



Xiaomi Corporation

2022 ESG Report Presentation



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Who Are We



A Consumer Electronics and Smart Manufacturing Company
with Smartphones and Smart Hardware Connected by an IoT Platform at Its Core

FY 2022

Market Leadership

#3

Smartphone Company
by Global Shipments¹

12.8%

Global Smartphone
Shipments Market Share¹

Massive User Base

582.1MM

Global MIUI MAU²

143.7MM

Mainland China MIUI MAU²

Large Scale

RMB280.0BN

Total Revenue

150.5MN

Global Smartphone Shipments

Stable Profitability

17.0%

Gross Profit Margin

RMB8.5BN

Adjusted Net Income³

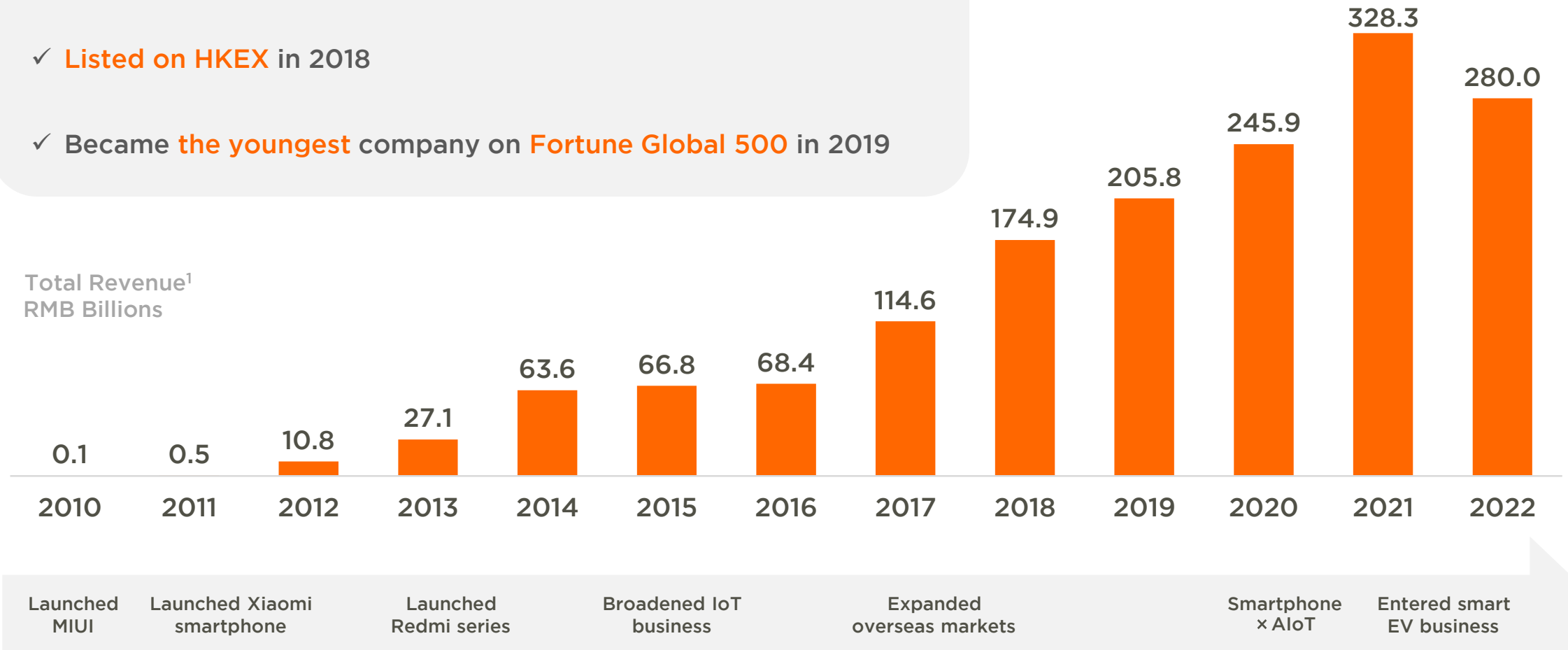
¹ According to Canalys, by smartphone shipments in 2022

² In December 2022

³ Defined as profit for the period, as adjusted by adding back (i) share-based compensation, (ii) net fair value changes on investments, (iii) amortization of intangible assets resulting from acquisitions, (iv) changes of value of financial liabilities to fund investors, and (v) income tax effects of non-IFRS adjustments

