



# Xiaomi Corporation

2021 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 2021

Market Leadership

#3

Smartphone Company  
by Global Shipments<sup>1</sup>

#1

Global Consumer AIoT  
Platform<sup>2</sup>

Massive User Base

508.9MM

Global MIUI MAU<sup>3</sup>

129.8MM

Mainland China MIUI MAU<sup>3</sup>

Strong Growth

RMB328.3BN

2021 Total Revenue  
33.5% up YoY

RMB22.0BN

2021 Adjusted Net Income<sup>4</sup>  
69.5% up YoY

Increasing Profitability

17.7%

2021 Gross Margin  
2.8% up YoY

6.7%

2021 Adjusted Net Income<sup>4</sup> Margin  
1.4% up YoY

<sup>1</sup> According to Canalis, by smartphone shipments in 2021

<sup>2</sup> According to iResearch, as of December 31, 2020, by number of global connected IoT devices

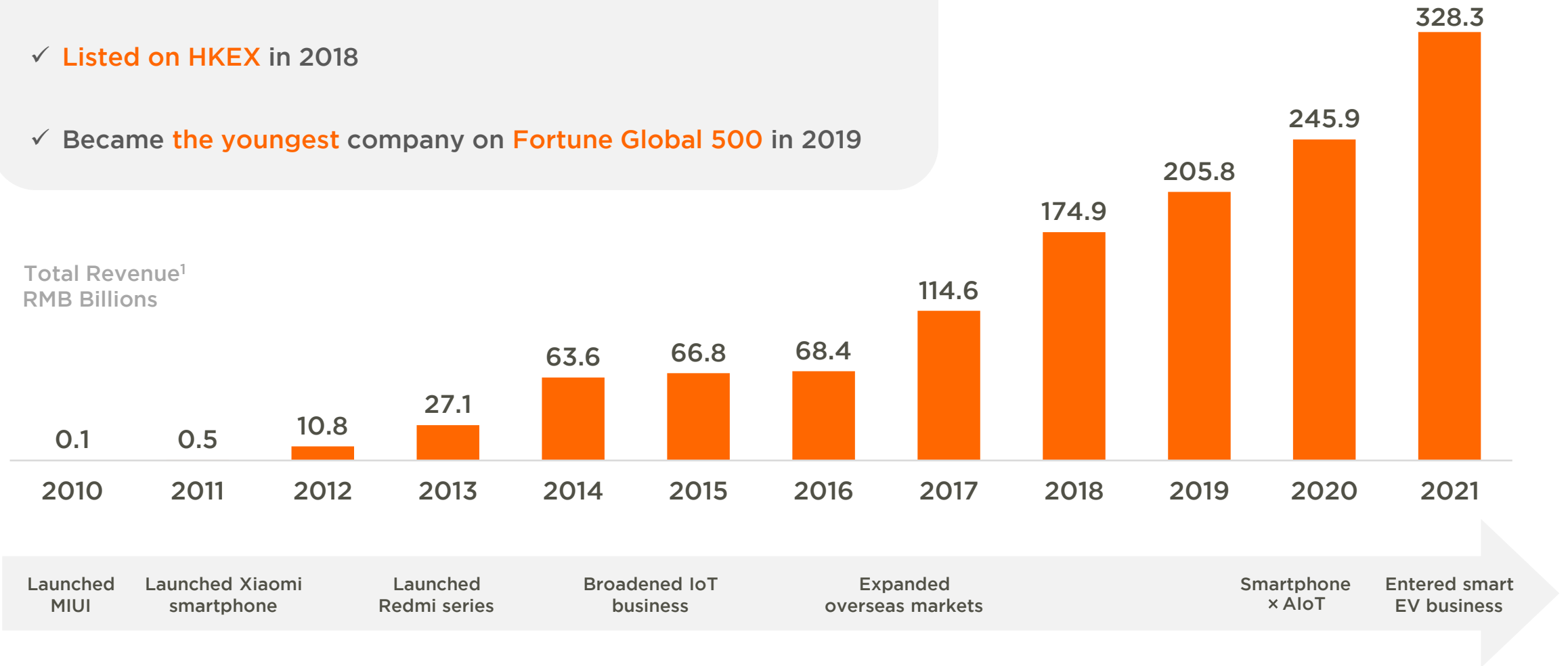
<sup>3</sup> In December 2021

<sup>4</sup> 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



<sup>1</sup> The revenue from 2010 to 2014 was based on unaudited management accounts

