Xiaomi Corporation

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Date: 02 June 2023
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Introduction

In 2021, Xiaomi Corporation (“Xiaomi”) issued a green bond aimed at financing projects that reduce Xiaomi’s carbon footprint and improve its environmental impact. In 2023, Xiaomi engaged Sustainalytics to review the projects funded through the issued green bond (net proceeds of USD 392.8 million) and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Xiaomi Corporation Green Finance Framework. ¹ Sustainalytics provided a Second-Party Opinion² on the Framework in July 2021. This is Sustainalytics’ second annual review of allocation and reporting of the green bond issued under the Xiaomi Corporation Green Finance Framework, following a previous review in June 2022.³

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2021 green bond based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Xiaomi Corporation Green Finance Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Xiaomi Corporation Green Finance Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria and associated KPIs, while Table 2 lists the detailed findings.

Table 1: Use of Proceeds, Eligibility Criteria and associated KPIs

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
<th>Eligibility Criteria</th>
<th>Key Performance Indicators (KPIs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco-efficient and Circular Economy Adapted Products, Production Technologies and Processes</td>
<td>Expenditures related to research and development (R&amp;D) of products to achieve energy efficiency and certification by the China Energy Label (CEL), China Energy Conservation Product Certification (CECP) and European Union Energy Label, including: • Reduction in energy and water consumption, and GHG emissions R&amp;D expenditures related to facilitating the use of eco-efficient materials in its products and packaging, including but not limited to: • Designing product packaging to reduce packaging material usage and weight and to reduce or avoid the adoption of</td>
<td>• CO₂ (or other GHG) emissions avoided (in tCO₂e) • Total packaging materials reduced (in tonnes) • Total plastic and film materials avoided or reduced (in tonnes)</td>
</tr>
</tbody>
</table>

¹ The Xiaomi Green Finance Framework is available on Xiaomi Corporation’s website at: https://ir.mi.com/static-files/e6caf854-0a06-42a8-8a59-30a3831db153
² Sustainalytics Second-Party Opinion is available on Xiaomi Corporation’s website at: https://ir.mi.com/static-files/44c5771d-4a92-498a-9524-1c79c75b8481
<table>
<thead>
<tr>
<th><strong>plastic and film materials by utilizing biodegradable paper</strong></th>
<th><strong>Replacing existing phone components with bio-based or other recycled materials</strong></th>
</tr>
</thead>
</table>

**Energy Efficiency**  
Design, installation, development and operation of infrastructure that reduces energy consumption or avoid GHG emissions in operations, including but not limited to:  
- Design and development of energy-efficient infrastructure that enables unmanned production and achieve 24-hour lights-out production  
- Improvement and maintenance of energy-saving electrical appliances controlled by a smart energy management system  
- Energy savings (in MWh)  
- CO₂ (or other GHG) emissions avoided (in tCO₂e)

**Green Buildings**  
Expenditures related to the improvement, refinancing, design or construction of existing and new office spaces, commercial buildings or surrounding communities certified in accordance with any one of the following selected certification systems:  
- Chinese Green Building Evaluation Label (GBL) two stars or above  
- LEED Gold or above  
- BREEAM Excellent or above  
- BCA Green Mark Gold or above  
- Annual energy savings (kWh)  
- CO₂ (or other GHG) emissions avoided (in tCO₂e)  
- Number and type of certification of green buildings  
- Annual reduction in water consumption (in tonnes)

**Clean Transportation**  
Expenditures related to investment in property, plant and equipment (PP&E), as well as R&D expenditures of alternative vehicles, sample projects including but not limited to:  
- Electric vehicles  
- Electric scooters and electric self-balancing scooters  
- CO₂ (or other GHG) emissions avoided (in tCO₂e) in use phase per vehicle

**Pollution Prevention and Control**  
Promoting waste classification and instant waste conversion in order to mitigate its environmental impact  
Recycling domestic waste and kitchen waste in offices to reduce solid waste disposal  
- Installation and maintenance of waste-processing equipment in the Xiaomi Science and Technology Park canteen, which converts kitchen waste into organic fertilizer in accordance with national standards  
- Amount of waste reused or recycled (in tonnes or as a share of total waste)  
- Amount of waste treated in an environmentally sound manner (in tonnes) from Xiaomi's facilities