Strong Growth Trajectory

- ✓ Revenue exceeded **RMB100 billion** within **7 years**
- ✓ **Listed on HKEX** in 2018
- ✓ Became **the youngest** company on **Fortune Global 500** in 2019



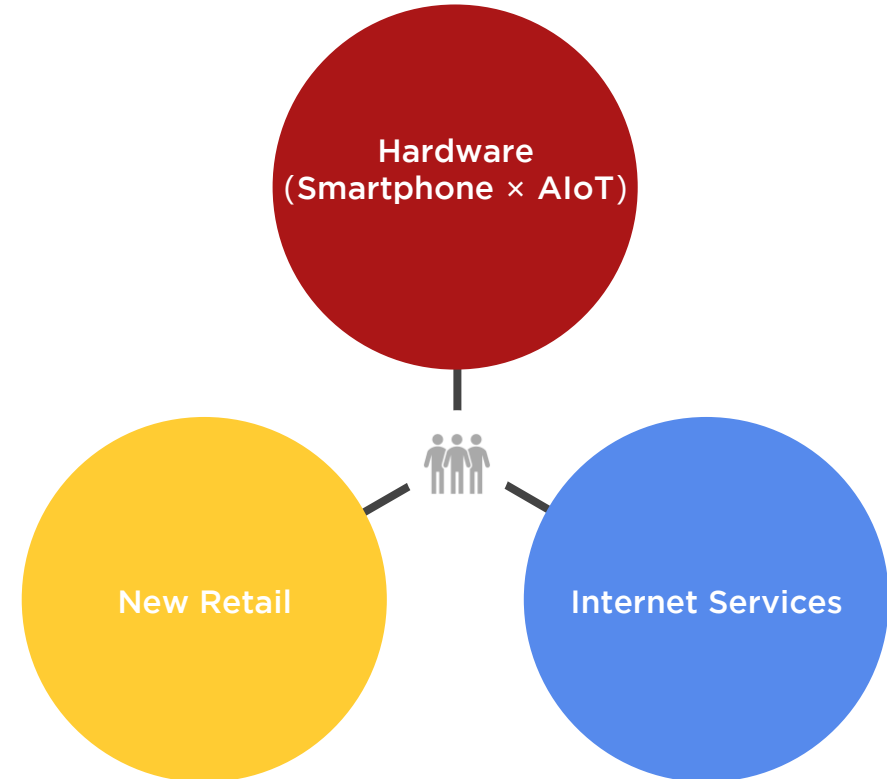
¹ The revenue from 2010 to 2014 was based on unaudited management accounts

