK now offers Institute of Leadership & Management (ILM) qualifications to support employees' career progression into management roles.

Empowering Haier wellbeing

[GRI 401-2]

At Haier Europe, well-being initiatives are managed both centrally and locally to meet the unique needs of employees. **Benefits include life and disability insurance, family and parental leave, sick pay and pension contributions.** Additional perks include an employee assistance program, free onsite parking, and rewards through the Reward Gateway platform, gym access, food allowances, and discounts on company products. Employees also benefit from professional study support and financial assistance for career development, with help available via an online portal or centralized email. In UK the Employee Assistance Program provides extensive wellbeing support—**CBT, counseling, mindfulness, and manager aid**—for employees and their families, promoting proactive mental health care beyond crisis support.

The Company launched an online wellbeing portal, providing employees with resources to support their mental, physical, and financial health. In response to the challenging economic climate, Haier Europe launched a 12-month Financial Well-being Programme in partnership with AAG Financial Education. The programme, introduced in 2023, offers 1:1 consultation with financial advisors, mortgage clinics, interactive webinars, and access to a dedicated Financial Well-being Hub for employees and their families, helping them manage their financial health effectively.

In UK, all managers complete a **Mental Health Awareness course** to understand mental health basics, promote wellbeing, and support colleagues through open, supportive conversations.

Welcome home, entrepreneur

Moreover, the **Company partners with charitable organizations to raise awareness of their support,** offering colleagues additional resources on wellbeing topics. For example, collaborations with Andy's Man Club to make men's mental health support a key resource in the UK & Ireland.

Haier Europe also partnered with The Wellbeing Doctors, offering a workplace service where employees can complete an online assessment to receive a personalized wellbeing score, along with tailored improvement tips. Each office has appointed wellbeing representatives who serve as key contacts for any mental health or wellbeing-related queries, fostering a health-focused culture across all levels of the business. Additionally, experienced professionals are available to offer guidance on various topics, including mental health and nutrition.

Healthy Mind Champions serve as mental health and well-being ambassadors, dedicated to reducing the stigma around mental health and fostering open conversations. Available for informal, confidential chats, they offer support, guide colleagues to internal resources such as the Employee Assistance Programme (EAP) or Wellbeing Centre and can direct them to external professional help if needed. **Additionally, Haier Europe in France trained 12 Mental Health First Aiders (MHFA) to recognise early signs of mental health issues**, provide support, and raise awareness within the organisation, always ensuring privacy and confidentiality.

In May 2023, **Moka.Care**, a trusted partner in mental health care, was launched to support the well-being of its employees. The services provided include a 24/7 helpline, orientation calls to match employees with the right practitioner, and three fully covered individual sessions per year with psychologists, therapists, or coaches. Additionally, employees have access to a personal digital space, group awareness sessions, personalized advice, microlearning through Teams and self-care resources.

Haier Europe continues to prioritize employee well-being through its parental leave policies, supporting both male and female employees. In Italy, 223 employees were entitled to parental leave, with 15 individuals (2 male, 13 female) taking advantage of this benefit. The total retention rate for employees who took parental leave was 86%, 100% for men and 84.6% for women.

Welcome home, entrepreneur

GRI 401-3: Annual total compensation ratio[31]

	2023		
	Male	Female	Total
Total number of employees that were entitled to parental leave, by gender.	157	66	**223**
Total number of employees that took parental leave, by gender.	2	13	**15**
Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	2	11	**13**
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.	2	11	**13**
Total number of employees who should have return to work after taking parental leave	**15**		
Retention rates of employees that took parental leave, by gender.	100%	84.6%	--

[31] As for 2023, parental leave data is available only for Italy.

Accredited Living wage and Top employer

Since 2011 the Living Wage movement has delivered a pay rise to over 300,000 people and put over £1.6 billion extra into the pockets of low paid workers. **In the UK Haier Europe continues to remain an accredited Living Wage Employer in the UK and was again recognized as a Top Employer 2023.** This prestigious certification highlights the Company's dedication to fostering a positive work environment, continuous development, and well-being for its workforce.

Inclusion, Diversity and Belonging (ID&B)

As outlined in its Code of Ethics and ESG Code of Conduct, the Company upholds a strict equal employment opportunity policy, ensuring no discrimination based on race, age, gender, nationality, disability, religion, or any other characteristic prohibited by local and regional laws.

To further strengthen this commitment and attract diverse talent, Haier Europe is developing a comprehensive Diversity, Inclusion, and Belonging (DI&B) framework, with a global policy and clear targets to be defined by 2024. A dedicated DI&B Committee has been established to guide this initiative, with a focus on:

Welcome home, entrepreneur

Haier Europe Sustainability

- Leadership support governance to ensure accountability;
- Data that drives priorities and defines targets;
- Programs that work to improve performance;
- SMART goals that help manage expectations;
- Ongoing monitoring and reporting to adapt and accelerate progress.

