Guangzhou Liby Enterprise Group Co., Ltd.

Social Responsibility Report 2020

Address: No.2 Luju Road, Liwan District, Guangzhou City, Guangdong Province
Postal code: 510170
Tel.: 020-81251789
Website: www.liby.com.cn

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Bring health and happiness to every family
Bring health and happiness to every family
Executive Message

President of Liby
Chen Zebin

The year 2019 marks the 70th anniversary of the founding of the People’s Republic of China. It also marks the 25th anniversary of the founding of Liby. Over the years, Liby has grown from a small startup to a strong corporate group. The growth of Liby is in sync with the national rejuvenation and economic reform of China and the rise of China’s household chemicals industry.

Facing the unprecedented changes in a century, Liby as a responsible corporate citizen is committed to bringing health and happiness to every family. We always put customers first and strive to develop low-carbon, green products that are safer and healthier for people and the planet, and contribute to Man-Nature harmonious coexistence and the sustainable development of global ecology.

Health—“We think of health of our customers and the planet at every stage of the product life cycle”
To win the trust of customers, the entire value chain ecosystem that we operate in observes the highest health and environmental standards. We work proactively to embed health and environmental considerations into the product lifecycle, from R&D to procurement, production, sales, and after-sales to deliver green, pro-health products. We care about not only the health of customers but also the health of the planet. In order to protect the precious water resources on the planet, we invest heavily in the development of concentrated products. These products can help consumers’ transition to a greener lifestyle and thereby contribute to the protection of the planet. We have also invested a lot of money to build sewage treatment stations in accordance with high standards and actively updated equipment for energy conservation and emission reduction purposes to promote sustainable development and minimize our carbon footprint and impact on the environment.

Happiness—“We try to deliver happiness to every family through our products and social influence”
We keep track of the changes in family needs, and continuously improve our products to help consumers make their lives better. In 2019, we launched a new concentrated laundry detergent and this product turns laundry into a pleasant experience and seeks to contribute to the definition of consumers’ lifestyle. We promote healthy lifestyles through microfilms and community activities. For example, we have launched the “Green Home for You” campaign as part of our efforts to promote healthy lifestyles. We also have created a “good father” campaign through our branding campaign to call on fathers to play a bigger role in their children’s life and create a happy, assured family atmosphere in favor of the happy growth of children.

Each and every family—“We care for not only our employees and partners but also each and every family around the world”
We intend to make Liby a world-famous and century-lasting brand. We cherish the hard work and dedication of each employee. We care deeply for our employees and their family. We are invested in building platforms where every employee’s strengths can shine. We safeguard the happiness of employees by creating the Staff Care Fund. To build an enduring world-renowned brand, we need loyal partners. We work collaboratively with BASF, Dow Chemical, DuPont and other companies to drive technological advancement and development in the household chemicals industry. We invest in mutually-beneficial relationships with many small and medium suppliers and brand-service providers so we can work together for shared growth. “One should benefit the world with his/her success.” With great ability comes great responsibility. We are committed to giving back to the communities by supporting poverty alleviation and education as well as other philanthropic initiatives and building a responsible enterprise.

Looking forward to the future, in the new era full of opportunities and challenges, Liby will continue firmly implementing President Xi Jinping’s instruction that “the future is无比 bright and the mountains are invaluable assets.” We will actively join in the industry development and consumption upgrading trend, adhere to the core development concept of “green development and environmental protection”, and strive to provide consumers with more green, healthy, safe and eco-friendly products by implementing the “1+2” strategy and empowering upstream and downstream partners with digitalization, and make greater contribution to environmental protection.

Chief Vice President of Liby
Chen Zhanxiong

Since our founding in 1994, we have dedicated ourselves to promoting the development of China’s household chemicals industry. We are committed to becoming a well-respected household chemicals company that Chinese people are proud of. We take it upon ourselves to bring health and happiness to every family. We try to build trust and deliver health and happiness to stakeholders by investing in stronger partnerships, happier growth, development of better and greener products, and more powerful ways to give back.

Better products
We always put customers first. We work proactively to embed health and environmental sustainability into each stage of the product life cycle. With an eye towards innovation and quality improvement, we have launched a series of green, healthy products that are first of their kind in the industry. 68 products have been identified as green products by the Ministry of Industry and Information Technology, accounting for 48.26% of the entire industry. Liby has been nominated for the National Quality Benchmark Settor Award and the National Quality Award Nomination. Liby ranks first on brand popularity and consumer satisfaction among competitors.

Greener production
Since our founding, we have never sacrificed the environment for our own development. We have stepped up environmental management and energy management to fulfill clean production requirements. All our factories have passed the clean production audit. We also find ways to reduce the environmental impact of packaging and transportation. More than 90 percent of raw materials for the formula is biodegradable. We have also taken effective measures to reduce our carbon footprint in transportation.

Stronger partnerships
Strong partnerships are important for a business’s growth. We conduct our business according to the principles of honesty and integrity. We proactively seek R&D cooperation that helps the industry progress and hold brand-service-provider conference and supply chain strategic partner and quality conference every year as a way to strengthen communication with partners. We are glad to share our resources and capabilities with our brand-service-providers and suppliers to help them grow. On average, we hold more than 35 regional brand-service-provider training sessions across the country each month. We have 110 strategic suppliers.

Happier growth
Stated our founding, we have attached great importance to the well-being of employees. Even when we were an early-stage startup, we did our best to help our employees solve accommodation and dining problems. We continue to improve the organizational structure for safeguarding employees’ rights and wellbeing. We have demonstrated a steadfast commitment to employee wellness by constantly stepping up our efforts to protect employee rights and launching the Happiness Program. We are on the list of China’s Top 30 Employers of the Year.

More powerful ways to give back
We are committed to giving back to communities with grateful hearts. We find ways to help communities improve livelihoods, support education, and donate to those in need, with a total donation of 500 million yuan. Over the years, we constantly increase our investment in philanthropic and volunteer programs and enrich the forms of philanthropic activities. We strive to contribute to the prosperity of local communities and have sent care and warmth to thousands of left-behind children in remote areas.

We will continue to fulfill our passion for philanthropy, step up our CSR efforts, conscientiously implement our development plan for 2020-2022 in a down-to-earth manner, relentlessly pursue excellence on all fronts, and work hard for the vision of building a world-famous and century-lasting brand.
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Values We Create

Liby has been giving full play to its influence in the industry to lead efforts in practicing the philosophy of sustainable development throughout the industrial chain, building an industrial ecology featuring economic efficiency, eco-friendliness and common prosperity and creating more economic, environmental and social values.

**Performance in statistics**

**Economic value**
- Winning National Quality Benchmark Setter Award and the National Quality Award Nomination
- Possessing 136 Chinese patents for invention and utility models, and 81 design patents
- Participating in the development of 33 national and industrial standards
- Liby ranks first on brand popularity and consumer satisfaction among competitors

**Environmental value**
- More than 90 percent of raw materials for the formula are biodegradable
- 68 products have been identified as green products by the Ministry of Industry and Information Technology, accounting for 49.28% of the entire industry
- Investing close to 200 million yuan in upgrading factories, environmental protection facilities and energy-saving and emission-cutting projects
- Recycling all wastewater

**Social value**
- Making charitable donations worth of 500 million yuan
- Creating jobs for 150,000 people by Liby’s industrial chain
- Having 758 suppliers and 110 strategic suppliers
- Having more than 1,100 brand-service-providers
- Launching six “Future Business Elite” training sessions, involving 915 brand-service-providers’ children
- Offering jobs for people with disabilities as required by the state

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**Industrial chain**

- **Upstream**
  - Raw materials
- **Midstream**
  - Manufacturing
  - Transportation
- **Down stream**
  - Sales (online and offline)
  - Use
About Us

Company Profile

Founded in 1994 and headquartered in Guangzhou, Guangzhou Liby Enterprise Group Co., Ltd. Liby for short is a leading enterprise of the Chinese household chemicals industry. Focusing on household chemicals products, the company has a marketing and sales network covering all provincial-level areas in China and the products sell well in domestic and international market. Liby sets a vision of building a world famous and century lasting brand, takes “bringing health and happiness to every family” as its mission and “Integrity, Responsibility, Quality, Genuineness and Initiative” as its core corporate culture.

Liby has a product line-up ranging from detergents for clothing and tableware to oral care ones with the brands like Liby, Kispa and Liu Bi Zhi. The company has nine manufacturing plants and more than 30 branches across the country with over 10,000 employees, and contributes annual taxes of over 1.5 billion yuan. It has won more than 100 world-class and national honors such as the “National Civilized Unit,” “National Enterprise of Good Creditworthiness,” Top 100 Tax Payers of Chinese Private Enterprises,” “China Quality Award Nomination,” and “Best Example Award for Chinese Green and Efficient Enterprises.”

In an era of digital economy, Liby is committed to building itself into a smart enterprise with brand leadership, digital operation, innovation and vitality under the guidance of its “1+2” strategy. Liby, a modern international company, will uphold its mission of bringing health and happiness to every family, embrace the new era, keep up with the new era and lead the new era to create better, cleaner and healthier quality life for consumers across the world.

Production layout

Scale

- Nine manufacturing production bases
- More than 30 branches
- Annual sales of over 20 billion yuan

- Ranking first on most valuable brands list in household chemicals industry in China
- Seven out of ten urban households use Liby products
- Products covering 1.36 million sales terminals

Source: 1. Top 500 most valuable Chinese brands
2. AC Nielsen
Guided by the cultural philosophy of familial affinity, Liby has been keeping improving its corporate culture system, and gives full play to the role of culture in promoting the implementation of its business strategy to rally all employees, surmount difficulties and realize sustainable development.

**“Familial Affinity” Cultural Philosophy**

**Vision**
Become a World-Famous and Century-Lasting Brand

**Mission**
Bring health and happiness to every family

**Value**
Integrity, Responsibility, Quality, Generosity and Initiative

- Ten Features of Liby employees
  - Patriotic, Thankful, Intimate, Sharing, Altruistic, Comprehensive, Simple, Usual, Introspective and Self-confident

- Corporate Spirits of Liby
  - Struggling and Forging Ahead, Industrious and Thrifty, Hard working and Plain Living, Daring to Be the First and Daring to Surpass, Loyal and Filial, Low Key and Modest, Realistic and Pragmatic, Never Say Die and always Pioneer.

- General requirements of operation and management
  - Reformatory, Innovative, Fast and Efficient

**Theme campaign of Liby fighters**
Liby has released a profile of those who strive for excellence, creating an enabling atmosphere in the company to encourage the employees to realize self-improvement and self-worth as part of efforts in promoting its strategic transformation and building itself into a smart enterprise with brand leadership, digital operation, innovation and vitality.

**Development History**

Since its founding, Liby has undergone four development stages of limited washing business, extensive washing business, household chemicals-based expansion, and new stage of strategic development. At the 25th founding anniversary, Liby released the "1+2" strategy, marking a new strategic stage in its development.

- **1994**
  Guangzhou Liby Washing Products Co., Ltd. was founded in Guangzhou.

- **1997**
  Liby washing powders emerged as the bestselling washing powders in Guangdong Province. Chen Peisi was invited to endorse the product.

- **1998-2004**
  Liby started to tap the national market and focused on products of washing powder, detergents and washing soaps as well as brand building and cultivating of terminal market.

- **2003**
  It emerged as one of the top three companies in the industry across China.

- **2004-2016**
  Liby expanded its business and became a producer of household chemicals by purchasing Shanghai Cogi Cosmetics and time-honored Chinese brand Liu Bi Zhi.

- **2018**
  Liby released the "1+2" strategy.

- **2019**
  Liby signed the A100 strategic cooperation memorandum of understanding with Alibaba Group, and held the 2020 Awarding Ceremony of Century-Old Partners for Branded Service Suppliers, opening a new chapter of Liby's transformation and upgrading.
CSR Management

CSR Philosophy

Liby has been placing high attention to CSR since its inception and has been improving its ideas on CSR over its development. We integrate CSR into various areas of corporate culture, manufacturing and business operation, give back to all stakeholders with gratitude and work to win the trust and recognition of our employees, consumers, partners and the public.

- Corporate mission is the social responsibility and obligation of Liby and its employees. We should strive to provide "healthy products for healthy life, happy families and happy China".
- By consistently creating healthy lifestyle, products and services for the public, we can improve the public's sense of happiness in life, and make society more harmonious, China happier and the future better.
- We should strive to realize the health and happiness in a moderately prosperous society and promote the continuous development of everyone, so that the household chemicals industry can serve the national development, repay the society and make greater contributions to human beings.

Corporate mission

Bring health and happiness to every family

Social Responsibility Governance

We have been advancing the building of a CSR system and promoting CSR principle, methods and tools to the group leadership, management, and CSR contacts with the CSR reporting preparation as an opportunity to increase our employees' understanding of CSR work and corresponding methods. Meanwhile, we make a systematic analysis on our CSR work. Keeping alignment with leading companies in the industry, we also make a 2020-2022 overall development plan and a CSR plan to provide support to the advancement of our CSR system.