Triathlon Business Model



User-centric approach

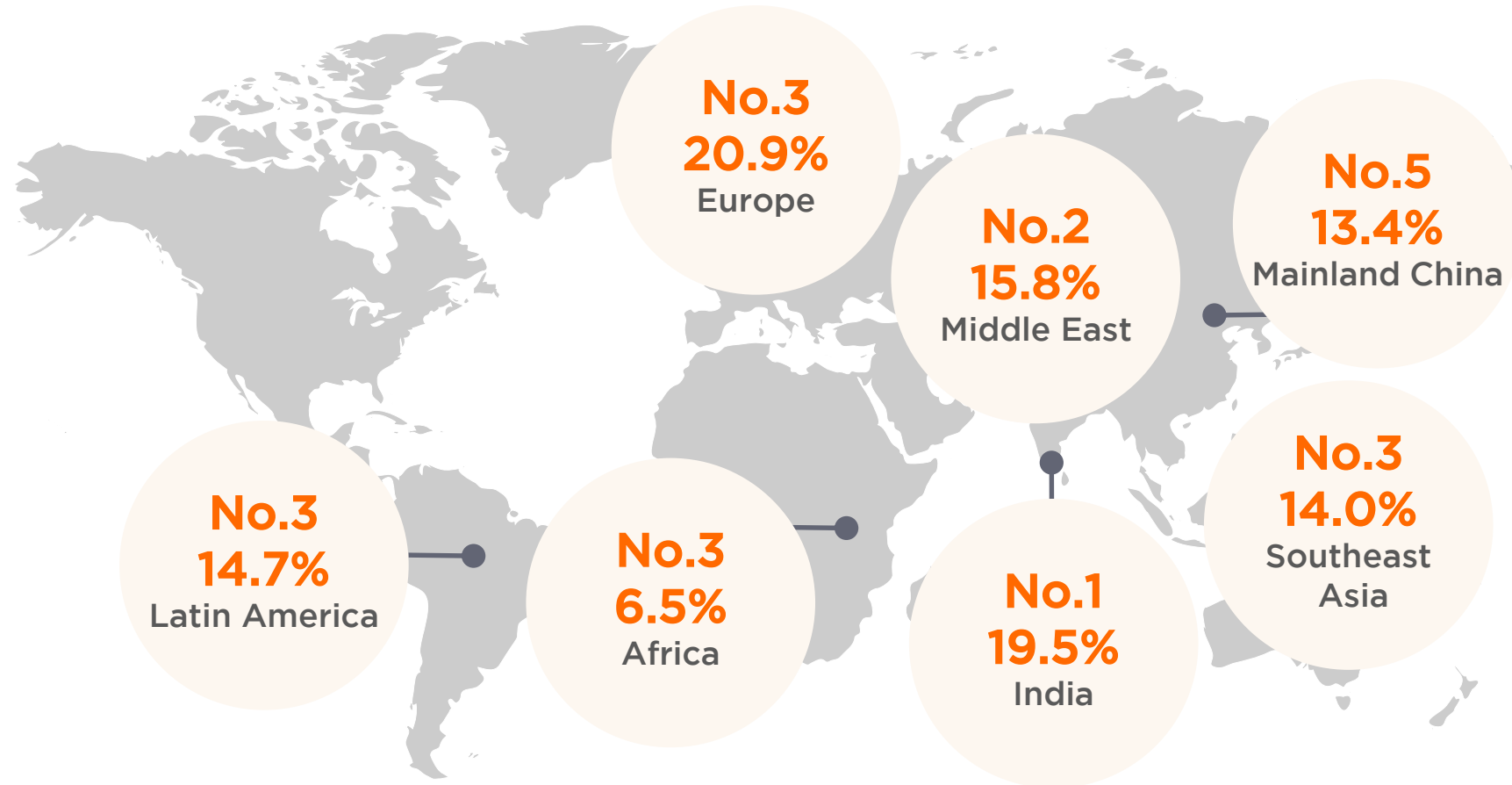
- ✓ Hardware: **Smartphone × AIoT**, “killer” products
- ✓ New Retail: Maximize **operating efficiency**, same pricing online and offline
- ✓ Internet Services: Enhance **user experience** while monetizing traffic from smartphones and new retail



Global Footprint



2022 Xiaomi Smartphone Shipments Ranking and Market Share



Smartphone Market Share Ranked Top 3 in **54 Markets** and Top 5 in **69 Markets**

Our Mission

Relentlessly build amazing products at honest prices to allow everyone in the world to enjoy a better life through innovative technology

Our Vision

To be friends with our users and to be the “coolest” company in our users’ hearts and minds



**Balance Our Environmental and Social Impacts with Business Goals,
and Promote Sustainable Development**

Environmental

- Climate Strategy
- Reviews and Targets
- Product Carbon Footprint
- Clean Technology
- Green Logistics
- Circular Economy
- Green Operation

Social

- Sustainable Supply Chain
- Conflict Minerals
- Data Security and Privacy Protection
- People Management
- Social Responsibility

Governance

- Corporate Governance Structure
- Enhanced Corporate Management
- Business Ethics

Sustainability Governance Structure





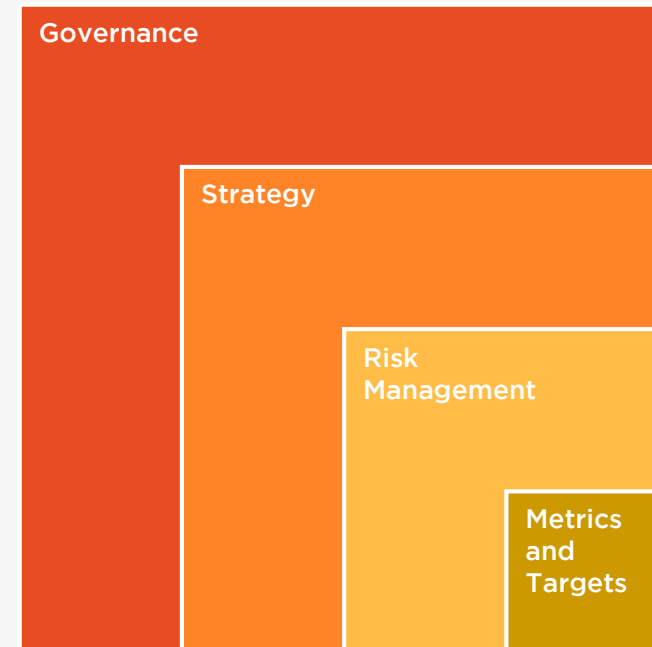
Environmental





We have infused *climate-conscious* elements into the design-to-delivery process of our "coolest product", exploring *every possible integration of low-carbon* with Xiaomi's business strategy and brand features, and translating these principles into *environmentally-friendly technologies and products* that help accelerate the global transition to a net zero emission economy.