Additionally, **an operational DI&B Working Group has been formed to represent different regions, ensuring local relevance and action**. This group identifies key stakeholders responsible for executing the roadmap and acts as local contact points for DI&B initiatives. They gather region-specific feedback, implement company-wide initiatives, set regional SMART targets, and monitor key performance indicators (KPIs). Monthly meetings ensure communication of updates, feedback, and any urgent issues, while key messaging on DI&B events and initiatives is carefully coordinated to drive progress.

In 2023, Haier Europe conducted a DEI assessment to understand the workforce's demographic and gather feedback on inclusion efforts. The results informed the company's DEI strategy, leading to the implementation of initiatives such as the Women Empowerment Programme and Race Equality Week. The Company also completed an audit for the Inclusive Employer Standard, achieving high marks in the industry. Additionally, Pride Month and Eid celebrations were held to promote inclusivity and respect for diverse backgrounds.

Haier Europe in UK collaborates with external DEI organizations to provide inclusive education and resources. For example, Disability Consultants delivered a talk on neurodiversity, See Her Thrive educates on menopause (including a "Man-opause" session), and HR team hosts regular listening groups to keep policies inclusive and supportive.

Committed Member of Inclusive Employers

The UK office leads in Inclusion, Diversity & Belonging (ID&B) through various initiatives, **including membership with Inclusive Employers, providing support and resources to Diversity & Inclusion Champions who meet regularly to discuss and promote awareness.** Diversity and inclusion training is available for all UK employees, with managers receiving specific awareness courses and annual refreshers. Additionally, the Period Dignity at Work initiative, in

Welcome home, entrepreneur

partnership with TOTM, supports female colleagues by providing free and discounted sustainable period care products, fostering a supportive and open workplace culture.

Haier Europe has been certified **for the Inclusive Employer Standard 2024,** highlighting its commitment to creating an inclusive workplace. By undergoing this process, **the Company benchmarked its practices against industry standards, identified areas for improvement and set new goals for embedding inclusivity at all levels of the organization.** This recognition is a significant milestone in Haier's journey to promote a culture where all employees feel valued and respected.

Give back to our communities

Haier Europe's social impact: supporting communities through donations and partnerships

Creating Safe spaces for the Homeless in Turin. Haier Europe is donating washers and dryers to laundromats designed to serve homeless and destitute individuals in Turin. These laundromats, inaugurated in November 2023, provide essential hygiene services thanks to Haier Europe's contribution of laundry machines and Procter & Gamble's provision of cleaning products.

Supporting Social Inclusion in Spain. Haier Europe donated 26 Candy washing machines to three Residential Inclusion Centers in Barcelona, run by the non-profit organization Sant Joan de Déu. This initiative helps those facing social exclusion, assisting with their social and labor reintegration.

Assisting the Italian Red Cross's Fundraiser. Haier Europe reinforced its dedication to supporting communities by donating three washing machines for a fundraiser organized by the Italian Red Cross in Brugherio in June 2023. The event aimed to raise funds for a new ambulance.

Aid to Emilia-Romagna Flood Victims. Following the devastating floods in the Emilia-Romagna region, Haier Europe donated over 1,100 household appliances, including microwaves, ovens, refrigerators, and more, to support affected families. This effort was coordinated in partnership with local organizations such as the Rotary Club, Caritas, and BCC Ravennate.

Running for a Cause at the Milan Marathon. Haier Europe employees participated in the Milan Relay Marathon in April 2023. Running in support of Dynamo Camp's City Camp project, which helps children with serious illnesses, Haier Europe also donated €5,000 to further the cause.

Give back to our communities

Emergency Support for Turkey and Syria. In response to the humanitarian crisis caused by earthquakes in Turkey and Syria, Haier Europe stepped up by providing vital resources such as water, food, generators, and heaters. The company also donated mobile washing stations and matched employee contributions to aid local disaster management efforts

In 2023, the UK & Ireland team, led by Engagement and Healthy Mind Champions, partnered with local organizations to support communities through initiatives such as:

- **Raising £495.80 for Down Syndrome Cheshire** through ginger biscuit sales.
- **Donating 442 items and £1,105 to the Trussell Trust Food Bank,** with the Hoover Foundation adding £2.50 per item.
- **Volunteering at Community Grocery,** where four colleagues gave their time.
- **Running a Christmas toy drive with Cash for Kids,** collecting 100 toys and £500, with support from the Hoover Foundation..

Safety first

Safety first

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

Haier Europe has an Environment, Health, and Safety (EHS) Management System, covering over 80% of employees across Italy, Turkey, Romania, Russia and China. This system includes specific procedures, risk assessments, safety managers, and the use of personal protective equipment. **Additionally, 5 out of 8 of our plants are ISO 45001 certified.** Risk assessments are regularly updated and involve workers' representatives, while change management processes ensure ongoing compliance. Employees can also report concerns anonymously or during periodic inspections.