Stakeholder Engagement

Liby has been placing high attention to effective communications with stakeholders. We have been keeping close attention to stakeholders’ expectations and demands, and taken positive and effective measures to respond to their demands so as to create a favorable external environment for its sustainable development.

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Popularizing CSR knowledge among CSR contacts of the Company’s management
We call upon our employees to play their part in the war against the COVID-19 pandemic that is spreading at an alarming speed. In my capacity as the Chairman of Liby Group, I have decided to donate disinfection and sterilization products worth 200 million yuan to help fight the pandemic. I also call on other citizens to unite to fight the pandemic.

Chen Kaixuan, Chairman of Guangzhou Liby Group Co., Ltd

But most people believe love conquers all. Liby Group and its holding subsidiary Cheerwin Group responded to the outbreak quickly. After knowing many hospitals faced a shortage of medical supplies, they promptly donated and transported disinfection and sterilization products worth 200 million yuan to more than 2,000 designated anti-COVID19 hospitals. This action was driven by Liby Group’s strong commitment to serving the country and Chinese people and based on our firm belief in “Integrity, Responsibility, Quality, Genuineness and Initiative” which are our core values. As a patriotic and responsible corporate citizen, Liby takes it upon itself to support those fighting at the forefront of the pandemic and every Chinese family through difficult times.

The year 2020 is off to a bad start with the outbreak of coronavirus disease (COVID-19) spreading across China.

CSR Feature
Liby in Action in the Time of COVID-19 Outbreak

Donating disinfection and sterilization products worth 200 million yuan
Direct delivery to more than 2,000 designated anti- COVID 19 hospitals across the country
Protecting doctors and nurses, protecting every family

The year 2020 is off to a bad start with the outbreak of coronavirus disease (COVID-19) spreading across China.

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Donating supplies worth 200 million yuan to designated hospitals

With the spread of the pandemic, many designated hospitals are in short supply of medical supplies. Liby and Cheerwin donated disinfecting and sterilizing products worth 200 million yuan to the Chinese Red Cross Association to help designated anti-COVID 19 hospitals across the country. As a responsible corporate citizen, Liby works proactively to support response and relief efforts and play our part in the nationwide effort to stop the pandemic.
In support of COVID-19 relief, we restarted operations in advance to meet donation demand and market demand. Our Liby’s production base in Ma’anshan officially resumed production on the fifth day of the first lunar month and Liby’s production bases in Xinxiang, Panyu, Sichuan, and Siping restarted operations on the eighth day of the first lunar month. So far, all our manufacturing plants have resumed production. In order to effectively alleviate the short supply of disinfectants, with the strong support of the local government, we added three new manufacturing plants of disinfecting and sterilizing products, bringing the total from two to five. Furthermore, our factories are implementing a three-shift, around-the-clock schedule for operations. We have put in place a capacity increase plan and doubled our production capacity of our disinfecting and sterilizing products. In particular, the production capacity of our disinfectants increased from 165 tons per day to 375 tons per day.

Delivering disinfection and sterilization products worth 200 million yuan to more than 2,000 designated hospitals across the country in a short period was a complex and challenging task, especially when travel was restricted in many parts of the country.

We cooperated with our brand-service-providers, brand-service-providers, logistics service providers, and other stakeholders to deploy 1,000 vehicles and 1,000 drivers to deliver the supplies to the designated hospitals as quickly as possible. The mileage covered was about 400,000 kilometers, and the delivery cost alone totaled over 10 million yuan.

In the fight against the outbreak, every second counts. Thanks to the selfless drivers who sacrificed their holiday, our donations arrived at Wuhan Leishenshan Hospital on January 31 and Wuhan Jinyintan Hospital and other hospitals on February 7. We hope these disinfecting and sterilizing products will help protect the doctors and nurses on the front line who are fighting against COVID-19.

Liby Group has resumed production ahead of time with the pandemic prevention of employees as the priority. We ensure the safety of employees through comprehensive pandemic prevention methods and control measures. There was “0 case and 0 infection” among all the employees of Liby Group and Cheerwin Group, the subsidiary of Liby Group. For employees at factories, pandemic prevention and control teams are set up in each production base to formulate corresponding pandemic prevention and collect the travelling information of the past 14 days. The pandemic prevention measures and internal management are in place. Workplaces are disinfected twice a day and densely populated workshop thrice a day. Headquarter staffs are encouraged to start a new mode of telecommuting. We also keep disinfection of the office areas, and provide employees with pandemic materials such as masks.

Since the outbreak, the market demand for disinfecting and sterilizing products has grown exponentially. In order to stabilize the market, we have increased supplies and asked our brand-service-providers not to raise prices so consumers can buy our products at the usual prices.
Despite a non-public enterprise, Liby has been putting Party building as a priority. Chairman of the Board Chen Kaixuan has been saying on many occasions, “Without reform and opening up, Chinese private companies would not have grown so rapidly. We should be grateful of the reform and opening up policy made by the Party and the stable and favorable business environment created by the government.” Since its Party committee was established, the Company has witnessed the positive role of Party members in corporate development and the role of Party building in promoting productivity.

Creating a favorable environment for Party building

Under the guidance of the organization department and the united front work department of the Guangzhou municipal committee of the Communist Party of China, Liby provided full financial support and land to build an exhibition building for Party building in private businesses in Guangzhou. The exhibition building was completed and inaugurated on June 29, 2017. So far, it has received more than 50,000 visits. It showcases the splendid achievement of the Party organization for private businesses in Guangzhou, as well as the history, guiding principles, methods and results of Party building in Liby and creates a favorable environment for Liby to carry out work related to Party building.

Key Performance

- Building the first livestreaming platform for Party building across the country
- Publishing the first book on theories of Party building in private businesses
- The first exhibition building on Party building in private businesses in a provincial capital city
- Introducing a four-aspect evaluation system for Party building at the primary level of private businesses
- Introducing a system of “political guider” for Party building at the primary level
- Building itself into a demonstration center for fostering socialist core values in Guangdong Province
- Launching the first applet for Party building in non-public sector on WeChat
- The first exhibition building on Party building in private businesses in a provincial capital city

Making integration in five aspects to give full play to the synergy of all levels in Party building

Liby has been integrating Party building into its business operation, corporate culture, talents training, work at the primary level and efforts in building a clean company. We have also made concrete moves to advance Party building.

Integration with business operation

- Revolving around priority work in business operation, Liby gives full play to the roles of its Party branch and Party members and encourages them to create values on their positions. Party members are ensured to get involved in making suggestions and proposals, achieving technological breakthroughs, creating sales records and surmounting difficulties.

Integration with corporate culture

- Liby works to integrate socialist core values into its corporate culture, and play the synergy of Party building and corporate culture promotion so as not to isolate various levels in Party building, political work and corporate culture building.

Integration with talents training

- Through the initiative of fostering Party members into leading lights in management and technology, and those leading lights in business operation into Party members, Liby has built a professional team made up by Party members.

Integration with work at the primary level

- Liby gives full play to the roles of trade union, the branch of Chinese Communist Youth League and the women’s commission in Party building to deliver the ordinary employees quality and considerate services.

Integration with efforts in building a clean company

- Based on our real production and business conditions, Liby made strategic goals in fighting corruption and build an evaluation system in corruption prevention and treatment.
Bring life to Party building activities from three aspects

Regarding innovation as the source of energy and focus of efforts in Party building, Liby has carried out a three-aspect Party building project for energetic, efficient and happy Party building to make it interesting and useful activities.

Energetic Party building

By using various forms popular among modern young generation, the Company makes a change to education method of inoculating doctrines and focuses on dialogue and conversation with the youth, asks them in participation in Party building so as to spark their enthusiasm.

Efficient Party building

Revolutionizing around production and business operation, Liby launches various activities for Party building to promote the performance and efficiency of the Company. For example, we set up Party member sales team and send them to the forefront sales work to help sales representatives launch promotion activities. This is a way of using Party building to increase productivity.

Happy Party building

Liby takes various measures to care for employees and encourages its employees to spread the caring and happiness philosophy to society. The Company often goes into remote mountainous areas and poor regions to deliver help to left-behind children and elderly persons of no family.

Remarkable results: Party building becomes part of Liby’s soft power

Liby has been advancing the work of integration in five aspects and three-aspect Party building. By giving full play to the Party building, we have achieved remarkable results in promoting production, business operation, management and brand building.

Liby has been awarded honorable titles of a national civilized organization, an outstanding private company in terms of ideological and political work, a top 100 non-public enterprises with outstanding Party branches, and a demonstration organization with outstanding Party building work at the primary level. Our Party branch was selected as an outstanding example by the Organization Department of the Commured Party of China Central Committee, and has its experience promoted nationwide. With its branches of mass organizations, the Company has been awarded many honorable titles including a role-model enterprise with harmonious labor relations, National Award for Outstanding Private Enterprise Contributing to Employment and Social Security, National Workers’ Pioneer; National Outstanding Employer for Women; National Outstanding Company with Transparent and Democratic Management, and May Day Labor Medal in Guangdong Province. Liby has witnessed the emergence of role models, such as precursors in learning from Lei Feng, national outstanding members of Chinese Communist Youth League, Chinese Samaritans, outstanding contributors to the building of socialism with Chinese characteristics, model workers in national light industry, pacesetters in Guangdong Province, women pacesetters in Guangdong Province and Samaritans in Guangdong.

Since its Party committee was established in 2001, Liby has been playing a leading role in corporate development. Liby’s sales revenue has increased close to 20-folds.

Since its Party committee was established in 2001, Party members in Liby have increased from 13 to more than 2,000, and Party branches have grown from one to 14, with branches in its manufacturing bases nationwide.

- Remarkable results: Party building becomes part of Liby’s soft power

Liby has been advancing the work of integration in five aspects and three-aspect Party building. By giving full play to the Party building, we have achieved remarkable results in promoting production, business operation, management and brand building.

Liby has been awarded honorable titles of a national civilized organization, an outstanding private company in terms of ideological and political work, a top 100 non-public enterprises with outstanding Party branches, and a demonstration organization with outstanding Party building work at the primary level. Our Party branch was selected as an outstanding example by the Organization Department of the Commured Party of China Central Committee, and has its experience promoted nationwide. With its branches of mass organizations, the Company has been awarded many honorable titles including a role-model enterprise with harmonious labor relations, National Award for Outstanding Private Enterprise Contributing to Employment and Social Security, National Workers’ Pioneer; National Outstanding Employer for Women; National Outstanding Company with Transparent and Democratic Management, and May Day Labor Medal in Guangdong Province. Liby has witnessed the emergence of role models, such as precursors in learning from Lei Feng, national outstanding members of Chinese Communist Youth League, Chinese Samaritans, outstanding contributors to the building of socialism with Chinese characteristics, model workers in national light industry, pacesetters in Guangdong Province, women pacesetters in Guangdong Province and Samaritans in Guangdong.

Since its Party committee was established in 2001, Liby has been playing a leading role in corporate development. Liby’s sales revenue has increased close to 20-folds.

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With the “1+2” strategy as the base of efforts in going digital, Liby has made concurrent advancements in transforming business to go online and promoting intelligence-driven development. We work to implement the strategy of going digital by building a full-range product system and platforms for business development.

**CSR Feature**

Creating New Development Momentum by Going Digital

In an era of mobile Internet, individuals get information from a variety of sources, and the sales model of enterprises has changed from business to business (B2B) to the integration of B2C, C2B, C2F and C2M. Technologies like cloud computing, 5G connection and 3D printing are developing rapidly. In response to changes, Liby began to make efforts in going digital and intelligent in 2018 with the targets of realizing industrial connection, efficient organization and intelligent business and with a two-wheel driven strategy to create new development momentum for its future development.

**Strategy**

*Two-wheel driven by going online and going intelligent*

Guided by the “1+2” strategy, we work to realize full digitalization by building a digital business operation model featuring digital+, Internet+ and ecology+.

With the digital central platform and business central platform as the support, Liby works to build a full-channel digital business with users and market as the core.

Connecting all resources it has, Liby works to connect all its terminals to clouding platform so that connection between people and people, people and data and people and things is realized.

Connecting consumers, brand-service-providers, industry and suppliers, Liby works to enable coordination of the entire industry by creating ecology for brand-service-providers, sales representatives, consumers, employees and suppliers.

**The base of efforts in going digital**

With the “1+2” strategy as the base of efforts in going digital, Liby has made concurrent advancements in transforming business to go online and promoting intelligence-driven development. We work to implement the strategy of going digital by building a full-range product system and platforms for business development.
Since its strategy of going digital was put forth, Liby has been making extensive investment and achieved remarkable results, laying solid foundation for the transformation of the Company in going digital.

**Building of full-range product system and platform**

Liby works to build a full-range product system and platform covering marketing, supply chain, management and data operation so as to provide support to the strategy of going digital.