We have adopted the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)** framework to guide our climate strategy



Environmental - Our Operation Targets Review

Greenhouse Gas (“GHG”) Emissions		
(Metric Tons CO ₂ e)	2021	2022
Scope 1 Emissions	9,096.95	7,122.60
Scope 2 Emissions	73,723.21	78,620.01
Scope 3 Emissions	12,368,223.29	10,075,225.54

Data are verified by *British Standards Institution (BSI)*



Completed

Energy

The average energy consumption per person in our self-owned office space decreased by **19.18%** in 2022 compared to 2020.



Completed

Greenhouse Gas (“GHG”)

As of the end of 2022, we have achieved a **21.12%** reduction in per capita GHG emissions.



Completed

Water

Per capita water consumption at our own campus **will not exceed** the 2020 level.



Completed

Waste

Non-hazardous wastes from self-operated office parks are separately managed by categorization.
All hazardous wastes are handled by **qualified** third-party organizations.

Environmental - Our GHG Reduction Targets



We are committed to reducing our Scope 1 and Scope 2 GHG emissions

By no later than **2030**

Reduce GHG emissions¹ from our main operating segments² by **at least 70%** from the base year³ level

By no later than **2040**

Reduce GHG emissions from our main operating segments by **at least 98%** from the base year level, with pre-conditions in place to achieve net zero emission⁴

Prioritize the use of **low-carbon technologies, long-term green power purchase agreement, and on-site renewable energy generation** to reduce GHG emissions throughout our target period

Encourage **key suppliers** to establish renewable energy usage and GHG emission reduction targets that are comparable to or more ambitious than ours to deliver continuous reduction in our **Scope 3 emissions**

¹ GHG emissions: Refers to the Company's GHG emissions (absolute value) calculated in accordance with standards such as GHG Protocol and ISO 14064 standard

² Main operating segments: Smartphone, IoT and Lifestyle products, Internet Services, and others (same scope as the operating segments stated in the 2022 Annual Report)

³ Base year: 2021

⁴ Net-zero emission: Refers to the ISO Net zero guidelines (IWA 42:2002)'s definition and guidelines on net zero emissions, of which the residual GHG emissions in the target year are in line with the science-based pathways to limit global warming by 1.5 °C

Environmental - Achieve Carbon Neutrality by 2040



By **2040**



Achieve **carbon neutrality** in our own operations of our existing businesses¹



100% renewable energy

¹Based on our latest earnings announcement, our existing businesses include smartphones, IoT and lifestyle products, internet services, and others

Environmental – Product Carbon Footprint



¹ Overseas version, 12GB + 256GB

² Assessed in conformity with the PAS 2050 Specification. Product carbon footprint measurement carried out by the Carbon Trust

³ Use phase footprint is calculated using a weighted average of 6 different regions in order to represent a global average

Environmental – Clean Technology



This year, we invested more than 50% of our total R&D expenses in clean technology research and development, and 59.7% of our total revenue was generated from the application of clean technology-related patents and products.



5G and Energy-saving Signal Transmission Technology

Energy-efficient Display Technology

Intelligent Energy-saving Technology

Low-energy AI Assistant

R&D on Energy-efficient Technology



New Energy Products



Charging Technology

Application of Clean Technology



Driving a Circular Business Transformation

Eco-friendly Packaging

Manufacturing with Beauty and Optimal Efficiency in Mind

Environmentally-friendly Design

Environmental – Green Logistics



Eight
direct distribution
routes added



75%
load rate or above
maintained by utilized
smart logistics
management system



20%
increase in our
vehicle's full-load
capacity by using
carton-based slide
pallets for TV products