In multi-site operations, each unit is overseen by a local EHS Manager, with an EHS Director at the country level. Both receive comprehensive safety training in their local language and in English and are qualified to provide first aid services. Additionally, the Company offers extended health coverage to all employees across its operational units, including supplementary insurance and access to preventive health services at preferential rates.

In 2023, out of an increasing number of working hours the number of injuries has decrease by 61% compared to 2021. The severity index also significantly reduced by 13% showing that main types of injuries are due to minor accidents such as laceration, cuts and crushing. In addition, Haier Europe proudly records zero employees with work-related health issues over the 2021-2023 period. Moreover, Haier achieved an 8.4% reduction in Total Recordable Incident Rate (TRIR), with Brugherio completely eliminating accidents and achieving a 100% reduction in TRIR and severity index.

Haier Europe fosters a strong culture of health and safety through its comprehensive digital safety management system, designed to enhance workplace safety and efficiency across all its factories. A key component is the **AI Digital Ergonomic Risk Assessment**, which uses video analysis and task data to evaluate workers' postures and identify ergonomic risks. This proactive approach helps reduce strain on high-risk areas like the arms, wrists, and neck.

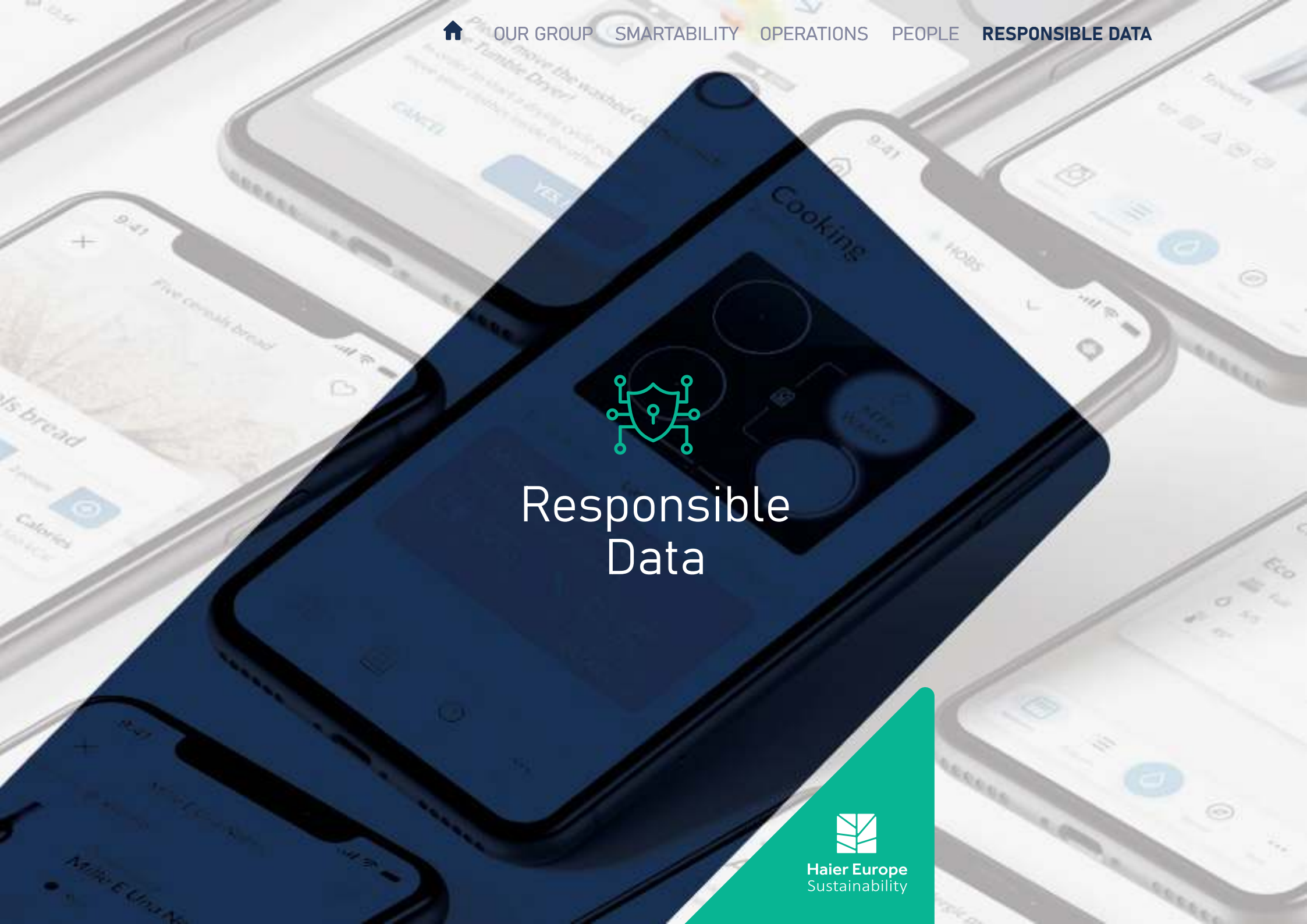
The Company also emphasizes Behaviour-Based Safety (BBS), focusing on monitoring and reinforcing safe behaviors in the workplace. Weekly BBS reports track behaviors and pinpoint areas for improvement, leading to a significant reduction in accidents.