- **System for marketing products**: Building a product line-up with DUDU as unified and the only digital platform at the core.
- **Management products**: Conducting analysis on internal operation, business improvement and external market competition.
- **Supply chain system**: Building industrial internet platform.
- **Cloud data analysis**: Including all marketing products which are built on the central platform or Luban Platform.

**Effects**

**Fruitful results in product system and platform building**

Since its strategy of going digital was put forth, Liby has been making extensive investment and achieved remarkable results, laying solid foundation for the transformation of the Company in going digital.

**Marketing product system**

Liby has launched an exclusive online shopping platform, Libymall, providing various benefits and services to its full-channel members. It also provides solution to happy life with fun membership activities and newsletters. The platform has amassed 4.5 million fans, and its major articles had viewership of 50,000 or more.

**Supply chain system**

- **New Product Development platform (NPD)**: Bringing new product development from offline to online to achieve transparency throughout the entire process and sharing new product information among various systems, while avoiding risks of errors arising by duplicate inputs of related data.
- **Transportation Management System (TMS)**: Appointment for stock preparation for vehicles and on-road management are achieved in an integrated and visible manner. 100 percent appointment is achieved. The loading and unloading capacity of warehouses is improved 10 percent, and the average loading time for each vehicle decreases 48 percent.
- **Strategic procurement platform (SRM)**: Systematic management for procurement orders has been realized, covering 99 percent of procurement business. The response of suppliers’ orders is 9.4 hours faster. Taking the Panyu manufacturing plant as an example, production planners save 13 working hours every week per person.

**Management product**

Based on the DingTalk, an intelligent working platform, Liby has developed an exclusive internal office platform – DUDU, which enables checking on work attendance online, reserving conference room and making applications. It is used for our employees to handle all internal affairs. In the future, the platform will be upgraded into a mobile version – DUDU+.

**Cloud data analysis**

A big screen for live streaming of Liby business operation is put into service. It presents how a standardized sales outlet is built and the real-time progress of offline verification. For the first time, a national unified marketing is live broadcast online, improving the efficiency of information delivery. The average handling time for each order is reduced from 96 hours to 30.6 hours and the verification rate is improved 33 percent year on year.
Provide Green Products

Blooming digital economy and “new retail” are driving the upgrading of consumption patterns with consumers’ focus shifting from price to value of products and manufacturers’ focus shifting from fulfillment of specific demands to branding, quality and services. As a customer-centric company, Liby has been allocating its resources to its product lines, branding initiatives, sales channels, and value chain based on consumers’ demand. We have rolled out a series of new products tailored to the needs of varying customer bases, including green encapsulation plus cleaning products as well as cleaning products specially designed for smart home appliances. We aim to build green, healthy and sustainable ecosystem for the household chemicals industry with consumers at the core.

Our Actions
- Continuous Investment in R&D
- Green Raw Materials
- Quality Control
- Improvement of Services

Our Achievements
- Liby has been leading the household cleaning products market for 10 consecutive years. Seven out of ten urban households in China use Liby products
- Liby holds 135 Chinese patents for invention and utility models, and 81 design patents
- Liby participated in the development of 33 national and industrial standards
- 68 products have been identified as green products by the Ministry of Industry and Information Technology, accounting for 49.28% of the entire industry
- National Quality Benchmark Setter Award and the National Quality Award Nomination
- Liby ranks first in brand popularity and consumer satisfaction in the household cleaning products industry
Spotting a climb in consumer demands for green and healthy household chemical products, Liby has taken prompt action to weave green and healthy products into its business strategy and incorporate the two core values – health and sustainability – into every link of the value chain from R&D to procurement to production. Committed to leading the industry in the fight for a healthier and greener planet, we have rolled out green and healthy products to help consumers live a greener lifestyle.

**Innovation**

Our innovation initiatives are spearheaded by the Liby Green Lifestyle R&D Center. We have been practicing the craftsmanship spirit and work proactively to develop green materials, green formula, green technology, green manufacturing, and green products.

- We hold 135 Chinese patents for invention and utility models, and 81 design patents;
- We participated in the development of 33 national and industrial standards;
- We have engaged 859 employees in technology-related activities.

**Green raw materials**

We use green raw materials and adopt eco-friendly packaging practices. We have put in place a material quality management system to ensure all materials sourced by us are safe and eco-friendly.

- More than 90 percent of raw materials for the formula are biodegradable.

**Green production**

We demonstrate our commitment to the environment through energy-saving, recycling, and clean production practices and set green targets for everything from production process to product quality and to use of energy and water.

- All our products have passed random inspections conducted by competent authorities.
- We have been nominated for the National Quality Benchmark Setter Award and the National Quality Award.
- We now recycle 100 percent of our wastewater.
- Our Panyu manufacturing plant has obtained the green plant certification.
Continuous Investment in R&D

R&D is an essential factor to achieving superior quality. Our philosophy is to take care of the planet and life on it by delivering green technology and green products to consumers. We have been worked to improve our R&D capabilities that support efficient development of green and healthy products.

R&D Strengths

We have been ramping up investment in our efforts to build a reliable R&D talent pipeline and improve our R&D platform. We have played an important role in the formulation of national and industrial regulations and worked proactively to improve our independent R&D capabilities. Liby Group already has strong scientific research and innovation capabilities, with the only “Key laboratory of green washing products of China’s light industry” and the only “academician expert workstation of China’s daily chemical industry” among the industry, a “postdoctoral research station”, two state-level “High-tech enterprises” and four “provincial scientific R&D center”.

The number of Chinese invention patents ranks No. 1 and is more than the sum of the 2nd to 5th domestic invention patents by domestic counterparts (source: official website of China National Patent Office)

Patents

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorized invention, and utility model patents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>100</td>
</tr>
<tr>
<td>2018</td>
<td>127</td>
</tr>
<tr>
<td>2019</td>
<td>135</td>
</tr>
</tbody>
</table>

Improving R&D capabilities

We attach great importance to the training and evaluation of R&D personnel to build an energetic and productive R&D team. By the end of 2019, Liby had engaged 859 employees in R&D activities and 213 employees in full-time R&D roles.

We have over 9,000 square meters of state-of-the-art laboratory space equipped with over 600 work stations and sophisticated tools and equipment, leading China’s household chemicals industry in research, development, testing and evaluation.

We spend over 3 percent of our annual revenue to finance our R&D activities each year.

Participating in formulation of industrial standards

In addition to continuous technological research and verification, Liby has also played an active role in the formulation of national regulations and industrial standards and made outstanding contributions to the healthy and sustainable development of the household chemicals industry.

By the end of 2019, Liby had participated in the formulation of

- National standards: 16
- Industrial standards: 17
- Organizational-level standards: 5
- Local standard: 1
Doctor Zhang Liping is the chief scientist of Liby. She has been working in Liby’s R&D division since 2004.

When she joined Liby, there were only 15 members in Liby’s R&D team. The team grew gradually thanks to recruitment and training programs led by Doctor Zhang. Today, Liby has a professional R&D team consisting of 213 members with diverse academic backgrounds and strong R&D capabilities. In the past 16 years, under the leadership of Doctor Zhang, the R&D team has developed a series of technologies and products to satisfy the true needs of consumers. They have surmounted difficulties one after another and achieved many scientific breakthroughs.

The low activity and poor stability of bio-enzymes in liquid detergents has always been a pain point to the household chemicals industry.

In 2012, Doctor Zhang and her team started working on this pain point. They needed to solve a series of tricky problems concerning the stability, dispersion uniformity, solubility, tracking and testing, and ways to add enzyme preparations in detergent powders. Fearless of hardship, our R&D team worked closely with our suppliers and, after countless compatibility, raw materials, enzyme activity, and cleaning effect tests and pre-commercial pilots, rolled out China’s first enzyme laundry detergent product. The new enzyme laundry detergent features improved detergency and color protection and is toxic free and more environmentally friendly. It is more suitable for washing in cold water and therefore can help consumers save money on energy bills.

Zhang’s dedication has been a source of inspiration for the rest of the R&D team.

Driven by Liby’s innovation-anchored philosophy and a desire to satisfy the true needs of consumers, the team has surmounted tremendous difficulties and challenges, demonstrated impressive independent innovation capabilities, and created a plethora of reliable products for Liby.

In 2014, the 24-hour concentrated laundry powder production line at Liby’s production base in Ma’anshan was completed and put in operation. The production line has an annual output capacity of 150,000 tons.

In 2017, Liby rolled out a series of proprietary concentrated laundry beads products. Among them, xin xin zhu was the most popular product among consumers due to its outstanding cleaning performance and unique design.

In 2018, Liby’s brand Kispa launched a new high-end, skin-friendly concentrated detergent specially designed for use with washing machines. The product has obtained the “Ultra Concentrated” label issued by China Cleaning Industry Association.

In 2019, Liby launched a new concentrated laundry detergent - Liby Laundry Detergent Essence. One bottle of the new product does the same work as three bottles (1 kg per bottle) of standard laundry detergents. Just one cap can clean as many as 16 pieces of clothes.
Users, especially those in remote regions who are used to washing clothes with detergent, often experience a burning sensation that accompanies over-exposure to laundry detergents. If you touch detergent continuously with a wet hand, you will definitely feel the unpleasant burning sensation. To solve this problem, after many tests and trials, Liby launched a brand-new detergent powder which won’t produce heat when coming into contact with water and thus is more skin-friendly. The new product uses natural ingredient, the renewable palm oil, breaks away from the traditional manufacturing process of washing powder that lasts for more than 100 years, and changes the user experience of powder preparations. It is an eco-friendly product because reduced use of chemicals and petroleum-based materials means a cut in CO₂ emissions.

Based on the estimated synthetic detergent production in China in 2019, if all Chinese consumers use concentrated detergents according to the standard, they could

- reduce CO₂ emissions by 4.736 million tons per year, equivalent to the emission of 789,400 family cars
- and reduce electricity consumption by 2.281 TWh, equivalent to annual electricity consumption of 11.13 million households

### Key performance

#### Solutions

<table>
<thead>
<tr>
<th>Problem</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detergents cause a burning sensation, skin irritation or dryness, or contain high alkali content</td>
<td>Kispa Natural, Skin-friendly Laundry Powder</td>
</tr>
<tr>
<td>Detergents require large storage space</td>
<td>Liby Concentrated Detergent Powder</td>
</tr>
<tr>
<td>Detergents leave a heavy ammonia smell or scent fades too fast</td>
<td>Kispa Natural, Scented Laundry Powder</td>
</tr>
<tr>
<td>In humid weather, clothes do not dry out as fast as they should be after wash, making it easy for bacteria or mildew to grow on clothes, which will produce a musty odor</td>
<td>Kispa Skin-friendly, Antibacterial Oxygen Laundry Powder</td>
</tr>
<tr>
<td>Clothes become stiff or greyish after wash</td>
<td>Liby Super-Cleaning Fragrant Laundry Powder</td>
</tr>
<tr>
<td>Easy for bacteria and mites to grow and producing residual odor</td>
<td>Liby Degerming and Stain-Removal Detergent Powder</td>
</tr>
<tr>
<td>Stubborn stains</td>
<td>Liby Laundry Detergent for School Uniforms</td>
</tr>
<tr>
<td>Stubborn stains are difficult to remove in cold water</td>
<td>Liby Phosphate-free Cold-Water Laundry Powder</td>
</tr>
</tbody>
</table>

### Case

Addressing pain points of consumers with greener and healthier household cleaning solutions

Liby has been committed to developing and providing green and healthier household cleaning solutions that protect the environment and improve the quality of life. The company has launched a series of products that address common washing dilemmas, such as the burning sensation caused by detergent, skin irritation, dryness, and high alkali content. The new detergent powder, which uses renewable palm oil, breaks away from the traditional manufacturing process of washing powder and changes the user experience of powder preparations. Liby’s eco-friendly product reduces CO₂ emissions and electricity consumption, making it a sustainable choice for consumers.

### Key performance

- Reduce CO₂ emissions by 4.736 million tons per year, equivalent to the emission of 789,400 family cars
- Reduce electricity consumption by 2.281 TWh, equivalent to annual electricity consumption of 11.13 million households
We have always held ourselves to the highest standards and considered ourselves a pacesetter in the household chemicals industry. Since 2015, we have been using non-animal approaches to assess the safety of our products during the R&D phase. We are committed to ending the use of animals in product testing.

We partner up with suppliers of natural materials across the world and closely monitor the production process of raw materials. We require our suppliers to meet our stringent requirements, so as to make sure the production process has less impact on the environment.

In 2016, Liby Group released the industry's first “Green Health Strategy”, which was included in the 13th five-year Plan by the China Cleaning Industry Association.