~2.32 million
products delivered
overseas by railway
or sea transportation

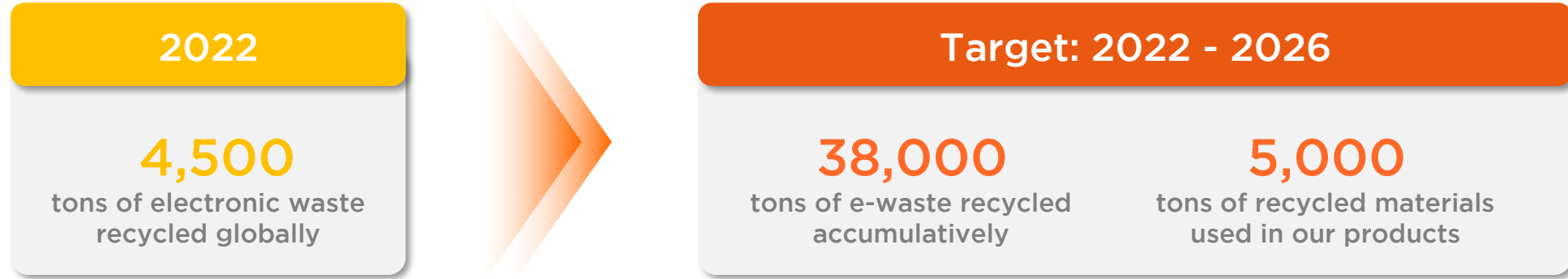


13,700
pieces of wooden pallets
reduced

~200 tons
of wood resources saved

Environmental – Circular Economy

Transition from the conventional linear growth model of take-make-waste, to a circular business model which prioritizes material recycling, reuse and regeneration



Product Design and Production

- 30%+ biocarbon materials
- Increased use of aluminum, gold, and copper
- Recycled plastic produced from discarded ocean fishing nets
- 40% reduced plastic in back cover

Refurbishment and Reuse

- 94,000 smartphones
- 5,600 electric scooters
- 6,200 smart televisions
- All sold as certified refurbished products

Extending Product Longevity

- More durable materials
- Dust-proofing, waterproofing, and drop resistance
- 25% battery lifespan extended
- Warranty Services

Recycling and Disposal

- Responsible for collection and recycling of electronic waste in all operational regions
- Extend product types and service coverage of our trade-in programs

Reducing Hazardous Substances

- Improved synthetic silicone leather material
- Eliminate adhesives to reduce harmful emissions
- Replaced mineral oil ink with soy ink for package printing





Social

Social - Sustainable Supply Chain

Supplier Onboarding



Supplier Selection Indicators

- Business
- Environmental
- Social



All new suppliers to sign the **Xiaomi Supplier Social Responsibility Code of Conduct** or our **Supplier Social Responsibility Agreement**, prior to formal engagement and cooperation



830
Supplier admission evaluation

✓ 770
✗ 60

Supplier Assessment



2022 Target Completed

	Manufacturing Suppliers			Non-manufacturing Suppliers
	Tier-1 (Assembly supplier)	Tier-2 (Parts supplier)	Tier-3 (Mainly Tin, Tantalum, Tungsten, Gold, Cobalt, and Mica supplier)	
ESG Audit Coverage	100% completion of annual Xiaomi audits and third-party audits recognized by Xiaomi	100% completion of annual Xiaomi audits, third-party audits recognized by Xiaomi and supplier self-assessment	95% of smelters and refiners passed the RMAP ¹ certification	100% completion of supplier due diligence

Supplier Empowerment



Supply Chain Financing

- 14,000+ companies
- RMB250+ billion funds accumulatively



Supplier Carbon Verification

- 118 suppliers: set carbon reduction targets
- 64 suppliers: GHG data third-party verification
- 50 suppliers: use renewable energies

¹ Responsible Minerals Assurance Process

Due Diligence Procedure

- Establish and develop a Conflict Minerals policy
- Assess and identify the risk hotspots in the supply chain
- Require suppliers to conduct due diligence on smelters/refiners, and disclose smelters/refiners' information,
- Analyze and verify the due diligence results reported by the suppliers
- Disclose the list of smelters/refiners who have passed our due diligence and verification
- Engage with suppliers continuously
- Establish communication channels for stakeholders on Conflicted Minerals management
- Provide trainings on Conflict Minerals Policy and due diligence to our employees and suppliers