In addition, **Haier Europe has established an Incident Reporting Management system** that allows employees to report incidents and unsafe conditions via mobile or web forms. This system triggers immediate follow-up actions, and data collected is analysed using Power BI to monitor safety trends and risk assessments in real time.

Safety first

GRI 403-9 | Work-related injuries

Employees work-related injuries (n)	2023	2022	2021	Var. % 2021-2023
Recordable injuries	19	18	49	-79.31%
Injury rate	2.07	2.26	6.27	-81.66%
of which deaths	0	0	0	-
of which with serious consequences	3	1	3	-75%
Severity index	0.33	0.13	0.38	-77.84%
Main types of injuries	laceration, cuts, crushing	laceration, cuts, crushing	cuts, crushing	-
Hours worked (n)	9,174,384	7,964,757	7,809,738	+12.84%



Responsible Data

Haier Europe
Sustainability

Data Strategy

Haier Europe Sustainability

Our data strategy in the IoT era

We are committed to fostering a data-driven culture that prioritizes transparency, accountability, and security in data management. By implementing robust governance frameworks, we ensure responsible and ethical data handling, empowering informed decision-making and innovation. Our focus on enhancing data literacy across the company promotes best practices and safeguards stakeholder privacy, as we believe effective data governance drives value and sustainability for the entire organization.

Key challenges: the context in which we operate

Data-Driven Integrity. Data analytics enables companies to make data-driven decisions, enhancing their ability to create evidence-based strategies, understand customer needs, and increase overall productivity. Companies leveraging data-driven marketing strategies experience five times higher Return on Investment (ROI) compared to those that don't.32 However, it is crucial to guarantee data privacy and comply with strict regulations, such as the General Data Protection Regulation (GDPR) and the ePrivacy Directive (2002/58), ensuring that customer information is handled responsibly and ethically.

IoT: transformative impact. The Internet of Things (IoT) is a major driver of responsible digital transformation, with industrial IoT projected to contribute $14 trillion to the global economy by 2023. As a hub for Fourth Industrial Revolution technologies like AI, IoT also holds significant potential for social impact. According to the World Economic Forum, 84% of IoT deployments are currently addressing or have the potential to address the United Nations' Sustainable Development Goals (SDGs).

Cybersecurity. As the world becomes increasingly interconnected and reliant on digital technologies, cybercrime is on the rise. In 2023, cyberattacks surged, affecting over 343 million individuals. From 2021 to 2023, data breaches escalated by 72%, setting a new recordrecord. The consequences of these cyberattacks are both extensive and costly. In 2024, the average cost of a data breach reached $4.88 million, while compromised business emails resulted in losses exceeding $2.9 billion in 2023. These alarming statistics underscore the critical threat posed by cyber vulnerabilities and the urgent need for skilled cybersecurity professionals.

Data Strategy

Haier Europe Sustainability

Key actions: our contribution to the Sustainable Development Goals (SDGs)

- Leveraging **data and analytics** focusing on AI and data integration across platforms
- **Integration of IoT and connectivity** to promote sustainable living, enhance product efficiency, and ensure durability

Key targets: our ambition for the future

DATA

Pillar and Material Topic	Goal	Target	Progress in 2023
6. Cybersecurity and data privacy	Enhance products' security	▪ 100% of HE branded products rated UL Gold rating and UL Diamond rating by 2027 ▪ 100% of factories and IoT platforms compatible with a yearly cybersecurity assessment by 2025	▪ UL Gold implementation project on going for HQD IoT products ▪ VA and PT performed on mobile apps, Cloud APIs and 2 relevant products (oven and refrigerator)
		▪ Launch and deploy of the Product Cyber Security Incident Response Team (PSIRT) focused on the identification, assessment and containment of security incidents on connected products by 2025	▪ PSIRT capabilities enhanced to intermediate maturity level; Product security baseline process and law and regulation compliance process implemented.
	Improve employees' awareness on cybersecurity	▪ 100% of employees engaged in the Cybersecurity communication campaign by 2022 ▪ Cybersecurity policies and procedures and best practice sharing (tips and tricks, security news, etc.) by 2022	▪ **Reached** ▪ **Reached**

Data Strategy

The Insights Driven Organization vision positions analytics as a fundamental capability within Haier Europe, enhancing decision-making, tackling complex business challenges, and responding to emerging analytical trends. **The company regularly conducts an Analytics Maturity Assessment to evaluate its analytical maturity, identifying strengths and weaknesses while creating a roadmap to support strategic goals.**

Key challenges highlighted in the assessment include the need for data to be integrated across the organization rather than isolated

Data Strategy

within IT or specific functions. This requires greater specialization, agility, and governance, along with new analytics and data management capabilities. It is crucial that all teams engage with data, nurturing capabilities like predictive modelling and improving data management to integrate information from various sources. This transformation recognizes data as a shared strategic asset that drives innovation in products and services.