# Globally Recognized Brand and Innovation



**#338**

on FORTUNE Global  
500 list in 2021



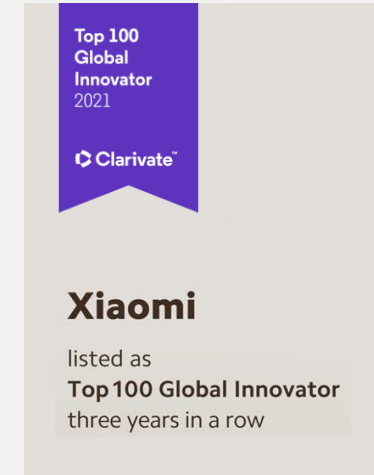
**#70**

on BrandZ's 2021 Top 100  
Most Valuable Global Brands



**#222**

on Forbes Global 2000  
list in 2021



**3** Consecutive Years

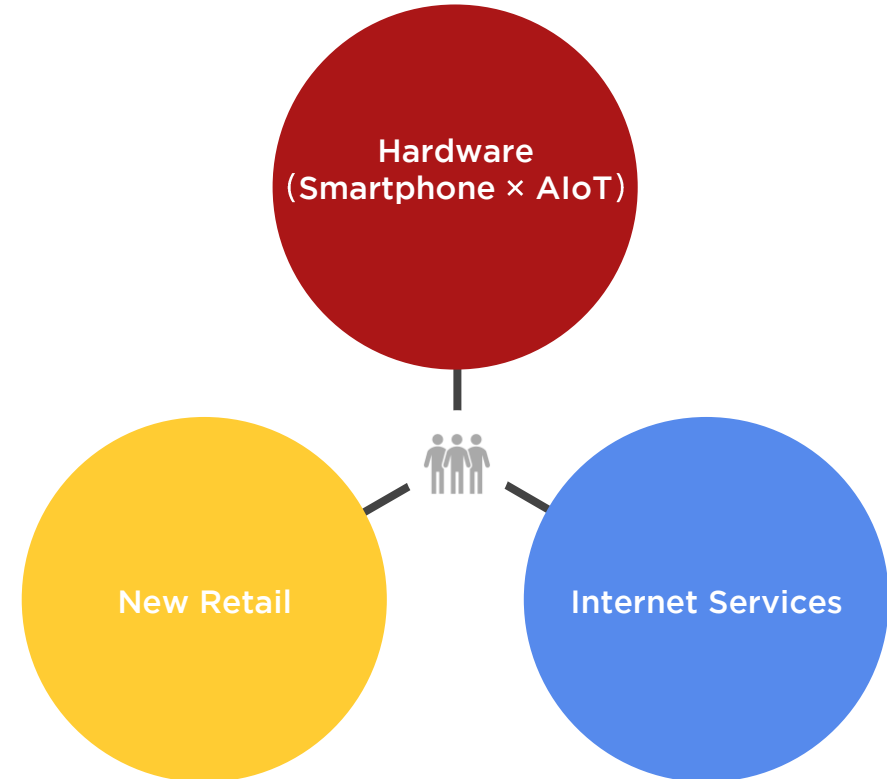
on Derwent's Top 100  
Global Innovators report

# 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



Smartphone Market Share Ranked No. 1 in 14 Markets and Top 5 in 62 Markets in 2021