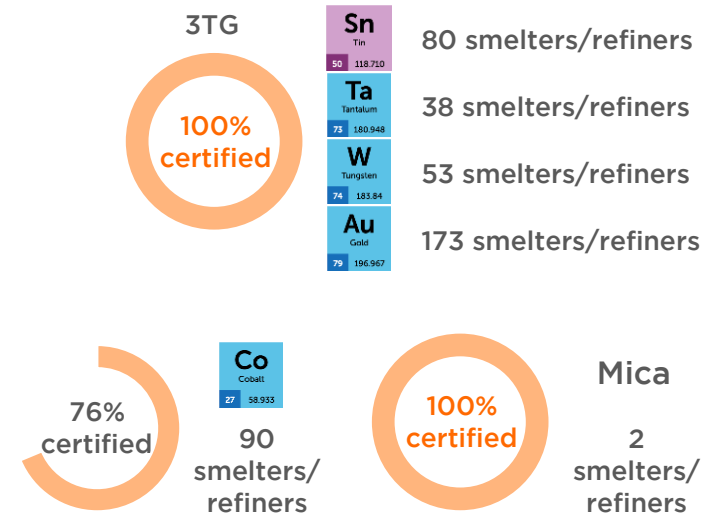
Code of Conduct

- Endorse the initiatives, processes, standards, and achievements of the Responsible Business Alliance (RBA)
- Support the work and achievements of the RBA Responsible Minerals Initiative (RMI)
- Follow the RBA Conflict Minerals Reporting Template/Extended Minerals Reporting Template (CMRT/EMRT) and Responsible Minerals Assurance Process to develop Xiaomi's Conflict Minerals management procedure and template
- Oblige to support Xiaomi in direct or indirect communication with smelters and refiners who are involved in Conflict Minerals
- Refer to the RBA Code of Conduct to conduct Conflict Minerals due diligence, or engage RBA-endorsed third-party audit agencies to conduct independent audits, Report the audit result and corrective actions to ensure conformance
- Require upstream suppliers to manage minerals responsibly with reference to the RBA Code of Conduct
- Establish policies to ensure that there is no direct or indirect contribution to financing crimes and human rights violations

Certification


436 upstream smelters/refiners

95% RMAP certified




Social - Data Security and Privacy Protection

Our Principles of Privacy Protection



-  User Data is Controlled by **User**
-  Security Protection with **Full Coverage**
-  Open and Transparent Data Management
-  Conforming to **Global Privacy Law**

Security Governance Structure

 Information Security and Privacy Committee regularly reports to the Board

100% ISO 27001 Global Coverage

Security Control Measures

-  Security Incident Response Mechanism
-  Supplier and Partner Due Diligence

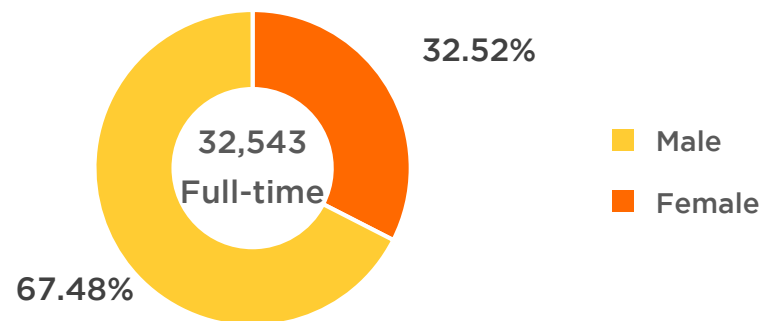
Certification and Awards



Product Security Development Lifecycle Process

Concept → Planning → Design →
 Development → Verification →
 Release → Lifecycle

*We firmly believe that **diversity and inclusion** are powerful drivers of innovation, and it has guided us in creating a diverse, inclusive, and culturally rich workplace that embraces different voices and perspectives.*



90% of overseas workforce hired **locally**

Incentives for Outstanding Talents



9,457 selected participants¹

366.3 million award shares

Training System



Covering new employee training, leadership skills, professional skills, general skills, and open course

~600,000 hours of new employee training, and **141** new courses added

¹ Please refer to the Group's Announcement Grant of Awards Pursuant to the Share Award Scheme released on March 24, May 20, August 21, and November 24, 2022, for the details of these awards of share