Traditional, we test eye irritation of a product by applying test substance to domestic rabbits’ conjunctival sac and observing the changes of the rabbits’ eyes. This process brings huge agony to the rabbits. To address this, Liby built a platform for comprehensive eye irritation assessment. The platform adopts four testing approaches including Het-CAM. In 2018, Liby finished 189 eye irritation tests for its formula and raw materials. Provided that three rabbits were used for each test substance, the use of alternative approaches helped us reduce the use of rabbits by more than 500. Apart from this eye irritation testing platform, we have also adopted non-animal testing approaches for skin irritation, inflammation, allergies, mucous membrane irritation, and toxity.

Liby is the first company in China to adopt food-grade standards for all its dishwashing detergents.

Alkyl polyglycosides (APGs) are a class of non-ionic surfactants derived from glucose (primarily from corn or other starchy plants) and fatty alcohols (primarily from coconut and palm oils). The production of APG doesn’t generate waste. They have become important alternative to petroleum-based surfactants because they are readily biodegradable and safer for sensitive skin.

Green Raw Materials

Green raw materials refer to the materials that can coexist harmoniously with the ecological environment and benefit human health in the process of extraction, product manufacturing, recycling and waste treatment. We advocate the use of natural materials and adopt green procurement practices as part of our commitment to delivering greener and healthier products.

As part of our full-out effort to promote the use of green, renewable raw materials, we have been searching for renewable alternatives to petroleum and petroleum derivatives as raw materials for our products and ways to increase the application proportion of green raw materials in our formula, including working with suppliers to improve production process and lower manufacturing costs.

Liby replaces petroleum-based surfactants in all its dishwashing detergents with Alkyl Polyglycosides (APGs) for increased safety.

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Quality Control

We have made quality control part of our business strategy and put in place a comprehensive quality control system. We are working continuously to improve our product quality, management model, methods, and tools to make sure all our products meet highest environmental and safety standards.

<table>
<thead>
<tr>
<th>Key performance</th>
<th>National Quality Benchmark Setter Award</th>
<th>National Quality Award Nomination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liby has always been known for its ability to maintain product quality. In the past few years, all our products passed random inspections by competent authorities.</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Improve the quality control system

We have put in place a comprehensive group-level quality control system spearheaded by our president. Quality oversight and risk management are two core functions of the systems. We strive to meet highest international standards and control quality in a systematic, procedure-based, and standardized manner.

Increase quality awareness of employees

We are the first company in the household chemicals industry to set up a quality management academy. The mission of the academy is to help employees build quality control skills. We have also launched the Quality Month campaign to urge employees to be quality conscious in their daily work.

In 2013, Liby became the first company in China’s household chemicals industry to set up a quality management academy. The academy is a platform established to evaluate and improve employees’ quality control skills, foster related capabilities, offer quality control training, and build a quality-centric corporate culture. It plays an important role in the Group’s continuous self-improvement in quality control. It also provides professional support for our efforts to build a quality-centric corporate culture and to effectively execute quality management plans with stronger capabilities.

In response to the call of the national quality month campaign, we have encouraged our subsidiaries, related departments, and partners to take part in quality-themed activities every year, including quality awareness raising activities, quality knowledge promotion and skills building activities, quality skills contests, quality improvement competitions, quality improvement of suppliers, visits to brand-service-providers, and market surveys. This campaign aims to shift the mentality from passive order following to active contribution, and raise the across-board quality awareness.

Improve the organizational structure

In the quality and safety organizational structure, the president of Liby is responsible for the overall leadership of the Group’s quality assurance strategy. The vice president of the technical quality control system is directly responsible person. The Safety and Crisis Management Committee is responsible for developing, providing guidance for, and supervising the execution of product quality and safety plans and the Quality Control Department is responsible for implementation.

Furthermore, to ensure reliable group-level support for quality management, all key departments have their own quality and safety manager and chief quality officers, and quality assurance programs and procedures.

Step up risk management

We are working continuously to improve the five aspects of risk management – quality risk assessment, risk management methods, execution, improvement and upgrade of risk management methods.

We have also made continuous efforts to identify, prevent, and remove quality risks.

We have established external and internal communication and reporting mechanisms to collect data on quality and safety risks.

Strengthen quality supervision

We have put in place a multi-dimensional quality supervision system featuring functions such as risk monitoring, compliance management, random inspection, quality and safety plan vetting, product recall, and responsive after-sales service. We attach equal importance to risk prevention and post-accident response.

Comply with international standards

As part of our effort to improve product quality, we are benchmarking our quality assurance performance against the relevant regulations and standards of the UN Food and Agriculture Organization, the World Health Organization, and quality control agencies in Japan, the United Kingdom, the European Union, and the United States, etc.

More than 98 percent of our product standards are consistent with international standards. 21 products of ours adopt international standards.
Liby Group holds the quality conference annually for companies throughout the entire industrial chain to unify the quality policy, goals and actions. We have adopted a wide range of measures, including quality control circle (QCC), regular quality conferences, and customer listening, to remove quality risks and improve quality management in a systematic manner.

### QCC Program
- Since 2005, in order to improve the quality performance and motivate employees, we have organized QCC program annually to conduct reviews and inspections, identify and rectify shortcomings, as well as develop evaluation plans and incentive measures. We have also invited lecturers to give lessons to the leaders of the QCCs of Liby’s subsidiaries and published the outcomes of the QCCs so they can learn from each other.
- We review the outcomes of the QCCs and give recognition to employees for outstanding performance under the program.

### Quality conferences
- Since 2008, Liby has been holding an annual quality conference as a platform for its subsidiaries, related departments, and partners along the industrial chain to learn from each other’s quality management experience.
- We also hold a group-wide conference every quarter to evaluate the product quality and the completion of key performance indicators in the process and identify and rectify shortfalls in quality management.
- In 2009, the quality conference was upgraded to supply chain strategic partner and quality conference in order to further mobilize the quality awareness and win-win consensus of the group and partners, during which quality guardian, quality leading manager, excellent quality subsidiaries, excellent logistics provider, core technology R&D support suppliers, excellent quality partners, excellent strategic partners, 25th anniversary long-term partners and best green strategic partners were honored respectively in 2019.

### Customer listening
- We review and analyze complaints on a monthly basis. We also actively listen to our customers and identify areas of improvement by conducting market surveys, visiting brand-service-providers, and making phone calls to stakeholders.

### Innovate in management model
We have made continuous efforts to blaze new ground in quality management. Our scientific, IT-enabled approaches, life-cycle quality management model and IT-based system, and automatic production lines are some of the key factors that help us deliver superior quality to consumers.

#### Adopt a life-cycle quality management model
Liby has put in place a quality management system integrating ISO, GMP, HACCP/SSOP and TQM systems and many other theories, methods and tools. It has specified quality management requirements for each stage of product lifecycle from R&D to design to use. To deliver superior quality and product safety to consumers, we are working proactively and continuously to identify, prevent, and remove potential quality risks and hazards and ramp up the support for the product quality system.
Improve quality management methods and techniques

We have established a quality management system (QMS) to collect and apply quality-related information amid our efforts to raise quality standards, enhance control procedures, boost quality control efficiency, and boost quality performance. We have proactively brought advanced automatic production equipment and quality inspection apparatus to increase automation level of production and packaging, improve online control to realize automatic data collection and input to the production-stage quality control system. Measures are taken to ensure errors can be spotted in a timely manner. We have built a three-dimensional warehouse and adopted IT-enabled solutions to reduce quality losses in the distribution of products and reduce and prevent mistakes. These practices not only help us meet quality targets but also empower us to boost production efficiency.

QMS

- Risk control
- Preventive management
- Continuous improvement
- Quality control in shipment and distribution
- Quality system management
- Group quality academy
- Group-level quality monitoring
- Quality control of materials
- Procedure-based management
- Process management
- Systematic management
- Green, healthy, and quality products
- Satisfying consumer’s demands
- CNAS laboratory management
- New products

Liby’s testing center passed CNAS certification

In 2015, Liby’s test center put in place the ISO17025 laboratory management system and passed CNAS certification. In 2008, the test center successfully passed the CNAS laboratory scope expansion review. It is now technically capable of conducting 163 types of tests for 30 product categories in line with international standards, which gives us a cutting edge over domestic competitors. Liby is permitted to stamp its test reports with the ILAC-MRA international mutual recognition mark in conjunction with CNAS logo, which are recognized by 65 agencies in 50 countries and regions. The results from conformity assessment tests by Liby are able to be recognized internationally.

Improvement of Services

We work proactively to adapt our philosophy to the ever-changing business environment and keep improving service excellence. We are keen to seek interaction with customers and promote healthy, environmentally-friendly ideas and lifestyles.

Liby's testing center passed CNAS certification

Liby founded Li Le Jia, a platform for customer communication and engagement.

Key performance

Liby ranks first on brand popularity and consumer satisfaction among competitors.

CNAS certification

In China, laboratory accreditation certificates are only issued by the China National Accreditation Service for Conformity Assessment (CNAS) to laboratories capable of conducting designated types of tests’ assessment.
We have worked with TV stations to design science popularization TV programs targeting school children, recruit kid actors and kid reporters nationwide, and provide a platform for them to showcase their talents and become part of our efforts to raise environmental awareness.

We have organized flea market sales in local communities of Guangzhou from time to time where residents can sell idle second-hand items and hold science popularization activities on the side, providing an opportunity for millions of families to learn about how to clean and care for fabrics. The money raised in the flea market sales was donated to charities that help left-behind children in the rural areas.

We have invited customers to our headquarters, factories, and the green living research center to see our products and R&D strength and offer them an unforgeable interactive experience. In the meantime, such activities also provided us with an opportunity to gather customer feedback so that we can provide consumers with more thoughtful clean solutions. By the end of 2019, 29 events had been organized as part of the Green Adventure Program.

The Group’s Li Le Jia member service platform has organized various member activities such as Green Adventure and Best Child Actor Contest, aiming to listen to the voice of customers and gather customer feedback, as well as to convey healthy, eco-friendly ideas to customers.

We seek to effectively communicate with customers, understand consumers’ needs, and promote healthy, environmentally-friendly ideas by continuously improving and innovating in communication channels and listening to customers’ suggestions.

- Communication channels
  - Ways to understand customers’ needs
    - Online questionnaire surveys, panel discussions, door-to-door survey, face-to-face interviews, customer observation, in-depth interviews, Key Opinion Leader (KOL) interviews, offline fixed location surveys, in-store surveys, and TMIC Innovation Center (TMIC).
  - Ways to listen to customers’ suggestions
    - CRM platform, CRM service, TMIC, online questionnaire surveys, in-store questionnaire surveys, e-commerce customer services, and offline surveys.

- Communication-related innovations

Key performance

- Campaign covered more than 40 million families
We respond to consumers in a timely and prompt manner and find ways to effectively secure customers’ personal information and protect their legal rights and interests.

- **Respond to customer complaints promptly and properly**

We have put in place standardized customer inquiry and complaint handling procedures and protocols. We have also set up a hotline, an online customer service system, and other channels to communicate with customers, gather and process consumer feedback on our products and services, and timely investigate and handle issues reported by consumers and prevent them from happening again.

- **Secure customers’ personal information**

We take the protection of customers’ personal information seriously. We have adopted effective data classification, management and development systems to ensure the security of personal information.

On top of that, a special data security department has been set up to handle security incidents of unauthorized release of private information. This department is responsible for timely conducting investigations and reporting to the corresponding competent authority upon occurrence of such incidents as well as putting in place emergency measures to prevent data leakage.
Liby has been continuously championing green growth and improving our green management system, practices, and performance. We are the first in the industry to adopt a “green and healthy” development strategy. With an efficient and standardized green management system in place, we are transitioning smoothly to the “green manufacturing” model and making our own contribution to the nationwide effort to build a beautiful China.

### Our Achievements

<table>
<thead>
<tr>
<th>Year</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Liby won the Innovative Value Award at the World Economic and Environmental Conference in 2017.</td>
</tr>
</tbody>
</table>
Green Management

We give high priority to green management and have developed a green manufacturing system by building on our years of experience in environmental protection. We vigorously promote green office practices as part of our broad-based green development strategy and also drive the development of environmental protection work system.

Key performance

| The Group has invested nearly 200 million yuan in aggregate in environmental protection facilities and carbon footprint reduction projects. |
|Liby’s plant in Panyu District is on the 2017 List of Exemplary Green Manufacturers (1st Batch) released by the Ministry of Industry and Information Technology of China. It is also China’s only cleaning product manufacturing plant that has passed green plant certification. 68 products have been identified as green products by the Ministry of Industry and Information Technology, accounting for 49.28% of the entire industry. |

Chairman Chen Kaixuan attends the “For a Better Planet Earth” closed-door meeting initiated by Ban Ki-moon, former UN Secretary General

On April 1, 2019, Ban Ki-moon, former UN Secretary-General and Chairman of the Boao Forum for Asia, initiated a closed-door meeting with the theme “For a Better Planet.” As one of the eight representatives of Chinese entrepreneurs (also the only representative of the household chemicals industry), Chen Kaixuan, Chairman of the Board of Liby, attended the meeting to share the practices and achievements of Liby in green and sustainable development with more than 10 Chinese and foreign entrepreneurs, which not only improved the international influence of Liby, but also contributed his own experience to the green development of the earth.