Strengths identified include Haier Europe's clarity on strategic goals and its leadership's commitment to business agility and innovation, particularly with its Cloud technology stack.

To address the challenges and leverage strengths, key improvement areas include: Value Drivers & Business Case – How benefits and value drivers of data-driven activities can be measured.

Talent - Skills and AI capabilities.

Governance – Process standardized and formalized.

Demand & Prioritization – centralized and automated demand prioritization process.

Data and Analytics Governance – Data Product & centralized data model.

Enterprise-wide Data Integration to overcome siloed approach.

AI adoption on strategic domains.

AI Self-Analytics for Data Democratization.

IoT and ecosystem thinking

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

- to leverage data to serve sustainability. Thanks to IoT and connectivity, connecting to sustainable living has never been easier;
- to house the capabilities to transform data from our products, our commodities and even our processes into more accurate emissions scenarios to calculate environmental impact;
- to accompany the customer on a sustainable journey by leveraging data to drive different decisions on how to use our products;
- to work tirelessly to ensure that how we manage data protects the customer and is done with the highest safety and security protocols in place;
- to make products that use data that inform the correct interventions, updates and protocols to extend the product lifetime and durability and prevent waste.

Protecting data

Protecting data

[GRI 418-1]

Haier Europe regards the protection of personal data as a fundamental value in its business operations, striving to equip customers with the information they need to safeguard their privacy and control how their data is used in relation to our services and products.

Data is an asset of vital importance to Haier Europe. The company maintains a robust framework of policies to ensure compliance with EU regulations and local privacy laws, thereby protecting the personal data of all stakeholders. **In alignment with the European General Data Protection Regulation (GDPR)[35], it has established a Privacy/GDPR Compliance Model** that outlines the obligations of all employees, officers, and consultants regarding personal data processing, from collection to management.

The policy framework includes specific guidelines tailored to various data types, such as consumer data (including call centres), client data (both users and non-consumers), supplier data, employee data related to IT use, video surveillance data, and information from whistleblowers.

Haier Europe's Privacy/GDPR Compliance Model is **accessible to customers and the public through various channels**, including its corporate website. It details what personal data is collected, how it is used, whether it is shared with others, and how customers can manage their data and protect their privacy.

The company has appointed a **Data Protection Officer (DPO)** to oversee and ensure compliance with personal data processing. The DPO is **supported by a Data Protection & Privacy Committee**, which includes members from IT, legal, and marketing to ensure comprehensive oversight.

Haier Europe's Data Protection Policy mandates a Data Protection Impact Assessment (DPIA) whenever processing activities may pose high risks to individuals' rights. In 2022, the company enhanced this process by introducing a DPIA Trigger checklist to identify high-risk scenarios. **In 2023, 0 breaches of customer privacy and losses of customer data were registered.**

To monitor data protection requests, Haier Europe has created a designated Data Protection mailbox to coordinate data subjects' requests regarding their data processing. In total 100 in-scope requests were received in 2023. Having these mechanisms in place is important for guaranteeing customers' rights and satisfaction in order to truly achieve zero distance.

In addition to transparently monitoring and managing subjects' requests, Haier Europe has also established a procedure for dealing with personal data breaches that occur for instance when

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

Protecting data

portable devices are stolen, when sending e-mails to wrong recipients or through the opening of non-trustworthy links. More specifically, all incidents must be reported to the IT helpdesk or the DPO and thereafter a full process is launched to discover, analyze and monitor said breach.

To ensure their full understanding and knowledge of privacy related obligations, the Company provides training courses for users as regards the GDPR and the Data Protection Policy. At least on a yearly basis, each employee undergoes the privacy related course made available on the GrowU platform, with periodic reminders for completion. Further training might be arranged for designated members. In 2023 the GDPR essential training was provided to all employees.

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

Cybersecurity

In response to the increasing frequency and sophistication of global cyberattacks, Haier Europe has implemented cybersecurity policies and procedures to safeguard its data and assets. The IT cybersecurity department ensures compliance with security protocols to prevent disruptions and protect client information.

Enhancing awareness from cyberattacks

To protect the business's data and services against unknown and unpredictable cyber-threats, **the IT security department carries out penetration tests as well as internal and external assessments to verify the reliability of the Company assets and the products on the market.** The company continued to improve its security model promoting every 6 months a penetration test and performing monthly Vulnerability assessment to all the internal and external assets. The monthly cybersecurity newsletter was delivered to all employees to provide the latest updates, resources and tips to help them stay safe online and be informed against cybersecurity attacks.

To prevent Data leakage noncompliance many internets file sharing was blocked. The DLP was introduced encrypting many Notebook.