Source: Canalis, by shipments. Markets are ranked in no particular order

## Our Mission

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

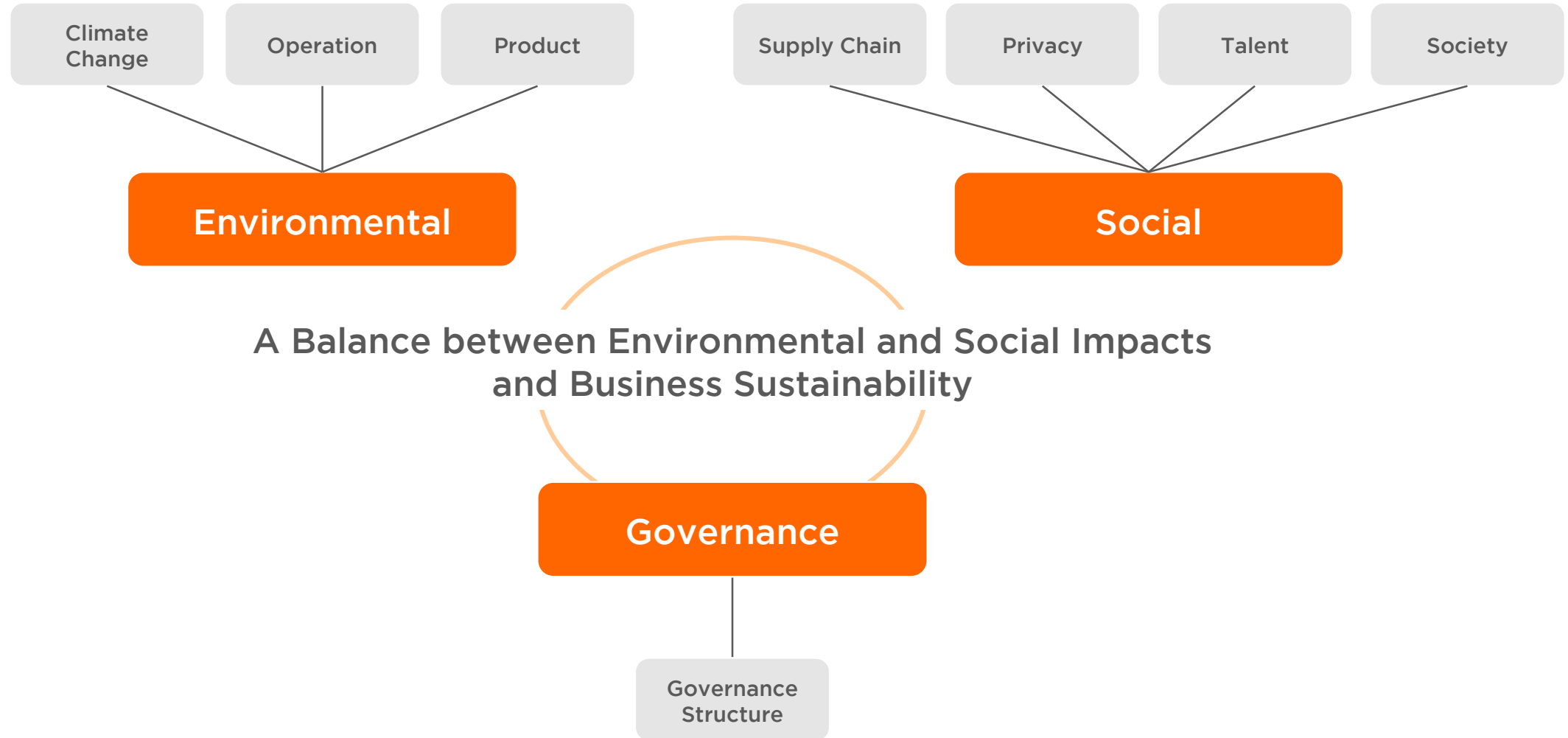
## Our Vision

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

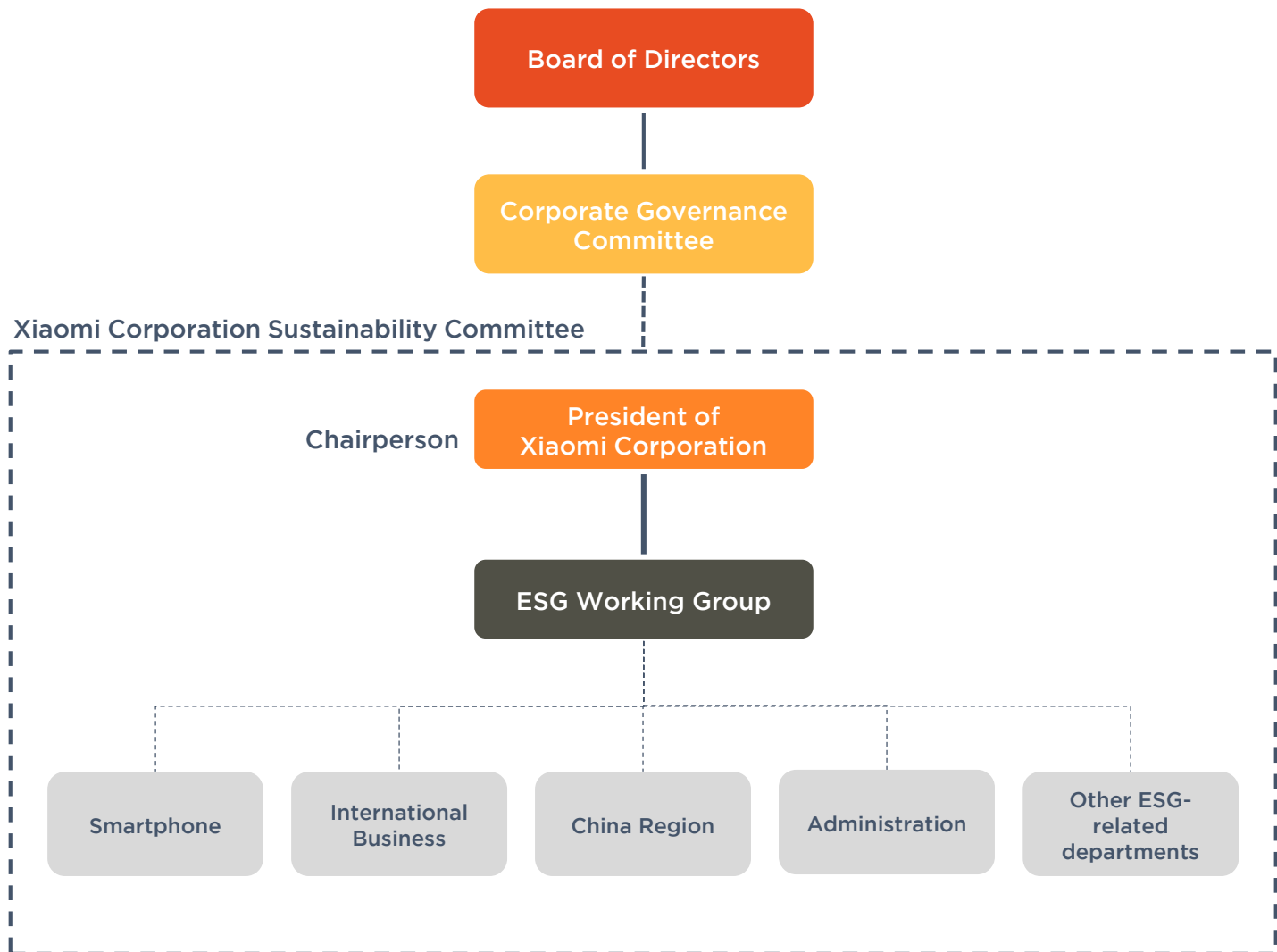




# Our ESG Visions & Strategy



# ESG Management Framework



- Corporate Governance Committee (“CGC”)**
  - Oversight of ESG issues at Xiaomi;
  - Discussion on ESG performance on a semi-annual basis

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- Sustainability Committee (“SC”)**
  - Formulation of ESG action plans and objectives;
  - Communication of plans and objectives;
  - Tracking progress of plans

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- ESG Working Group**
  - Coordination of internal and external resources;
  - Organization of quarterly meetings to share and discuss sustainability issues and relevant business impact

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- ESG-related Departments**
  - Execution of plans;
  - Participation of quarterly meetings

**In 2021,**

- 2 ESG meetings at the CGC, approving 2021 ESG Report and environmental targets;
- 3 ESG meetings at the SC, discussing topics on carbon neutral and plans

# Environmental



## Under Task Force on Climate-Related Financial Disclosures (“TCFD”)



# Environmental - Our Targets at Operation

Climate Change

Operation

Product



## Energy

The energy consumption per capita of self-operated office parks will be reduced by **5%** in 2026, against the 2020 level.

## Greenhouse Gas (“GHG”)

The GHG emissions per capita of our self-operated office parks will be reduced by **4.5%** in 2026, against the 2020 level.

## Water

Water consumption per capita of self-operated office parks will be **no higher** than that of 2020 level.