Liby attends the United Nations Climate Change Conference to show its green brand image

From December 12 to 13, 2019, the United Nations Climate Change Conference COP25 was held in Madrid, Spain, with an aim to cope with the impact of greenhouse gas emissions on the global climate system. Liby’s green design products, as the only product representative in China’s green manufacturing system, appeared at the conference and displayed the Group’s advanced green development mode and experience in the China Pavilion in the form of posters. This was an affirmation of Liby’s adherence to environmental protection, resource and energy conservation and circular economy, and also strengthened the Group’s determination for green development.

Green Manufacturing

We are committed to embedding the “green manufacturing” concept into the daily operations of our factories. We have been continuously improving our production processes and achieved remarkable results. To give a further boost to the effectiveness of green manufacturing, we have established a strong green manufacturing system and pointed the direction for future development. We are putting all our weight behind energy conservation and environment protection.

Build a strong green manufacturing system

Built on our own experience and useful lessons we have learned from others, our green manufacturing system has gradually taken shape, laying a solid foundation for the implementation of our broad-based green manufacturing strategy.

Future plan

In the future, to systematically improve the effectiveness of environmental management in the production process, we will use a differentiated approach to driving green manufacturing in existing factories and newly-built factories, with IT-based and intelligent management.

Seek new tech solutions to drive data optimization and environmental protection

To drive green production and information-based management of existing factories, we will build an environment, health, and safety (EHS) information collection platform to support informed decision-making, improve equipment and plant environment, install intelligent production lines, and continue to advance photovoltaic power generation, waste heat recovery, and process and technology upgrade projects in existing factories.

Intelligent green manufacturing

We will continue to upgrade the Group’s green manufacturing system. To realize intelligent management, we will only select eco-friendly equipment, raw materials, and clean energy resources in the design and production phases of new green plants, and put in place an intelligent energy management system to dynamically track and control energy consumption and conduct innovation and system optimization.
Green Production

To achieve our environmental sustainability agenda, we go full out on the optimization of our green production process to reach maximum energy efficiency and reduce emissions. We are committed to harnessing the power of technology to drive our green production targets.

Energy consumption reduction

We invest heavily in initiatives designed to improve energy efficiency and reduce environmental impact. We take real actions to reduce the use of electricity and thermal energy and ensure effective resource utilization. By the end of 2019, the Group’s aggregate energy consumption in production processes was far below national and industry average.

We have reduced overall power consumption by more than 10% by promoting the use of energy-saving equipment, installing frequency converters on high-power devices, and improving milling equipment.

In 2019, the use of the e-approval system reduced the emission of carbon dioxide by 1.7 tons per month, 20.4 tons per year.

Recycling waste heat

We have stepped up the recycling of waste heat in hydrolysis, sulfonation, hot air generation and other production processes, significantly reduced the amount of steam generated, and effectively controlled the loss of thermal energy. By doing so, we save energy equivalent to 3,000 tons of standard coal annually.

Liby reduces overall power consumption by more than 10%

It saves energy equivalent to 3,000 tons of standard coal

It reduces 7,860 tons of carbon dioxide emissions annually by recycling of waste heat.

In accordance with national environmental protection policies and technical requirements, we have effectively reduced negative environmental impact of our operations by adopting scientific design, using state-of-the-art equipment, and continuously optimizing and upgrading water, air, solid waste, and noise pollution control systems.

Emissions reduction

Through the use of state-of-the-art equipment and strict control measures, all factories of Liby have minimized the impact of wastewater discharge on the environment. The treated wastewater can be used to rear goldfish. Now, goldfish reared in the treated wastewater is a feature of Liby’s factories. It is also a proof of the excellent results of wastewater treatment of Liby.

We are committed to developing green, less-pollution products with improved performance in water conservation. Take the formula containing green natural raw materials, proper surfactants, and higher active oxygen content, and anti-foaming agents to deliver enhanced performance in water conservation.

All factories of Liby have invested heavily in the construction of wastewater treatment stations, and designed them according to the requirements with high standards. Part of the treated water is reused in our factories. We have also set up a ‘monitoring system’ to continuously monitor wastewater discharge. The wastewater monitoring system we use is the same as the government’s 24-hour online monitoring system. All wastewater discharged by Liby meet the Level-1 pollutant content requirement in China. The wastewater treatment station of our Panyu manufacturing plant was named ‘Environmental Protection Demonstration Project in Guangdong Province’.

Our factories adopt a differentiated approach to the use of recycled wastewater in light of the varying water quality requirements of different production processes. By doing so, all our factories manufacturing liquid laundry detergent have achieved 100% recycling of wastewater generated in disinfection, washing, spraying, sulfonation, and condensation processes.

We make a conscious effort to reduce solid waste and improve solid waste treatment technologies. These improved technologies are applied in our day-to-day operations. The solid waste reduction and environmentally sound technology helped realize upgrading and lead to over 30% solid waste reduction, delivering good environmental and economic benefits.

In 2019, the solid waste reduction and environmentally sound technology helped realize upgrading and led to over 30% solid waste reduction.
### Wastewater discharge Reduction

We make a conscious effort to use advanced equipment and technology to strictly control waste water discharge, step up wastewater recycling.

- Liby’s exhaust gas treatment system
- 24-hour water pollution monitoring system

### Reduce the emissions of air pollutants

Atmospheric pollutants can be divided into two categories according to their forms: particulate pollutants and gaseous pollutants. We adopt a differentiated approach to the treatment of atmospheric pollutants with an eye to achieving improved resource efficiency and greener production.

Atmospheric pollutants can be divided into two categories according to their forms: particulate pollutants and gaseous pollutants. We adopt a differentiated approach to the treatment of atmospheric pollutants with an eye to achieving improved resource efficiency and greener production.

We have developed special equipment to effectively recycle particulate matter in gas emissions. By doing so, we have significantly reduced wastes. We have also bought state-of-the-art production equipment to reduce the emissions of particulate matter during the production process by 60% - 70%.

The exhaust gas of factories of household chemical products contains sulfur and nitrogen oxides. In order to reduce the impact of sulfide emissions on the atmospheric environment, we use an improved static pressure spraying technology to reduce sulfur dioxide emissions and a low-temperature combustion technology to control the generation of pollutants at the source and reduce nitrogen oxide emissions.

### Process improvement

Concentrated laundry detergents demonstrate improved performance in energy saving and emission reduction. Through continuous technological innovation, Liby has vigorously developed concentrated and efficiency-enhancing technologies to make it large-scale and industrialized, and has truly achieved energy conservation and emission reduction through process optimization.

#### Value of concentration technology

<table>
<thead>
<tr>
<th>Reduce use of fillers</th>
<th>Reduce spray drying</th>
<th>Reduce downtime</th>
</tr>
</thead>
<tbody>
<tr>
<td>The technology helps our factories realize the standardization and flexible manufacturing of the formula. The improved formula uses new raw materials and new enzyme preparations to reduce the use of fillers, thereby reducing the use of packaging materials and consumables.</td>
<td>The spray drying process uses heat to evaporate the moisture from liquid materials. The concentration technology allows factories to reduce the proportion of spray drying process in the production of laundry powder, which translates into a significant drop in energy consumption and carbon emissions.</td>
<td>We have standardized the formulas of our product lines and realized non-stop powder production through the adjustment of back-up materials, thereby reducing the downtime caused by switching to another product category.</td>
</tr>
</tbody>
</table>

| 25% | 20% | 15~20% |
---|---|---|
| Reduce the use of fillers | Reduce spray drying | Decrease decontamination performance and apparent specific gravity by more than 15-20% |
Huang Yangting is a tech aficionado. He became an employee of the Department of Engineering Technology of Guangzhou Liby (Panyu) Co., Ltd. in March 2004. He has served the department for 15 years. Inspired by the story about Chen Kaixuan, Chairman of the Board of Liby, building a green plant, Huang is committed to devoting himself research and development of green technologies and equipment.

In 1994, during the start-up stage, Chen Kaixuan, Chairman of the Board of Liby, visited an original equipment manufacturer and found that its environment was particularly bad. The plant was full of dust, the noise was very loud, and the smell was pungent. There was a layer of white dust on his shoes and hair after coming out of the plant. In 1998, when Liby started to build its first manufacturing plant in Panyu, Guangzhou, Chen Kaixuan specifically said Liby need to build a “green plant”, which meant that the construction cost and subsequent maintenance costs would increase significantly. Thanks to the concerted efforts of all stakeholders, in 1999, Liby finally built an eco-friendly plant designed to control the emissions of waste gas, waste water and waste residue, and automatically control and recycle waste heat and wastewater. Chen Kaixuan’s story left a deep impression on Huang Yangting and made him realize the importance of environmental management.

Role Model: Chen Kaixuan, Chairman of the Board of Liby

Over the years, Huang Yangting has led the team in the development and promotion of green production equipment and technology. The team led by Huang has worked proactively to embed green technology into the design, construction, and operation of Liby’s manufacturing plant in Panyu, thereby greatly improving environmental performance of the plant. The backflow mixing, automated packaging, and automatic warehousing technologies developed by the team for the second washing powder production line (annual production capacity: 150,000 tons) in the plant are the first of their kind in the industry. Compared with the first washing powder production line, the second production line saved 15% in energy consumption, reduced staff by 40%, and increased per capita efficiency by 33%. The team is also responsible for developing and industrializing high-tower forming washing powder concentration and synergizing technology. After the application of this technology, energy consumption per ton of washing powder can be reduced by about 25%.

Green Packaging

We design our packaging solution in a way that optimizes material use and eliminates waste. We encourage the use of renewable or biodegradable packaging materials. We also use recyclable plastic materials and strictly control the production process of packaging material suppliers as part of our efforts to reduce the negative impact of packaging on the environment.

We keep working to optimize the shape of product bottles, reduce the amount of plastic particles used while ensuring the product quality; we also readjust the structure of cartons we use in a way that minimizes the use of paper.

We make a conscious effort to develop recyclable alternative materials to replace composite materials and other non-recyclable packaging materials. Currently, the Group is developing recyclable flexible packaging materials and materials used to make packaging bottles (PET and HDPE).

Our suppliers are required to comply with applicable environmental protection regulations in China and reduce the impact of packaging materials production on the environment. Prompted by Liby, our flexible packaging material suppliers have purchased VOCs treatment equipment, which can help them effectively reduce emissions of air pollutants.
Green Transport

Exhaust gas, noise, and energy waste generated during transportation have a negative impact on the environment. We keep working to build the digital logistics, improve transportation efficiency, cut back on transportation cost, and reduce environmental impact and energy consumption by optimizing the logistics network, promoting multimodal transportation and conducting IT-based management. Ultimately, we will reduce the carbon emission.

In light of the changes in the external logistics environment and the internal demands for business development, and to better meet customer needs at a lower cost and with a more reasonable inventory, the company’s logistics network was redesigned and redistributed with the help of an industry-leading software, saving the distribution cost of about 16 million yuan per year.

In July 2019, we launched a transportation management system (TMS) which enables the visualization of the outbound process, real-time tracking of goods in transit, back-tracking to trace past orders, and whole-process monitoring to improve safety management and logistics efficiency.

On November 23, 2019, the 17th China Logistics Entrepreneurs Annual Conference was held in Kunming. More than 1,200 industry elites and enterprise representatives from more than 400 logistics and related enterprises attended the conference. Liby won 2019 China Logistics Social Responsibility Contribution Award for its contribution to the green development of the logistics industry by virtue of its advanced green logistics operation concept, outstanding awareness and effectiveness of energy conservation and emission reduction. In the future, Liby will continue to practice the environmental protection and green operation, uphold the mission of bringing health and happiness to every family, actively play a leading role in the industry, continue to deepen its efforts in green sustainable development, and drive the green change of the whole industry.

Products no longer go through the Group-owned warehouses of brand-service-provider warehouses and are sent directly from plant warehouses to the Key Account warehouses. This can help us cut back on costs, improve logistics efficiency, and raise the fulfilment rate. This project is expected to save about 3.9 million yuan in annual costs.

Optimization of the logistics network
Integration of logistics resources
Multimodal transportation
IT-based management

Liby wins the China Logistics Social Responsibility Contribution Award 2019
Share Sustainable Development

Integrity is the cornerstone of sustained business success. Integrity and shared growth have always been at the core of the business philosophy of Liby. We select our supply chain partners carefully and regard them as part of the Liby family. We and our partners have shared mission, ideal, goals, and honors. We are committed to leveraging our own resources and management capabilities to help our partners prosper so that we can achieve sustained value creation.