Periodic anti-phishing campaigns are launched to promote knowledge amongst all employees of how easy it is to be deceived and subject to a cyberattack. Results of phishing campaigns, split across regional offices, are delivered through the dedicated newsletter outlining percentage rates and actions' severity degree. Designated trainings are provided to employees via the GrowU platform.

Haier Europe security department implemented a security policy framework that permit to increase the company security rating. The framework used to evaluate the security posture is the CIS controls (rating 1-3) it passed from 1.64 in 2022 to 2.16 in December 2023.

The Security operation center increased its coverage on many external SAAS and IAAS solutions. The identity MFA coverage reached 99.9% of the Company accounts. A security device posture that avoids internet access to non-compliant PC has been implemented increasing the antivirus coverage up the 99%.

In June 2023, Picus (BAS) **Breach and Attack Simulation** was adopted to validate the organization's security posture by testing its ability to detect simulated attacks. The solution is periodically conducting assessment on Brugherio, Vimercate, Jinling, Suzhou, ElbaCookers and Haci sites.

In June 2023, PrismaCloud (CSPM) Cloud **Security Posture Management** was adopted to continuously assess the security posture across multi-cloud environments for proactive analysis and risk assessment to detect any misconfigurations or vulnerabilities. The solution is collecting data from all Haier Europe AWS and AZURE accounts. In September 2023, Awareness

Cybersecurity

has been moved to Proofpoint solution with enhanced and improved course catalogue.

Safeguarding products and assets

As part of Haier's Global Product Cyber Security Policy, **Haier Europe has implemented the Haier Europe Product Cyber Security Policy (HE-PCSP)**, with roles and responsibilities for managing security risks in connected products through secure software development, vulnerability assessments, and incident response.

The Global Policy requires a cybersecurity governance structure that includes regional boards and councils. Haier Europe's Product Cyber Security Executive Board, reporting to the Product Cyber Security Director, includes the Heads of Product Lines, the Chief Commercial Officer, the Brand Strategy and IoT leader, and the Head of Legal. Additionally, the Product Cyber Security Council, which also reports to the Director, consists of R&D Directors, the Product Line Engineering Team, the IoT Technology Director, the IoT Technology Engineering Team, and Legal Counsel.

The policy established the Product Security Incident Response Team (PSIRT) to identify, assess, and contain risks related to product security vulnerabilities. **PSIRT team capabilities in 2023 have been enhanced in order to increase its maturity level in terms of accountabilities and responsibilities within Haier Europe and taking in charge the Product cyber security.** Together with vulnerability management, PSIRT has supported in the drafting of the product security processes, such as Product Cyber Security Policy Process to define security controls to be implemented starting from the design of the product and the periodic verification for products already in place and regulatory risk evaluation process to enforce compliance with the in-place policies from the initial phases of the production.

PSIRT has furthermore become a focal point for EU and UK in place and upcoming regulations related to Product CyberSecurity continuously monitoring the context (through also active attendance of Applia consortium meetings) and supporting Haier Europe to perform analysis regarding the compliance with most relevant regulations such as UK PSTI and EU RED DA and to define a roadmap for potential arising gaps. For UK PSTI a deep dive analysis has been performed in order to identify products in scope, contextualize the technical requirements in Haier Europe IoT products and support the Product Lines to perform all the necessary activities to comply with the regulation.

After being awarded the Gold IoT Security Rating in Europe by UL Solutions, **in 2023 Haier Europe started a project to integrate the UL Gold certified solutions on the IoT Ecosystem of all IoT products coming from HQD.** The main goals of the project are to minimize security risks, improve reputation with customers

Cybersecurity

and stakeholders, lower the costs, and ensure compliance with laws and regulations.

In line with the objectives of **Haier Europe to continuously enforce Product Cyber Security on its products, approach formalized also in the Product Cyber Security Policy, Haier Europe in 2023 has performed Vulnerability assessment and Penetration Tests on the whole IoT Ecosystem**, including mobile applications (hOn android and IOS versions), cloud APIs, and IoT products (one oven and one refrigerator). The vulnerabilities discovered during the assessment have been tracked and managed (with PSIRT team support) in order to enforce security compliance and ensure that Haier Europe products are kept up to date with security.

Methodological note

Methodological note

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

The second edition of Candy S.p.A. – also known as Haier Europe – Sustainability Report reaffirms its commitment to transparently provide to all stakeholders the Company's results, initiatives, challenges and objectives reached and set in relation to environmental, social and economic aspects.

The information contained in this document refers to fiscal year 2023 (from the 1st of January to the 31st of December), with a broader view of key indicators during the three-year period 2021-23 to ensure relevancy of information. In terms of the perimeter, the reporting scope refers to Haier Europe unless otherwise indicated. The indicators for People and Operations chapters do not encompass data from the Chelny plant, located in Russia, nor from the HVAC division, as these are excluded from the scope of this analysis.

The Sustainability Report has been prepared following the GRI Standards 2021, "with reference" option. The GRI identification codes are provided in square brackets and distributed within the document to identify the information that meets the selected requirements.