## Waste

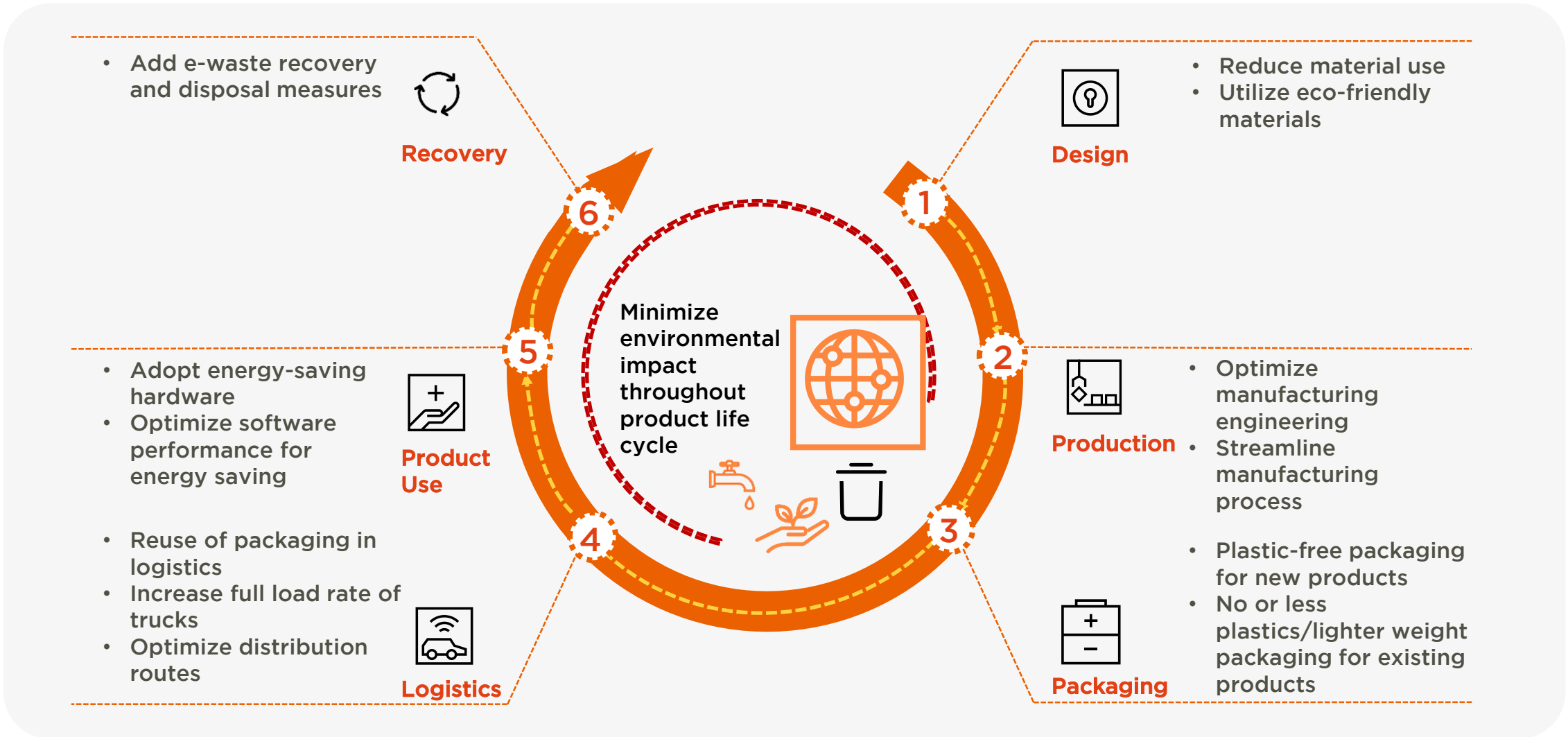
Non-hazardous wastes from self-operated office parks are separately managed by categorization.  
**All** hazardous wastes are handled by **qualified** third-party organizations.