Our Actions
- Business Integrity
- R&D Cooperation
- Support to Brand-service-providers
- Supplier Management

Our Achievements
- Liby contributes more than 1.5 billion yuan to the state taxation annually.
- Liby was presented the award of National Outstanding Company Honoring Contracts and Credits.
- Liby secures a place on the Top 100 Corporate Taxpayers (Private Companies)
- Liby organizes over 36 training sessions each month on average for regional brand-service-providers nationwide.
- Liby has launched six “Future Business Elite” camps, involving 915 children of its brand-service-providers.
### Business Integrity

Integrity has always been a core corporate value of Liby. As a law-abiding company, we have stepped up efforts to enhance our law-based governance and fight bribery and corruption and are committed to creating a workplace environment that celebrates honesty and integrity. These efforts are a strong driving force for sustained business growth.

#### Legal Responsibilities

We conduct every aspect of our business in strict accordance with laws and regulations, including the Tax Administration Law and the Standardization Law of the People’s Republic of China, and in a fair, just, and open manner. We have been working voluntarily to fulfill our legal duties, including paying taxes. We never bring harm to other companies’ legal rights and interests.

Liby has established a disciplinary committee with Audit and Supervision Department I and Department II and Department of Commerce Inspection as the working platform, put in place an evaluation system to support prevention and fight against corruption, and adopted a combination of educational, punitive, and positive incentive measures to build integrity and create the business environment where employees dare not be corrupt, cannot be corrupt and do not want to be corrupt. In August 2019, Liby officially joined “Trust and Integrity Enterprise Alliance” to further improve anti-graft capability.

#### Educational measures

Liby has established and improved the audit and supervision system to promptly revise the loopholes in the system and mechanism found in the audit and standardize the clean conduct of all employees.

#### Regulatory measures

We have set up audit and supervision units to oversee the Group’s operations.

#### Punitive measures

Liby has introduced a variety of incentives to encourage employees to report instances of bribery and corruption, exercises self-discipline, and guard against bribery and corruption. For example, our employees can earn point by reporting instances of bribery and corruption. We also publish the rankings of employees based on their anti-bribery and corruption points.

#### Incentives

In 2019, more than 20 anti-corruption lectures were conducted, one training course on integrity management was given to the employees in charge of the front line of Liby sales, and one training course on “building a strong line of defense against corruption” for newly recruited college students. The rate of key position employees who sign the Employee Integrity and Self-discipline Commitment Letter reached 100%.

#### Additional Information

Through extensive anti-corruption efforts, the problem of false verification of information written off by brand-service-providers has been reduced from 14.79 million yuan in 2018 to 5.51 million yuan in 2019, the problem of forged internal procurement documents has been controlled, and no similar problems have been found so far after five such problems were found in 2018.

#### Key performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Total tax contributed (million yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,452</td>
</tr>
<tr>
<td>2018</td>
<td>1,388</td>
</tr>
<tr>
<td>2019</td>
<td>1,287</td>
</tr>
</tbody>
</table>

Liby has honored National Intellectual Property Advantage Enterprise 2019 for a long time, Liby has adhered to the national standards for the enterprise intellectual property management system, and all its management standards are higher than the national standards. While consolidating internal management, Liby continued to strengthen external rights protection work, and started to protect its rights against trademark infringement and patent infringement in 2019, which not only cracked down on infringement, but also reduced the risk of buying substandard products. In 2019, the Group was honored National Intellectual Property Advantage Enterprise 2019 with the index score above 90, the only one among the top six household chemical companies in China, which once again demonstrates its strength as an industry leader.
R&D Cooperation

We have been proactively seeking cooperation with global giants in the household chemicals industry on R&D projects in relation to key materials, formula design and key technologies. We have also strengthened partnerships with domestic research institutions and universities in areas of concentrated cleaning products and environmental protection. We have also made continuous efforts to improve our independent R&D and innovation capabilities.

We have partnered up with many global giants in the household chemicals sector, including Clariant and Nouryon, to build joint laboratories. We combine our R&D resources to develop new detergents and personal care products, make ground-breaking adaptations to current formula and raw materials, and introduce and promote application of new technologies. Our goal is to provide innovative solutions to an ever-changing industry with diversifying consumer demands.

After numerous surveys, Liby found that many consumers find it difficult to remove grease stains from tableware, especially tableware made of plastics. To help consumers solve this dilemma, we joined hands with Dow and developed a dishwasher that removes oil automatically. The partnership fully leverages both sides’ R&D resources to develop dish detergents that effectively emulsify and remove grease stains. In 2018, the two sides successfully launched Liby dish detergent made from natural fruit vinegar. With it, grease stains can be easily rinsed off. It solves a longstanding pain point of consumers and brings great convenience to them.

Supplier Management

We have always attached great importance to sustainable development of our suppliers. We work proactively to strengthen our supplier relationship management and build sustainability and transparency into our supply chain.

After numerous surveys, Liby found that many consumers find it difficult to remove grease stains from tableware, especially tableware made of plastics. To help consumers solve this dilemma, we joined hands with Dow and developed a dishwasher that removes oil automatically.

Liby has put in place an effective supplier selection, management and exit system supported by an online platform. We urge our suppliers conduct business in an honest manner and fulfill corporate social responsibilities, including environmental protection responsibilities, which is essential for their sustainable development.

Liby works to regulate the whole process from supplier development to qualification review, onsite evaluation, trial production, trial supply and regular supply after evaluation. Liby sets a tiered system to manage its suppliers, which are categorized into four levels. A-level suppliers are called strategic pacesetters, which serve as models for all its suppliers. B-level ones are strategic suppliers who provide Liby with high-standard and key materials. C-level ones are ordinary suppliers who provide Liby non-key materials. D-level ones are backup suppliers which are mainly chosen to stimulate and regulate the existing suppliers.

Liby makes suggestions of removing or reforming certain suppliers based on the Annual Report on Comprehensive Management of Suppliers. When something goes wrong with a supplier, Liby will ask it to rectify the mistake, during which Liby also gives some help. If the supplier still fails to meet Liby’s standards or refuses to rectify its mistakes, it will be removed from the list of Liby’s suppliers.

Liby moves supplier management online and finishes the process of supplier admission, tiered management and removal via its SRM system. In this way, the management mechanism is fully carried out.

**Feature** Joint Laboratories

We have partnered up with many global giants in the household chemicals sector, including Clariant and Nouryon, to build joint laboratories. We combine our R&D resources to develop new detergents and personal care products, make ground-breaking adaptations to current formula and raw materials, and introduce and promote application of new technologies. Our goal is to provide innovative solutions to an ever-changing industry with diversifying consumer demands.

- Jointly developing composite bio-enzyme preparations and expanding their use in cleaning products
- Developing bio-based surfactants and polymers to replace petroleum-based ingredients
- Developing raw materials and technologies to satisfy diversifying consumer demands
- Creating effective big data models to boost product innovation efficiency
- Standardizing product specifications to improve product performance
On June 27, 2019, Liby, together with world-renowned industry professionals, unveiled a premium laundry detergent - the Liby Laundry Detergent Essence – in London. This brand-new product combines technology and innovative ideas from raw materials suppliers and tech companies all over the world, including Givaudan and Firmenich. Its package was designed in collaboration with the renowned British design company Pearl Fisher. The design achieved a successful balance of aesthetics and practicality. The event provided an opportunity for Liby to engage with raw material and IT service suppliers as well products partners, laying foundation for future cooperation.

We offer supplier training on business management, quality control, production process, and R&D, set quality performance benchmarks, and provide suppliers with opportunities to learn best practices from each other. At our annual quality assurance conference, we acknowledge suppliers that have demonstrated a commitment to meeting our requirements and announce unqualified suppliers and potential quality issues and risks. We also invite experts to introduce Liby’s quality policies and standards and urge suppliers to step up self-improvement.

Support to Brand-service-providers

We have been working to help brand-service-providers improve their business efficiency, build talent pipelines and achieve sustainable quality-oriented development by rolling out relevant training programs, sharing information with them, organizing brand-service-provider conferences and providing one-on-one support.

**Number of brand-service-providers**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,179</td>
</tr>
<tr>
<td>2018</td>
<td>1,211</td>
</tr>
<tr>
<td>2019</td>
<td>1,132</td>
</tr>
</tbody>
</table>

**Number of training sessions for regional brand-service-providers per month**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>25</td>
</tr>
<tr>
<td>2018</td>
<td>30</td>
</tr>
<tr>
<td>2019</td>
<td>36</td>
</tr>
</tbody>
</table>

**Number of brand-service-providers participating in Liby’s training sessions per year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3,200</td>
</tr>
<tr>
<td>2018</td>
<td>2,500</td>
</tr>
<tr>
<td>2019</td>
<td>5,964</td>
</tr>
</tbody>
</table>

**Creating a brand-service-provider training system**

Based on our own demands, we have launched various training programs in relation to Amoeba management, channel operation, and sales skills to help brand-service-providers build teams, and improve operations.

**Sharing useful experience**

We review and take stock of our successful business models and provide them to brand-service-providers so that they can draw on our experience, improve management and team building, and grow together with Liby.

**Maintaining continuous communications**

In 2019, we upgraded our annual brand-service-provider conference to brand-service-provider conference where our brand-service-providers can review the past, share their achievements, and plan for the future. By maintaining continuous communications, we strengthen our bonds with brand-service-providers and give them a sense of belonging.
Liby's “Future Business Elite” Camp Program started in 2009. The program aims to introduce Liby's corporate culture, products and management practices to the children of our brand-service-providers and offer internship opportunities to them so that they can improve their skills through practice. Some of the participants have taken over their parents' business or become their parents' right-hand men. Others have started their own business as independent brand-service-providers of Liby.

We offer one-on-one, all-round support to our brand-service-providers, helping them manage inventory, improve operations or solve problems when necessary so their business can grow together with us.

On the night of August 21, 2016, the warehouse and office of a brand-service-provider of Liby, Shouguang Aimeng Trade Company (hereafter referred to as Aimeng), in Shouguang District of Shandong Province caught on fire due to flammable materials leaks in a neighboring warehouse. The brand-service-provider suffered more than 10 million yuan loss as a result of the fire.

Upon knowing the accident, a team led by Liby's regional manager went to meet the management of the brand-service-provider to discuss response measures and boost the confidence of sub-brand-service-providers. After the visit, the regional manager made arrangements with Liby's warehouses to give priority to the need of Aimeng and thus effectively minimized the impact of the fire. Furthermore, Liby also granted a credit line of 2 million yuan to Aimeng to help it recover from the disaster. It also helped Aimeng raise over 800,000 yuan through the platforms of provincial and regional chambers of commerce to help pull through financial difficulties. In response to the loss of business data and documents, Liby offered Aimeng timely support to help it recover some of its first-hand data. It also assisted Aimeng with the fire insurance claim.

In the two years following the fire, Liby sent a team to help Aimeng improve its operations. As a result, Aimeng accomplished 110 percent of its annual sales target in the year of the fire accident, and more than 130 percent in the following year. Its loss caused by the fire accident was partly offset. This first-hand experience with Liby's culture of caring has boosted Aimeng's determination to continue to collaborate with Liby.
Help Employee Development

Support of employees is crucial for our digital transformation and successful implementation of new strategies. Employees are the key to the success of our business, especially because we have entered a new development phase. We attach great importance to physical and mental health of all employees and equip them with knowledge and skills through training to help them stay ahead of industry trends. We have launched a variety of wellness programs to support employees’ personal growth and strive to create a positive and harmonious work environment to help employees grow to their fullest potential.

- Employees’ Rights and Interests
- Employee Growth
- Employee Wellbeing

Our Achievements

Liby was given the honorary title of “National Model Employer for Harmonious Labor Relations”
Liby won the National Award for Outstanding Private Enterprise Contributing to Employment and Social Security
Liby was ranked among China’s Top 30 Employers of the Year
Employees’ Rights and Interests

We comply with all applicable laws and regulations and have made continuous efforts to improve our relevant systems to protect employees’ lawful rights and interests. We also offer generous compensation and benefit packages based on our financial standing and strive to build a positive and safe workplace.

We do our best to facilitate equal employment opportunities and eliminate workplace discrimination based on gender, age, race, physical conditions or marital status. We comply with the Labor Law, the Labor Contract Law, and other applicable laws and regulations and respect employees’ right to rest and vacation. Liby has zero tolerance to child labor or forced labor and implements measures to protect employees’ lawful rights and interests. All our employees, including workers working for us under secondment arrangements, are members of our labor union.

We comply with all applicable laws and regulations and have made continuous efforts to improve our relevant systems to protect employees’ right to know, the right to make suggestions, the right to participate in matters that could affect them, and other rights protected by law.

We attach great importance to workplace democracy and have been building platforms for democratic management, including the labor union and the staff representative assembly, through which employees can exercise their rights to know, engage in, express their opinions about and oversee the affairs of the company. Liby has been received national and provincial awards for business transparency and democratic management.

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Compensation and benefits

Liby attracts and retains top talent by offering fair, competitive, comprehensive, and market-based compensation and benefits packages. We make contributions to employees’ pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, as well as the Housing Provident Fund, in accordance with relevant laws and regulations of China.