The document has been built around the **6 material** topics defined through the materiality analysis carried out in 2020, which identifies a materiality threshold above which a topic is deemed sufficiently important to be reported on. Specifically, Haier Europe has identified those topics that represent the economic, environmental and social impacts generated by the Company and, therefore, able to influence the decisions of its stakeholders and corporate strategies. The process is described in more detail in the Materiality Analysis section.

The collection and processing of the data reported in the Sustainability Report took place in cooperation with all of Haier Europe's functions, each for the activities within its competence, activating an information flow coordinated and supervised by the HSE, CSR and Sustainability Manager and subjected to the Sustainability Board Committee approval.

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

GRI Content Index

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

General Disclosures

Standard GRI	Disclosure	Location (or information)
GRI 2: General Disclosure 2021	2-1 Organizational details	**Legal name:** Candy S.p.A. (over consolidated by HEAS) **Nature of ownership and legal form:** HEAS S.p.A. (direct control ownership) / Haier Smart Home Co. Ltd (690, indirect control ownership) **Headquarters:** Candy S.p.A. based in Brugherio (operational site) / Vimercate (administrative site) **Countries of operations:** 30 countries
	2-2 Entities included in the organization's sustainability reporting	§ Methodological note
	2-3 Reporting period, frequency and contact point	§ Methodological note
	2-4 Restatements of information	In 2023, Haier Europe undertook a comprehensive analysis of its carbon footprint, covering Scope 1, 2, and 3 emissions. This year's calculations were conducted using a slightly different boundary compared to the assessments made in previous fiscal years. As a result of this change in the reporting boundary, Haier Europe has restated the emissions data previously reported for 2021 to ensure consistency and accuracy with the revised boundary. The restatement reflects the updated scope and the resulting adjustments in emission figures, which provide a more accurate reflection of the company's carbon impact.
	2-5 External assurance	The document is prepared on a voluntary basis and, as such, it is not subject to external assurance
	2-6 Activities, value chain and other business relationships	§ Haier Europe in 2023
	2-7 Employees	§ Our team; § Technical Appendix
	2-9 Governance structure and composition	§ Organizational structure and corporate governance
	2-10 Nomination and selection of the highest governance body	§ Organizational structure and corporate governance
	2-11 Chair of the highest governance body	§ Organizational structure and corporate governance
	2-12 Role of the highest governance body in overseeing the management of impacts	§ ESG Governance
	2-13 Delegation of responsibility for managing impacts	§ ESG Governance
	2-14 Role of the highest governance body in sustainability reporting	§ ESG Governance
	2-15 Conflicts of interest	§ Code of Conduct and Code of Ethics

GRI Content Index

Standard GRI	Disclosure	Location (or information)
	2-16 Communication of critical concerns	§ ESG Governance
	2-17 Collective knowledge of the highest governance body	§ ESG Governance
	2-18 Evaluation of the performance of the highest governance body	§ ESG Governance
	2-19 Remuneration policies	§ Haier Europe's remuneration policy
	2-20 Process to determine remuneration	§ Haier Europe's remuneration policy
	2-21 Annual total compensation ratio	§ Haier Europe's remuneration policy
	2-22 Statement on sustainable development strategy	§ Opening remarks
	2-23 Policy commitments	§ Code of Conduct and Code of Ethics
	2-24 Embedding policy commitments	§ Code of Conduct and Code of Ethics
	2-25 Processes to remediate negative impacts	§ Organization, Management and Control Model 231
	2-26 Mechanisms for seeking advice and raising concerns	§ Organization, Management and Control Model 231
	2-27 Compliance with laws and regulations	§ Organization, Management and Control Model 231
	2-28 Membership associations	Assolombarda APPLiA (European Home Appliance Trade Association) APPLiA Italia ERION WEEE ERION packaging
	2-29 Approach to stakeholder engagement	§ Materiality analysis
	2-30 Collective bargaining agreements	Where applicable, employees are covered by collective bargaining agreements (e.g. Italy).

Topic-specific disclosures

Standard GRI	Disclosure	Location (or information)
GRI 3: Material Topics 2021	3-1 Process to determine material topics	§ Materiality analysis
	3-2 List of material topics	§ Materiality analysis
Material Topics		
Resource productivity in circular economy and clean solutions		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Product Leadership at Zero Distance; § Innovation and design
Digital consumer journey		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Innovation and design
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	§ Upholding highest quality standards
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	§ Upholding highest quality standards

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GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	§ Upholding highest quality standards
	417-2 Incidents of non-compliance concerning the health and safety impacts of products and services	§ Upholding highest quality standards
Climate action and energy efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Our production footprint; §Reducing our impact
GRI 302: Energy 2016	302-1 Energy consumption within the organization	§ Energy management
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	§ Water management
	303-4 Water discharge	§ Water management
	303-5 Water consumption	§ Water management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	§ Energy management
	305-2 Energy indirect (Scope 2) GHG emissions	§ Energy management
GRI 306: Waste 2016	306-1 Waste generation and significant waste-related impacts	§ Waste management
	306-3 Waste generated	§ Waste management
	306-5 Waste directed to disposal	§ Waste management