# Environmental - Impacts throughout Product Life Cycle

Climate Change

Operation

Product



# Our Measures and Impacts

Design

### Reduce Material Use

**98**  
metric tons

Annual saving of plastic

### Utilize Eco-friendly Materials

**15%<sup>1</sup>**

Less water use

**20%<sup>1</sup>**

Less energy use

**20%<sup>1</sup>**

Less GHG emission

Production

### Optimize Manufacturing Engineering

EA50

EA55

EA65

**132**  
metric tons

Annual saving of plastic

**30,000**  
cubic meters

Annual saving of natural gas

**30,000**  
kWh

Annual saving of electricity

**84**  
metric tons

Annual reduction of CO<sub>2</sub>e emission

Packaging

### Plastic-free Packaging for New Small-sized IoT Products

Selected small-sized IoT products with plastic-free packaging

### No or Less Plastics/Lighter Weight Packaging for Existing Products

≤ 43 inches

**130**  
metric tons

Annual saving of paper

<sup>1</sup> Based on the test results provided by the supplier

# Our Measures and Impacts (Cont'd)



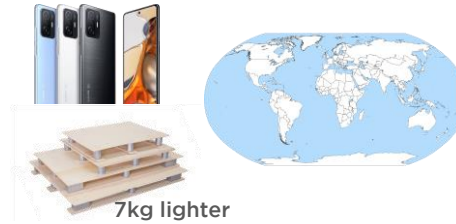
## Reuse of Packaging



6 million

Number of post-consumer carton reused

## Optimize Distribution Routes



7kg lighter

280 metric tons

Annual saving of woods

460 metric tons

Annual saving of aviation fuels

1,423 metric tons

CO<sub>2</sub>e emissions avoided



## Optimize Software Performance for Energy Saving

Battery saver Battery



Save battery Balanced Performance

47 minutes

Additional use time per charge



21 minutes

Additional use time



## Add E-waste Recovery and Disposal Measures



Markets with trade-in programs

650,000 smartphones

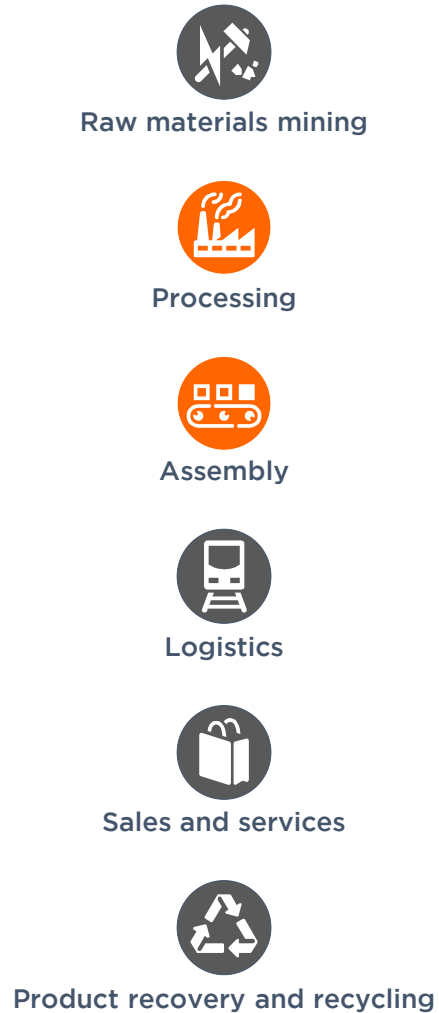
197 metric tons

Annual collection under trade-in





# Social



● Production supplier    ● Non-production supplier

## Supply Chain ESG Management Framework

### Policy and Management

#### Policies

- Xiaomi Supplier Code of Conduct
- Supplier Social Responsibility Agreement
- Xiaomi Corporation Conflict Minerals Policy
- Xiaomi Supplier Social Responsibility Audit Procedures