We pay employees based on their positions, performance, and capabilities.

We use a market-based compensation system and adjust compensation and benefits packages in response to the changing business environment.

We have adopted many mechanisms, rules, standards, procedures, tools and methods to ensure compensation adjustment is rules-based and justified.

Occupational health

We invest generously in our occupational health and safety program. We have put in place an occupational health and safety management system that meets the IS014001 and OHSAS181001 standards. We work proactively to improve workplace health and safety by optimizing operating and working environment and strengthening preventive measures.

Optimizing the operating environment

We have invested over 100 million yuan in automation, standardization of preventive measures, improvement of work conditions, and optimization of the operating environment.

Each floor of our office building has a breakroom, a photocopying and printing services area, a lactation room, and bathrooms. We also provide a full range of amenities and facilities to create a comfortable work environment for employees.

We assess compliance risks on a regular basis and have stepped up inspection of occupational hazards in the workplace. We continuously push for technological upgrading to minimize employee exposure to dust and noises. Employees are required wear protective equipment in accordance with our safety regulations. Appropriate measures have been put in place to identify, control and eliminate workplace hazards. In addition to organizing regular health checks, we also provide information on the safety and health hazards of the workplace and the controls for those hazards.
Employee Growth

Employee growth is essential for the implementation of business strategies and goals. We have stepped up investment in employee growth and development and put in place an employee training, selection and promotion system to support our employees in reaching their true potential.

**Employee training**

Liby has leveraged the "Liby University" platform to build an employee development system which offers a full range of professional, systematic and tailored training programs. We also use our E-learning platform and WeChat official account to support staff learning and development.

We have rolled out a “3+1” training program for employees recruited through our on-campus recruitment process. The program is composed of four components: the college student training camp program, internship opportunities with our factories and marketing team, onboarding program, and Li Cai Xing on-campus recruiting program. It is designed to help new hires adjust to their jobs and integrate them into the corporate culture as quickly as possible.

In addition to the new manager training program and the youth leadership program, we have also launched the Qingyun Leadership Program to groom top talent for leadership to drive business growth in the next five years.

Each month, we invite our senior executives to share their insights with our employees on our corporate strategies and culture and pass on knowledge and wisdom to help employees improve performance and job skills. By the end of 2019, we have organized 16 such events.

We encourage employees to be innovative, and have built an innovation system within the Group with an incubation platform. With the support of the Group, new products continue to be successfully developed, new brands incubated, and Liby has gradually built a brand cluster covering all scenarios at home and elsewhere. At the same time, the Group established the "Crab Innovation" Fund, held Innovation Hackathon and other activities to provide rich resources to employees and help stimulate their innovation abilities. We support employees to translate their innovation into actions and programs and also have created a pro-innovation and dynamic cultural atmosphere.

**Training for employees recruited through our on-campus recruitment process**

**Core talent development**

We have invested tens of millions of yuan in employee training.

By the end of 2019, we had organized more than 1,122 training sessions with a total length of 39,151.6 hours and 88,605 employees attended the training sessions.

**Staff training and development**

"Crab Innovation", released on September 2, 2019, is the signature innovation brand of Liby based on its “1+2” strategy. We strive to build it into a platform for planning innovation activities and bridging innovation organizations inside and outside the company to serve our constant pursuit of corporate development. To this end, we will foster favorable conditions and environment for innovation, explore effective solutions to branding, product development and marketing in the retail and fast-moving consumer goods market, and attract and cultivate innovators who suit our corporate strategy. From November 15 to 17, 2019, in partnership with Startup Salad, we launched the first "Crab Innovation" Innovation Hackathon, offering employees an opportunity and an incubation platform to show themselves and their ideas: participants would propose their ideas, group on the spot, and work as a team to brainstorm, formulate plans and stage the road show, with guidance from mentors. We hoped participants would seize the opportunity to think out of the box, challenge the known and explore the unknown.
In July 2000, Wu Chen joined Liby after graduating from college. His job was dealing with branding matters. Since then, he has demonstrated the same level of dedication day after day and accumulated extensive experience in brand management. He is now the leader of Liby’s brand management team.

Rising to challenges

When Wu joined Liby, the Group was seeking to expand into new territories, which provided an unprecedented opportunity for Wu Chen to prove himself. In 2002, Liby started to expand its presence in the household cleaning products industry and the home insecticides industry. Our insecticide products are launched under the brand umbrella Cheerwin. Later, Liby launched the Vewin product line and set up a household cleaning products division. The two divisions have brought in over 1 billion yuan in revenue. Wu is a person up for any challenges. Over the past decade, he has accumulated extensive experience in brand management. His contributions were soon recognized by the company. Wu was promoted to Marketing Manager and Deputy General Manager of the household cleaning products division and then Brand Manager of the Group. He is now Vice President of Liby after serving as Chief Brand Officer and General Manager of Liby’s brand management center.

Pursuing excellence and building a professional team

As the leader of Liby’s brand management team, Wu, with his extensive experience, has been focusing on fostering his team members’ capabilities to identify the needs of consumers and communicate with consumers. He also provides learning and growth platforms and opportunities for the team members and encourages them to draw on experience to build brand asset management and product innovation skills. Thanks to his efforts, a group of young talented individuals have become the backbone of Liby’s brand management team.

Employee Wellness

To foster a sense of belonging among employees, we attach great importance to employee wellness and strive to create a healthy and happy workplace for all our employees.

Employee care

Liby creates quality living conditions, provides medical facilities and other “Happy Project” measures and builds a convenient and heartwarming workplace for its employees.

Quality living conditions

Since its inception, Liby has been helping employees with dormitories. Single employees who satisfy the relevant prerequisites are eligible for application. Meanwhile, Liby has built a five-star canteen and recruited quality catering service providers to create quality dining environment and choices.

Medical facilities

Liby has built a medical service center integrating healthcare, prevention and health care services for its employees. The center has one full-time physician and a nurse, who provide medical services to employees catching 42 types of common diseases including cold and fever. The measure helps employees to solve the problems in terms of accessibility and affordability of medical services.

Thoughtful care for mothers-to-be

Liby sets up a nursery room equipped with refrigerator, microwave oven and sofa, etc., on every floor of the Liby Center higher than 18 floors so that pregnant and breastfeeding women employees can have a rest in work. It also opened a special food ordering system for mothers-to-be and designated a special dining area for them. With a “mother-to-be badge,” pregnant employees can take priority in taking elevators. Through these measures, Liby offers mothers-to-be considerate care.
Liby has organizing various artistic and sports activities that are popular among the employees to help them alleviate work pressure and invigorate them.

Feature
Doubling Safety Net to Employee Happiness and Bringing Warmth to Home

Accidents or critical illness usually means a catastrophic blow to an ordinary family, upending their happy life or setting them in distress. To help employees with such difficulties, Chen Kaiman and Chen Kichen, Chairman of the Board and Vice Chairman of Liby, donated 2 million yuan in their own name and set up the Employee Caring Fund in February 2009. Supporting management systems were built to give assistance to employees who suffer critical disease or accidents and their immediate family members. The fund doubles the safety net of employees’ family and makes the company a caring family to its employees.

The original fund came from donations by Liby’s Chairman of the Board and Vice Chairman and their sons and daughters. New added funds come from interest income, returned contributions to labor union and employees’ donations among others.

A management committee was set up to implement the procedure-based management and application system, ensuring the use of the fund is in line with its original purposes.

Eligible employees suffering from serious illness or major accident that costs more than 20,000 yuan out of pocket can apply for the medical aid of a certain proportion to their medical expenses.

Source of Funding
Fund Management
Recipients

Assistance from the fund is really helpful. It alleviates my family burden and makes me focused on work without worry.

A Liby employee from Spring

Key performance
By the end of 2019, Liby’s Employee Caring Fund had offered assistance to more than 200 employees or their family members, with the total assistant amount nearly 3.6 million yuan.

Balance life and work
Liby has launched various artistic and sports activities including Liby King of Glory Mobile Game Competition, Thanksgiving heartwarming event of free drinks and New Year’s greeting party. Integrating the corporate culture of bringing health and happiness to every family into these activities, Liby aims to enhance employees’ awareness of fulfilling responsibilities.

Liby headquarters and its branches have been holding a sports meeting every two years. So far, five sessions have been held. Many events attract employees’ family members to take part in.

All systems and departments of Liby organize various meetings to exchange and share experiences and team-building activities to make employees’ life more colorful and foster familial bonds in the teams.
Boost Community Prosperity

A good community relationship is the soil an enterprise takes its root in. As Liby grows, community is becoming an unneglectable stakeholder. Giving full play to the indispensable roles of household chemicals products in people’s daily life, Liby has been guiding the public to practice social morality and returning to society with strong sense of responsibility and gratitude. It also devotes itself to charitable cause and activities to contribute to community prosperity.

Our Actions

- **Build a Happy Family Together**
  Liby always insists on giving back to the society with gratitude, and has donated more than 500 million yuan in total to improve the people’s livelihood, support education and help the poor.

- **Poverty Alleviation**
  Liby provided financial support to poverty alleviation efforts in three impoverished villages of Longgang in Lufeng City of Shanwei, Hemei and Shishiyang in Purun of Jieyang.

- **Volunteer Service**
  In 2012, Liby built the first volunteer team serving left-behind children in Guangzhou. An annual funding support of 1 million yuan is provided to deliver cares to left-behind children.

- **Involvement in Charity**
  Liby donated nearly 102 “loving libraries” for remote areas in Guangdong Province.

Our Achievements

- In 2019, Liby contributed 12.8 million yuan on the poverty alleviation day in Guangdong Province. It has donated over 100 million yuan to the event in total.

- Liby funded the production of song for targeted poverty alleviation campaign “Happy Together.” This song was rated an outstanding work in the promotion of cultural and ideological progress in Guangdong Province.

- Liby presented more than 1,000 “Liby happiness backpacks” to children in provincial-level regions including Guangdong, Hainan, Yunnan, Sichuan, Jiangxi and Guizhou, bringing them with painting books, stationery and toys.
Build a Happy Family Together

By providing consumers a wide variety of eco-friendly products, Liby helps them build a green and health living environment. It also injects elements of social responsibility into its brand and calls on the public to build a happy family. For example, Liby advocates the public to practice green and healthy lifestyle; with its Kispa brand, Liby calls on fathers to play a bigger role in their children’s life and create a happy, assuring family atmosphere in favor of the happy growth of children.

Promote healthy lifestyle

Health is the foundation of a happy family. Guided by its green and health strategy, Liby proposed a brand campaign of building a green healthy home in 2017. Revolving around the theme, the company advocated a healthy lifestyle among the public through micro film and various public activities.

Washing Away Impossible for A New Green Life

In 2017, Liby released a micro movie Washing Away Impossible for A New Green Life in celebration of the Chinese Spring Festival. The film featured the stories of 10 protagonists from 10 cities. With the theme of unloading, new life and restarting, it called people to wash away unhappiness in the past year, embark on a new journey and get a new green life in the new year.

Livestreaming event “Chatting with Dad”

The event aims to create an opportunity for communications between parents and children so that parents can hear the real thoughts of their children, reflect on their parenting and give children freedom to explore the world.

Trailer Imperfect Dad

The trailer depicts the confusions three dads of different ages, Huang Lei, Su Bingtian and Wang Xi, met in parenting. It aims to evoke thinking about fathers’ devotion in the eyes of mothers and children and giving recognition and encouragement to fathers’ involvement in family life.

Call for the equal communication in domestic life

Over the years, the absence of fathers in family education has triggered depression among mothers and character flaws of children among other problems. They seriously affected the healthy growth of children and happiness of domestic life. On June 27, 2014, Liby upgraded the Chinese name of its Kispa brand into haobaba, or good dad, Kispa. It also invited Chinese TV celebrity Huang Lei to endorse the brand and call on fathers to play a bigger role in their children’s life and create a happy, assuring family atmosphere in favor of the happy growth of children.

Key performance

Hashtag #Imperfect Dad on Sina Weibo had over 280 million viewership.

The trailer Imperfect Dad logged more than 30 million clicks.

The music “The Summer of Daddy’s Rock & Roll” helped the company beat other brands in Douyin’s history in terms of usage.
Poverty Alleviation

Actively responding to the calling of the nation, Liby has been contributing to poverty alleviation efforts through donation and enabling employment.

Liby has donated over 100 million yuan to the cause in total, contributing help to improving poor people’s living conditions and their livelihood.

Liby set up Yileyuan Foundation for Women Entrepreneurs to support women in rural areas in starting their own business. Liby managed subsidized micro loan for 150 women in rural areas so that they can have financial support in starting a business. It also donated 1.2 million yuan for women education in Liangshan Yi Autonomous Prefecture in Sichuan Province. Funded by the donation, women there had access to education and obtained necessary knowledge and skills for employment.

Liby funded the installation of streetlights on all main roads of the village and the building of a cultural activity center to improve local people’s living conditions and the quality of their cultural life.