Social - Social Responsibility



Accessibility

Human-centric
Accessibility Support System

2022向光奖

“Your Own Voice”
for users with speech impairments



More inclusive words
used in AI Assistant



Disaster Warning

180,000+
earthquake monitoring participants



~40 million
earthquake warnings pushed globally

Accessibility

Disaster
Warning

Supporting
Education

Emergency
Disaster Relief

Contributing to
Rural
Revitalization

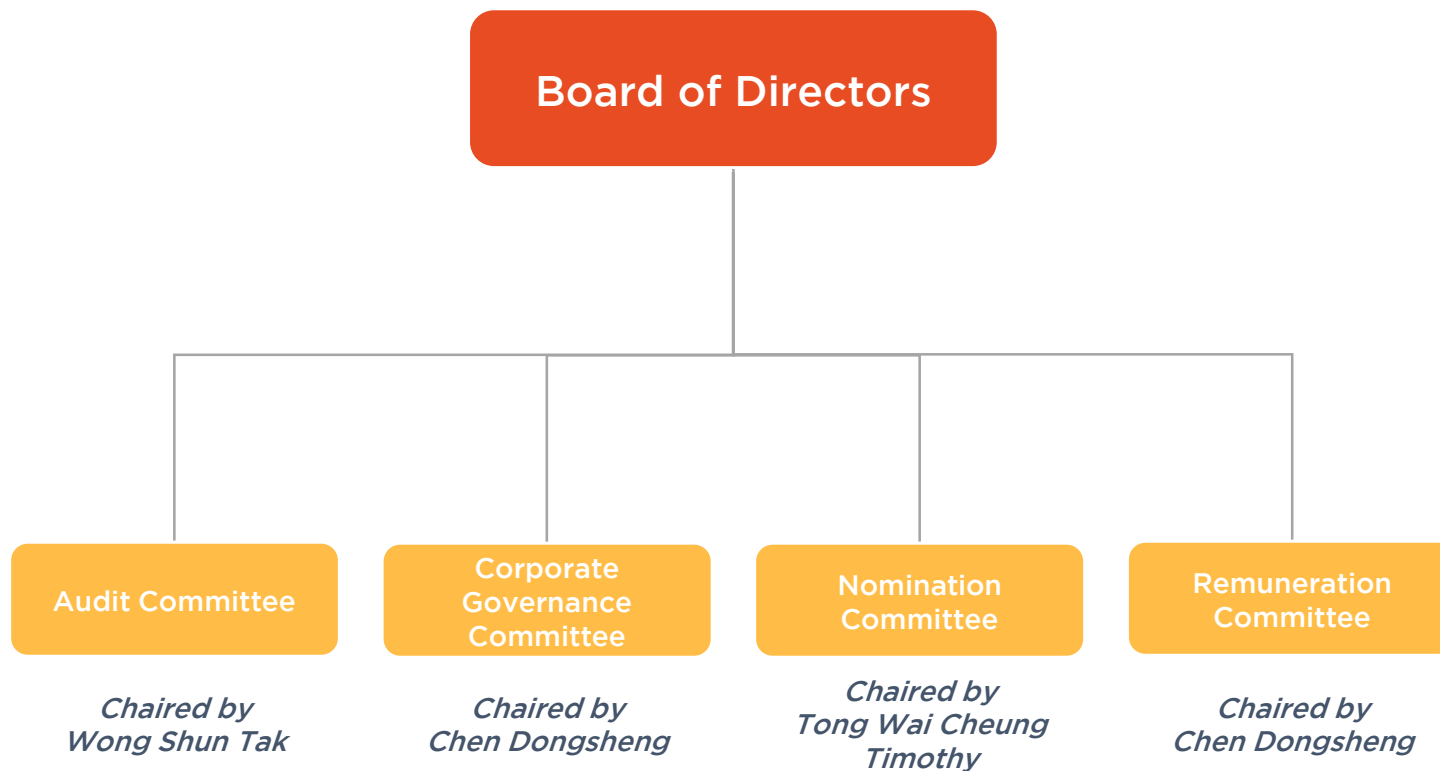
Volunteer
Programs

Protecting
Environment and
Ecosystem



Governance

Governance - Corporate Governance Structure



Executive Directors

- Lei Jun
- Lin Bin
- Liu De

Non-executive Director

- Liu Qin

Independent Non-executive Directors

- Chen Dongsheng
- Wong Shun Tak
- Tong Wai Cheung Timothy

43% of board members are independent

All of the board committees are chaired by independent non-executive directors

Governance - Enhanced Corporate Management



Established two committees to promote professional corporate management, optimize decision-making process and foster long-term sustainable growth