**Renewable Energy**  
Expenditures related to new or existing renewable energy projects (solar and wind projects) or the associated transmission solutions  
- Renewable energy generation (in MWh) and capacity (in MW)  
- Renewable energy capacity installed (in MW)  
- CO₂ (or other GHG) emissions avoided (in tCO₂e)
Issuer’s Responsibility

Xiaomi is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the Use of Proceeds from Xiaomi’s green bond. The work undertaken as part of this engagement included collection of documentation from Xiaomi and review of said documentation to assess conformance with the Xiaomi Corporation Green Finance Framework.

Sustainalytics relied on the information and the facts presented by Xiaomi. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Xiaomi.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the Use of Proceeds criteria and reporting commitments in the Xiaomi Corporation Green Finance Framework. Xiaomi has disclosed to Sustainalytics that the proceeds from the green bond were fully allocated as at 31 December 2022.

Detailed Findings

Table 2: Detailed Findings

<table>
<thead>
<tr>
<th>Framework Requirements</th>
<th>Procedure Performed</th>
<th>Factual Findings</th>
<th>Error or Exceptions Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of Proceeds Criteria</td>
<td>Verification of the projects funded with proceeds from the 2021 green bond to determine if projects aligned with the Use of Proceeds criteria outlined in the Xiaomi Corporation Green Finance Framework.</td>
<td>All projects reviewed complied with the Use of Proceeds criteria.</td>
<td>None</td>
</tr>
<tr>
<td>Reporting Criteria</td>
<td>Verification of the projects funded with proceeds from the 2021 green bond to determine if impact of projects was reported in line with the KPIs outlined in the Xiaomi Corporation Green Finance Framework.</td>
<td>All projects reviewed reported on at least one KPI per Use of Proceeds category.</td>
<td>None</td>
</tr>
</tbody>
</table>

4 Sustainalytics’ limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.
Appendices

Appendix 1: Allocation Reporting by Eligibility Criteria

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>Overview of Projects</th>
<th>Amount Allocated (million USD)</th>
<th>Percentage of Use of Proceeds (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green Buildings</strong></td>
<td>Completion of qualified green buildings certifications: Xiaomi has confirmed that all the buildings in the green building portfolio are aligned with applicable green building standards.</td>
<td>214.08</td>
<td>54.50%</td>
</tr>
<tr>
<td><strong>Clean Transportation</strong></td>
<td>Electric vehicle related expenses</td>
<td>176.78</td>
<td>45.00%</td>
</tr>
<tr>
<td><strong>Energy Efficiency</strong></td>
<td>Installation of energy-efficient facilities and smart energy management systems</td>
<td>1.61</td>
<td>0.41%</td>
</tr>
<tr>
<td><strong>Pollution Prevention and Control</strong></td>
<td>Installation of waste-conversion equipment</td>
<td>0.17</td>
<td>0.04%</td>
</tr>
<tr>
<td><strong>Renewable Energy</strong></td>
<td>Installation of solar boilers</td>
<td>0.17</td>
<td>0.04%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>392.80</td>
<td>100%</td>
</tr>
</tbody>
</table>

% of Financing: 83.68%
% of Refinancing: 16.32%

Appendix 2: Impact Reporting by Eligibility Criteria

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>Measured Impact</th>
</tr>
</thead>
</table>
| **Green Buildings**      | • Energy saved: 870 MWh  
                          | • CO$_2$e avoided: 528 tonnes  
                          | • Water saved: 7,788 tonnes  |
| **Clean Transportation** | • CO$_2$e avoided: estimated to be 102-115 gCO$_2$e per km per vehicle in use phase, compared with conventional a gasoline vehicle of a similar category |
| **Energy Efficiency**    | • Energy saved: 5,851 MWh  
                          | • CO$_2$e avoided: 3,534 tonnes  |
| **Pollution Prevention and Control** | • Waste treated: 4,548 tonnes  
                          | • Amount of animal feeds and fertilizers converted: 444 tonnes  |
| **Renewable Energy**     | • Energy saved: 420 MWh  
                          | • CO$_2$e avoided: 167 tonnes  |
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