Liby helped renovate local public service station, build a public square, upgrade the former toilet pool and pave the road, thus greatly improving and beautifying the village.

Liby built new roads, paved the streets, upgraded supporting facilities on its public square and renovated old revolutionary sites to boost local tourism.

Chen Kaixuan, Chairman of the Board of Liby, attended and addressed the launching ceremony of “Happy Together.”

Liby has injected continuous impetus into poverty alleviation in poor areas and successfully explored a series of poverty alleviation projects, such as love grapefruit garden, and Guizhou Yao style homestay hotels. Lapian Village, Yaoshan Township, Libo County, Qiannan Prefecture, sets a good example. Liby group helped this village to tap into ethnic culture and develop tourism projects with Yao customs and homestay hotels to develop tourism industry, generate sustainable income for poor villagers, and realize self-sufficient development.

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The event of Poverty Alleviation Day is a major measure the Guangdong provincial government implements the policy of targeted poverty reduction. Since its inception, Liby has been taking active part in it and contributing its efforts to poverty reduction in rural poor areas through education and employment. Beginning in 2017, Liby has been providing financial support to poverty alleviation efforts in these impoverished villages of Longguang in Lufeng City of Shantou, Hemei and Shishiyang in Puning of Jieyang. It helped upgrade local infrastructure, boost industrial development, improve people’s livelihood and transformed the three villages.
Volunteer Service

Liby has been devoting itself into volunteer services. By providing financial and platform support, we encourage our employees to care for the vulnerable groups and poor people and help those in need.

Volunteer service management

Liby has been making efforts to improve management of volunteer services so as it can be sustained. In 2012, Liby built the first volunteer team serving left-behind children in Guangzhou. With an annual funding support of one million yuan, the 285-member team has been delivering cares to left-behind children. Systematic management of volunteer services has been realized.

Volunteer services

Liby has been caring for children in difficulties and supporting remote poor areas. We inject heartwarming vitals to communities with cares. Since 2012, Liby volunteer team for left-behind children has launched activities in more than 100 primary schools in provincial-level regions of Guangxi, Guangdong, Guizhou, Henan, Jiangxi, Sichuan and Yunnan, etc., helping improve the teaching and living conditions in these schools. We also have brought in new tree breeds and provided technological support to local farmers. In addition, we helped build sales platforms, creating conditions for local economic development.

Key performance

So far, Liby volunteer team for left-behind children has launched more than 500 activities of donation and voluntary services, involving more than 50,000 volunteers and benefiting over 20,000 people.

Caring for children in difficulties

Targeting left-behind children, primary and middle school students in poor areas and children of migrant workers, the volunteer team presented them with free stationery and life supplies to help create an optimistic and happy living environment for these children.

Supporting remote areas

In joint efforts with various sectors, Liby volunteer team donated life supplies to remote poor areas to improve local living conditions.

In joint efforts with Suguo, Liby delivers warmth to snow-covered plateau

In September 2019, Liby, together with Suguo Supermarket Co., Ltd., launched a clothes donation event for Tibet by providing a donating platform and incentives (Liby products worth of 10,000 yuan). Meanwhile, Liby also raised donation for children in Tibet Autonomous Region by pledging that it would donate 2 yuan every bottle of Liby laundry essence it sold. As a result, the event received donation of more than 5,000 pieces of clothes. At the launching ceremony, Liby set up a "wish collection section," asking attendees to write down words of encouragement and wishes to children in Tibet Autonomous Region. It also expressed appreciation to donors for their support, paid tribute to those helping the construction of Tibet on the frontline, and called on society to give more care and support to charitable cause for Tibet. On October 23, Liby delivered the donated clothes, 300 backpacks donated by Liby, 50 sets of sports gears, and 84 boxes of Liby laundry essence to the Xumai Central Primary School in Nyemo County of Lhasa. The total donations were worth close to 80,000 yuan. Children in the school were excited about their new backpacks. They greeted us warmth at the plateau 4,000 meters above the sea level and made us more determined to devote ourselves into charity.

Key performance

As a result, the event received donation of more than 5,000 pieces of clothes. On October 23, Liby delivered total donations were worth close to 80,000 yuan to the Xumai Central Primary School in Nyemo County of Lhasa.
Involvement in Charity

Liby has been taking active part in charitable cause. Focusing on the psychological health, education and growth of left-behind children, it mobilizes the public strengths to help improve their studying environment and create a favorable environment for their physical and psychological health.

- **Liby Health and Happiness Project**

In August 2015, Liby initiated its charitable project of “Liby Health and Happiness Project.” Revolving around psychological health of left-behind children in poor areas, the Company mobilized public strengths to create a caring environment for the psychological health of left-behind children on the premise of equality, respect and love.

**Appealing the public to care for left-behind children with digital interactive activities**

On November 28, 2015, Liby Health and Happiness Project launched an event of “one step for love: Liby charitable run” and unveiled a public mobile application “HOME+” instead of making donations like clothes, users contribute their love to left-behind children in need through activities that are beneficial to their own health. On the day for the ceremony, the event attracted countless participants, who presented hundreds of “Liby Happiness Backpacks” to left-behind children via the HOME+ app. In the backpacks were postcards that connect parents, volunteers and children as well as painting books, tools and toys.

**Voice of stakeholders**

The charitable event organized by Liby makes me understand that charity is not only about enterprises, but everyone in society. It is an experience other enterprises can draw.
The project of "Liby Loving Libraries" focuses on improving the education facilities for children in remote areas and caring for the psychological health of left-behind children. In 2016, Liby donated five million yuan to Guangdong Provincial Education Foundation for building libraries in remote areas. The first Liby Loving Library was built in Dongen Primary School in Fengjiang Township, Jie County of Jieyang City. After that, Liby established 40 such libraries and donated 140,000 books and 160 bookshelves to 40 primary schools in four counties or districts in Jieyang City. By the end of 2019, Liby funded the building of loving libraries in close to 100 primary schools in remote areas in Guangdong Province, donated 35,000 yuan in cash and bought 3,500 books and four bookshelves for each.

In August 2013, Chen Baowen School, built with a total donation of 45 million yuan by Liby, was inaugurated in Puning of Guangdong Province. Since its opening, the school has witnessed students one generation after another broaden their knowledge and improve themselves. When they left the school after graduation, they are still grateful for Liby and determined to pass on the love to warm more people.

I will brave the wind and waves and sail to a bright future with wisdom and persistence as the paddles.

"Liby Loving Libraries" project was presented the 2016 South China Charity Communication Award.

In 2013, Liby donated 45 million yuan for the building of Chen Baowen School in Puning of Guangdong Province. With a construction area of more than 20,000 square meters, the newly-built school is equipped with a library, auditorium, dormitory building, teaching facilities like computers, sports track, badminton court and basketball playground. In addition, Liby helped the school attract quality teachers and students, and set up scholarships and awards for teachers to honor outstanding students and teachers.

I am Chen Lichun and I graduated from Chen Baowen School in 2016. I have been admiring Liby and moved by the dedication to education undertaking of Mr. Chen Kaixuan and Mr. Chen Kaichen. I will work hard and improve my quality and abilities. In the future, I will actively devote myself into charitable cause and contribute to the building of an alumni foundation to inspire people to work hard.

I am Xie Jieling and I graduated from Chen Baowen School in 2016. I learned a lot when I was a student in Chen Baowen School. Although it was years ago, the good old days always inspire me and make me emotional. I am grateful to Liby and Chen Baowen School, which provided us a good learning environment so that I could grow from a mischievous child to a grateful and responsible young person with dreams. The credit for what I am now goes to my former teachers, the learning atmosphere the school created, and the Chen Baowen Education Foundation. In the future, I will pay frequent visits to my mother school and make utmost contributions so that it could grow to be a better school.
Prospects

In 2020, Liby will continue upholding its core values of Integrity, Responsibility, Quality, Genuineness and Initiative, and take on its mission of bringing health and happiness to every family to improve responsibility management by revolving around products, environment, partners, employees and community responsibilities. We will thus better fulfill our responsibilities and lay a more solid foundation for realizing the vision of building Liby into a world-famous and century-Lasting brand.

Become a world-famous and century-Lasting brand

We will make plans for products, brands, channels and industrial chain based on consumer demands. We will roll out new products to satisfy the demands of different consumers and create green, healthy and sustainable ecology for the household chemicals industry with consumers at the core.

Dedicating to green production, we will advance green production management in differentiated ways in existing factories and newly built ones to realize intelligent and IT-driven management and improve the results of environment management over the production process in a systematic manner.

We will continue to advance coordinated development of all participants along the industrial chain for household chemicals industry. While realizing its commercial value, Liby will lead common growth with partners along the industrial chain from raw material suppliers to off-stream brand-service-providers.

We will improve the building of corporate culture to encourage employees to pursue excellence. We will continue improving incentive and performance evaluation system to inspire employees to realize self-improvement and self-value and grow to be new-type of fighters in an era of digital economy.

We will review and maximize the potential of our resources for charitable work and volunteer services so as to make greater contributions to community development.
**About the Report**

This CSR report is the second of its kind released by Guangzhou Liby Enterprise Group Co., Ltd. It systematically presents the economic, environmental and social values Liby has created as it practices the concept of green development, advances strategic transformation, and gives back to society under the guidance of the sustainable development philosophy of building a world-famous and century-lasting brand since the first CSR report was released in 2016.

**Reporting Scope**

Guangzhou Liby Enterprise Group Co., Ltd.

**Compilation Conformance**

GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI) Guidelines on Corporate Social Responsibility Reporting (GB/T 36001-2015) released by the Standardization Administration of the People's Republic of China

**Data Sources**

All information and data used in this report, unless otherwise indicated, come from Liby's official documents or financial statements. All financial amounts in this report are stated in yuan.

**References**

For better expression and readability, "Guangzhou Liby Enterprise Group Co., Ltd." is also referred to as "Liby", "the Group", "the Company" or "we".

**Report Access**

This Report is issued to all stakeholders in both printed and electronic versions. You can download the electronic version on our website (http://www.liby.com.cn/zerenbaogao/index.html). If you have any questions about the content of the report or need a printed version, please send an email to libycsr@liby.com.cn

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<td>Employee Wellbeing</td>
<td>401-2</td>
</tr>
<tr>
<td>Boost Community Prosperity</td>
<td>Advocate the Building of Happy Family</td>
<td>102-16</td>
</tr>
<tr>
<td>Boost Community Prosperity</td>
<td>Poverty Alleviation</td>
<td>283-1/413-1/415-1</td>
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<tr>
<td>Boost Community Prosperity</td>
<td>Volunteer Service</td>
<td>283-1/415-1</td>
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<tr>
<td>Boost Community Prosperity</td>
<td>Involvement in Charity</td>
<td>283-1/415-1</td>
</tr>
<tr>
<td>Afterword</td>
<td>Prospects</td>
<td>102-29</td>
</tr>
<tr>
<td>Afterword</td>
<td>Content Index</td>
<td>102-55</td>
</tr>
<tr>
<td>Feedback Sheet</td>
<td>Feedback Sheet</td>
<td>102-53</td>
</tr>
</tbody>
</table>
Feedback Sheet

Dear reader,

Thank you for taking time to read this report. We would love for you to share your comments on our CSR report and practices with us by completing this survey so we can better understand your expectations and demands. Every piece of advice we can get is helpful and will be greatly appreciated.

1. Which stakeholder group below does you belong to?
   - [ ] Government
   - [ ] Shareholder
   - [ ] Customer
   - [ ] Partner
   - [ ] Consumer
   - [ ] Employee
   - [ ] Media
   - [ ] Community / Public
   - [ ] Other

2. Are you satisfied with the content of this CSR report?
   - [ ] Yes
   - [ ] No
   - [ ] Average

3. Are you satisfied with the layout of this CSR report?
   - [ ] Yes
   - [ ] No
   - [ ] Average

4. Can you easily find the information you care about in this CSR report?
   - [ ] Yes
   - [ ] No
   - [ ] Average

5. Which subject(s) are you interested in most? (Three options at most)
   - [ ] Strengthen Party building
   - [ ] Digital transformation
   - [ ] Product R&D
   - [ ] Green raw materials
   - [ ] Quality control
   - [ ] Consumer rights and interests
   - [ ] Green management
   - [ ] Green office
   - [ ] Energy conservation and emission reduction
   - [ ] Process improvement
   - [ ] Green packaging
   - [ ] Green transportation
   - [ ] Consumer interaction
   - [ ] Anti-corruption
   - [ ] R & D cooperation
   - [ ] Law-based corporate governance
   - [ ] Fair employment
   - [ ] Democratic management
   - [ ] Brand-service-provider support
   - [ ] Employee training
   - [ ] Career development
   - [ ] Employee care
   - [ ] Involvement in Charity
   - [ ] Poverty alleviation
   - [ ] Advocates healthy lifestyle
   - [ ] Call on equal communication in domestic life

6. What suggestions or advice do you have on our CSR report or our work?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________