Xiaomi Corporation Business Operation Committee



Xiaomi Corporation Human Resources Committee

01

Anti-bribery
and
Corruption

02

Fostering
Business
Integrity

03

Whistleblowing
System

04

Anti-money
Laundering

05

Anti-monopoly
and Anti-unfair
Competition

06

Protection of
Intellectual
Property

07

Trademark and
Brand Equity

08

Compliance on
Advertising



Green Bond & Recognition

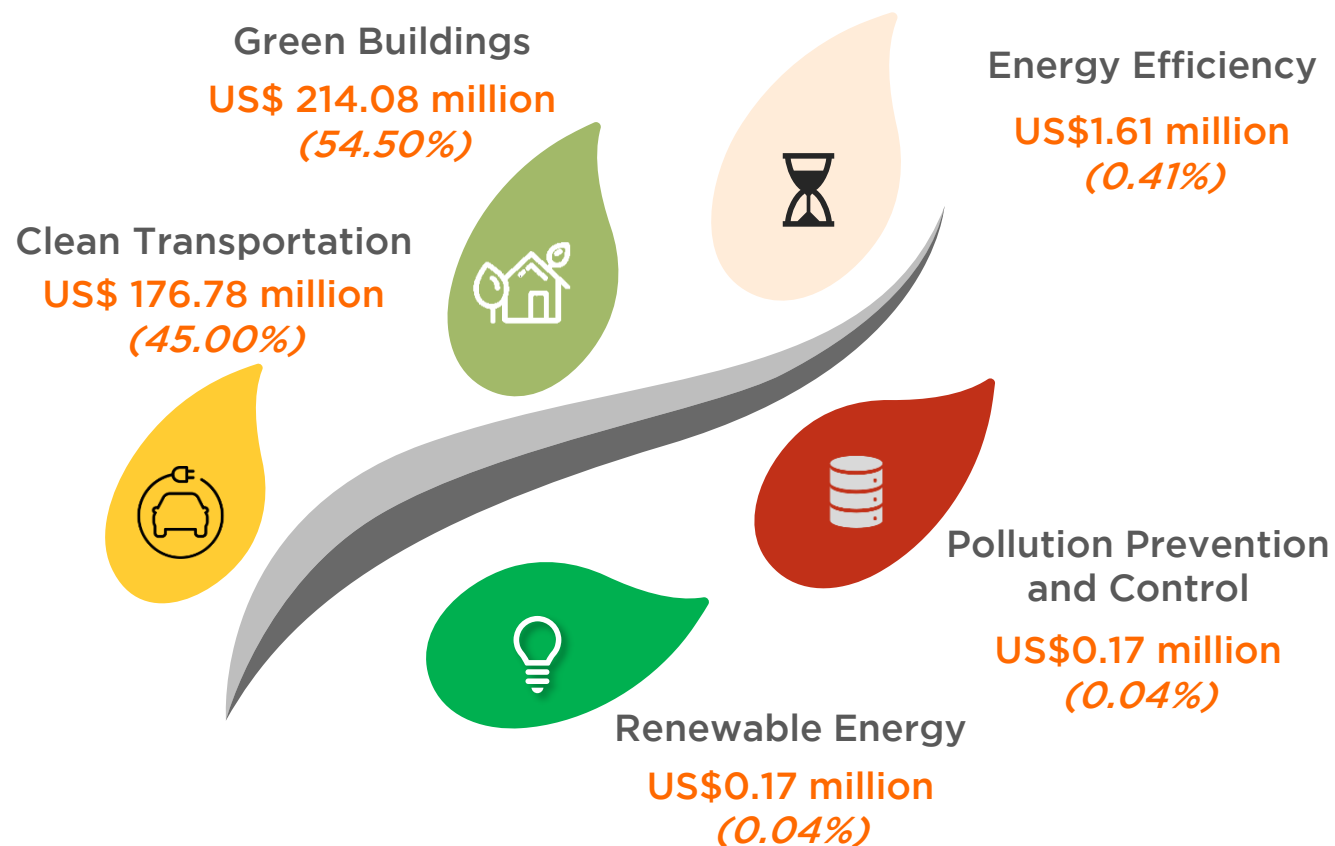
Green Bond - Further Demonstrated Our Commitment to ESG



Transaction Summary

Issuer	Xiaomi Best Time International Limited, a direct wholly-owned subsidiary of Xiaomi Corporation
Settlement Date	July 14, 2021
Size	US\$400 million (Net Proceeds: US\$392.8 million)
Coupon	4.100%
Maturity	30 Years (July 14, 2051)
Use of Proceeds	To finance or refinance, in whole or in part, one or more of the Xiaomi's new or existing Eligible Projects, pursuant to Xiaomi's Green Finance Framework
External Review	Sustainalytics Second Party Opinion

Full Allocation of Net Proceeds



External Recognition to Our ESG Efforts



China ESG 50

Named on the **inaugural**

2022 ESG 50

List by Forbes China

To recognize companies with **best practices in ESG**

Best ESG



Best ESG
in technology hardware sector
by Institutional Investor

World's Best Employer

Recognized on the

2022 WORLD'S BEST EMPLOYERS

List by Forbes

On the list for
2 consecutive years