Responsibility along the supply chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ Responsibility along the supply chain
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	§ Suppliers
GRI 301: Materials 2016	308-1 New suppliers that were screened using environmental criteria	§ Our suppliers
People attitude and well-being		
GRI 3: Material Topics 2021	3-3 Management of material topics	§ People
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	§ Our team
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	§ Employees' well-being
	401-3: Parental leave	§ Employees' well-being
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	§ Safety first
	403-2 Hazard identification, risk assessment, and incident investigation	§ Safety first
	403-3 Occupational health services	§ Safety first
	403-4 Worker participation, consultation, and communication on occupational health and safety	§ Safety first

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

Technical Appendix

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

	2023		
	Female	Male	Total
Total employees in China	**397**	**851**	**1,248**
Of which permanent employees	348	846	1,194
Of which temporary employees	49	5	54
Of which full-time employees	397	851	1,248
Of which part-time employees	-	-	-
Total employees in DACH	**49**	**85**	**134**
Of which permanent employees	49	84	133
Of which temporary employees	-	1	1
Of which full-time employees	45	85	130
Of which part-time employees	4	-	4
Total employees in France & Benelux	**100**	**128**	**228**
Of which permanent employees	96	128	224
Of which temporary employees	4	-	4
Of which full-time employees	95	128	223
Of which part-time employees	5	-	5
Total employees in Italy	**391**	**801**	**1,192**
Of which permanent employees	365	766	1131
Of which temporary employees	26	35	61
Of which full-time employees	369	796	1165
Of which part-time employees	22	5	27

GRI Content Index

Total employees in France & Benelux	177	131	248
Of which permanent employees	105	128	233
Of which temporary employees	12	3	15
Of which full-time employees	113	130	243
Of which part-time employees	4	1	5
Total employees in Italy	418	835	1,253
Of which permanent employees	389	799	1,188
Of which temporary employees	29	36	65
Of which full-time employees	401	833	1,234
Of which part-time employees	17	2	19
Total employees in the Russian Federation	2,122	1,971	4,093
Of which permanent employees	2,100	1,967	4,067
Of which temporary employees	22	4	0
Of which full-time employees	2,118	1,968	4,086
Of which part-time employees	4	3	7
Total employees in South Europe	16	28	44
Of which permanent employees	15	27	42
Of which temporary employees	1	1	2
Of which full-time employees	16	28	44
Of which part-time employees	-	-	-
Total employees in Spain	77	103	180
Of which permanent employees	65	101	166
Of which temporary employees	12	2	14
Of which full-time employees	41	84	125
Of which part-time employees	36	19	55

Total employees in East & North Europe	699	465	1,164
Of which permanent employees	699	465	1,164
Of which temporary employees	-	-	-
Of which full-time employees	698	465	1,163
Of which part-time employees	1	-	1
Total employees in the UK	198	500	698
Of which permanent employees	191	491	682
Of which temporary employees	7	9	16
Of which full-time employees	171	494	665
Of which part-time employees	27	6	33
Total employees Overseas	249	1,601	1,850
Of which permanent employees	216	1,398	1,614
Of which temporary employees	33	203	236
Of which full-time employees	249	1,600	1,849
Of which part-time employees	-	1	1
Total employees	4,342	6,570	10,912

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

in 2023 Haier provided a broad range of programs to enhance its employees' skills and facilitate work continuity, totalling **16,331** hours.

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

- Regulatory compliance (GDPR, anti-trust session, code of conduct, code of ethics, cybersecurity awareness)
- Health and safety curses (Road safety, security, accident investigation training)
- Professional development courses by role (6 Sigma, Mold Flow)
- Soft skills, personal and digital courses (Excel, language courses, public speaking, RSHY masterclass, LinkedIn learning, Champion's Academy, team building)
- Welfare and D&I course (transgender day training, what's next for inclusion, mental health awareness, D&I awareness and refresher)

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

	2023		
Employee evaluation (%)	Female	Male	Total
Executives	3%	3%	6%
Managers	27%	5%	32%
Employees	34%	38%	72%
Workers	-	-	0%
Total	64%	46%	110%

GRI 405-2 | Ratio of basic salary and remuneration of women to men[36]

	2023 Ratio	2022 Ratio	2021 Ratio
Brugherio and Vimercate			
Executives	90%	86%	99%
Managers	96%	95%	94%
Employees	79%	89%	88%
Workers	94%	93%	92%

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

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Turkey			
Executives	78%	65%	0%
Managers	115%	80%	86%
Employees	94%	84%	72%
Workers	101%	97%	99%
Romania			
Executives	96%	85%	82%
Managers	82%	74%	0%
Employees	101%	93%	80%
Workers	75%	75%	99%