#### Management

- Supply chain ESG management
- Supplier ESG performance management

### ESG Risk Management

Risk-tiering management

### Code of Conduct Assessment

Third-party independent ESG audits

### Capability Enhancement

Onsite coaching for suppliers  
Subject-specific skill training

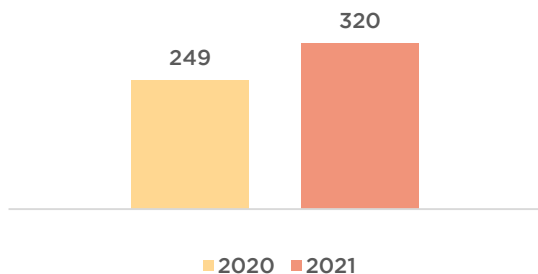
### Continuous Improvement

“Person-in-charge” Mechanism  
Rectification tracking and reporting

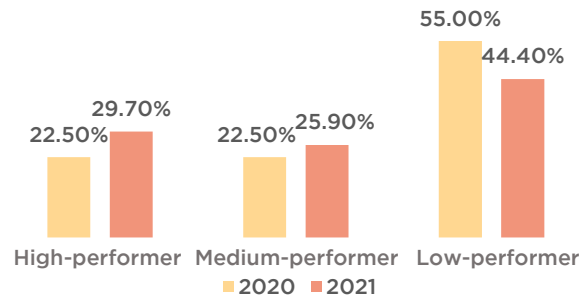


## Code of Conduct Assessment

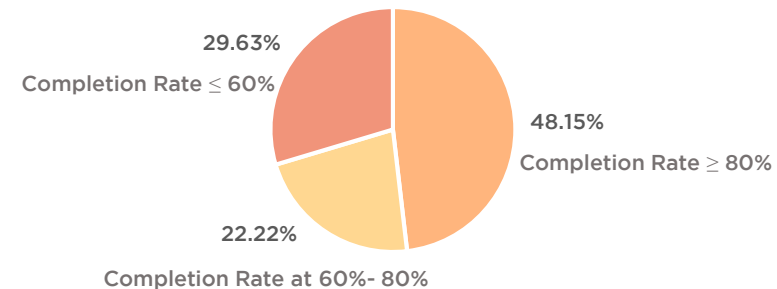
71 more audits in 2021 than 2020



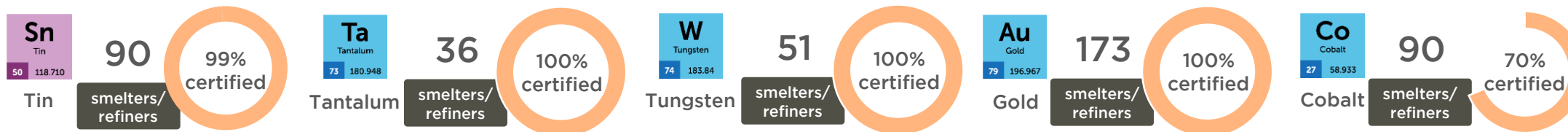
Better performance in 2021



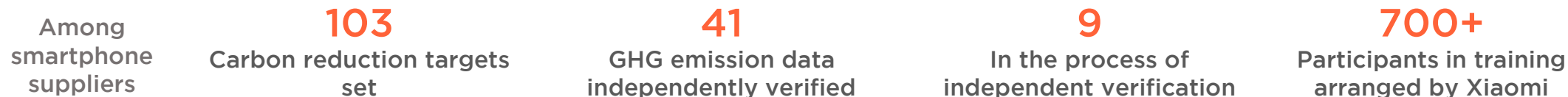
Over 70% of the suppliers under rectification status have a completion rate above 60%



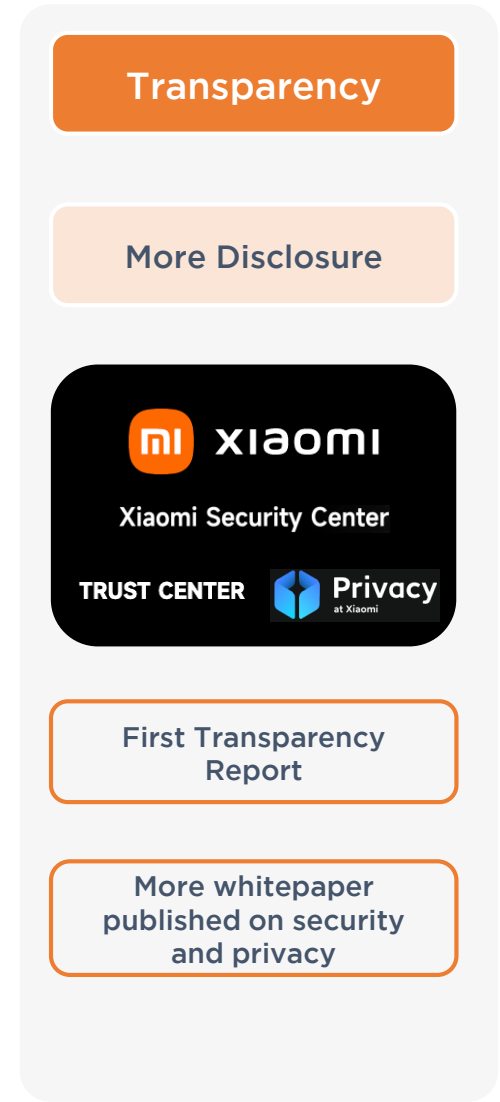
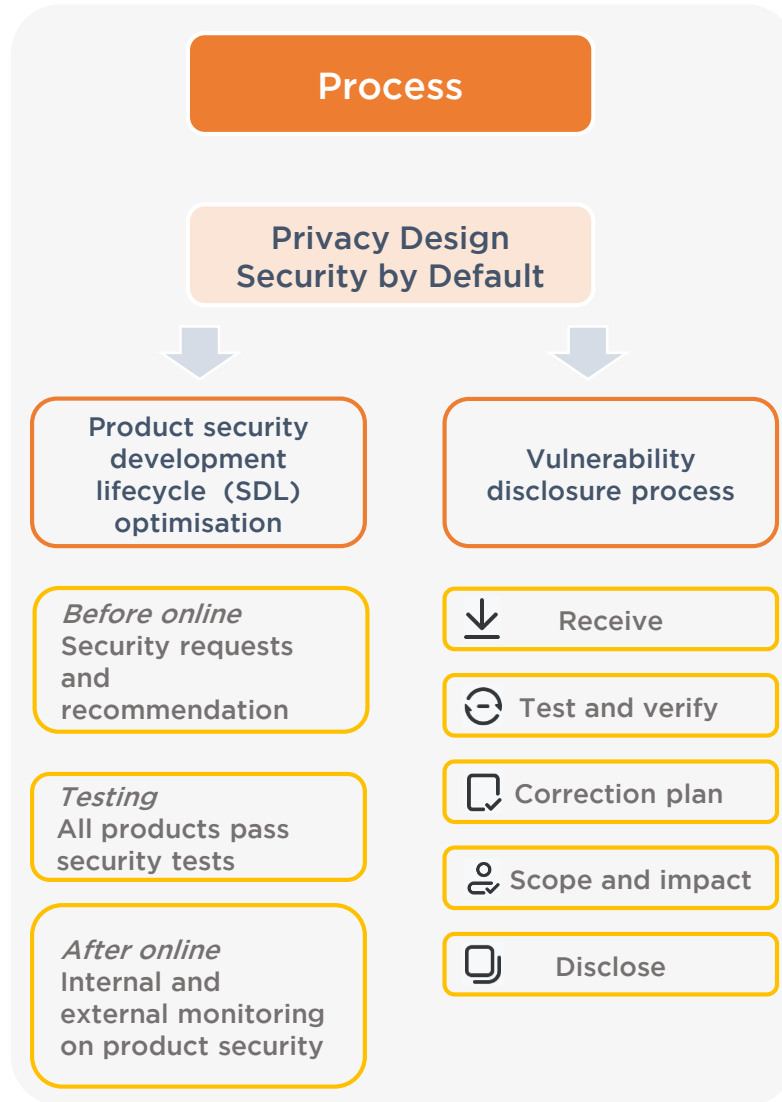
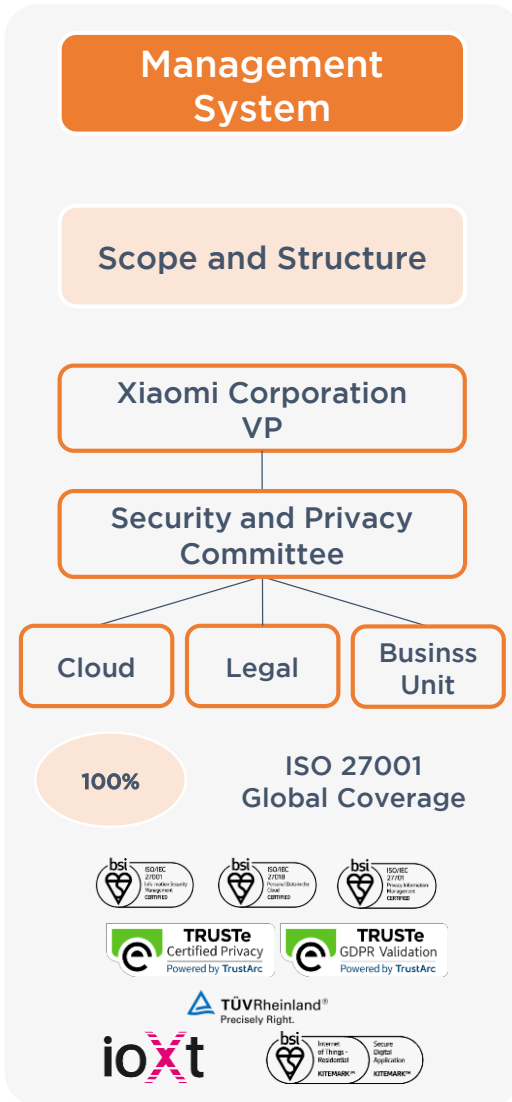
## Responsible Sourcing



## GHG Management



# Social - Privacy Protection



# Social - Talent Management

Supply Chain

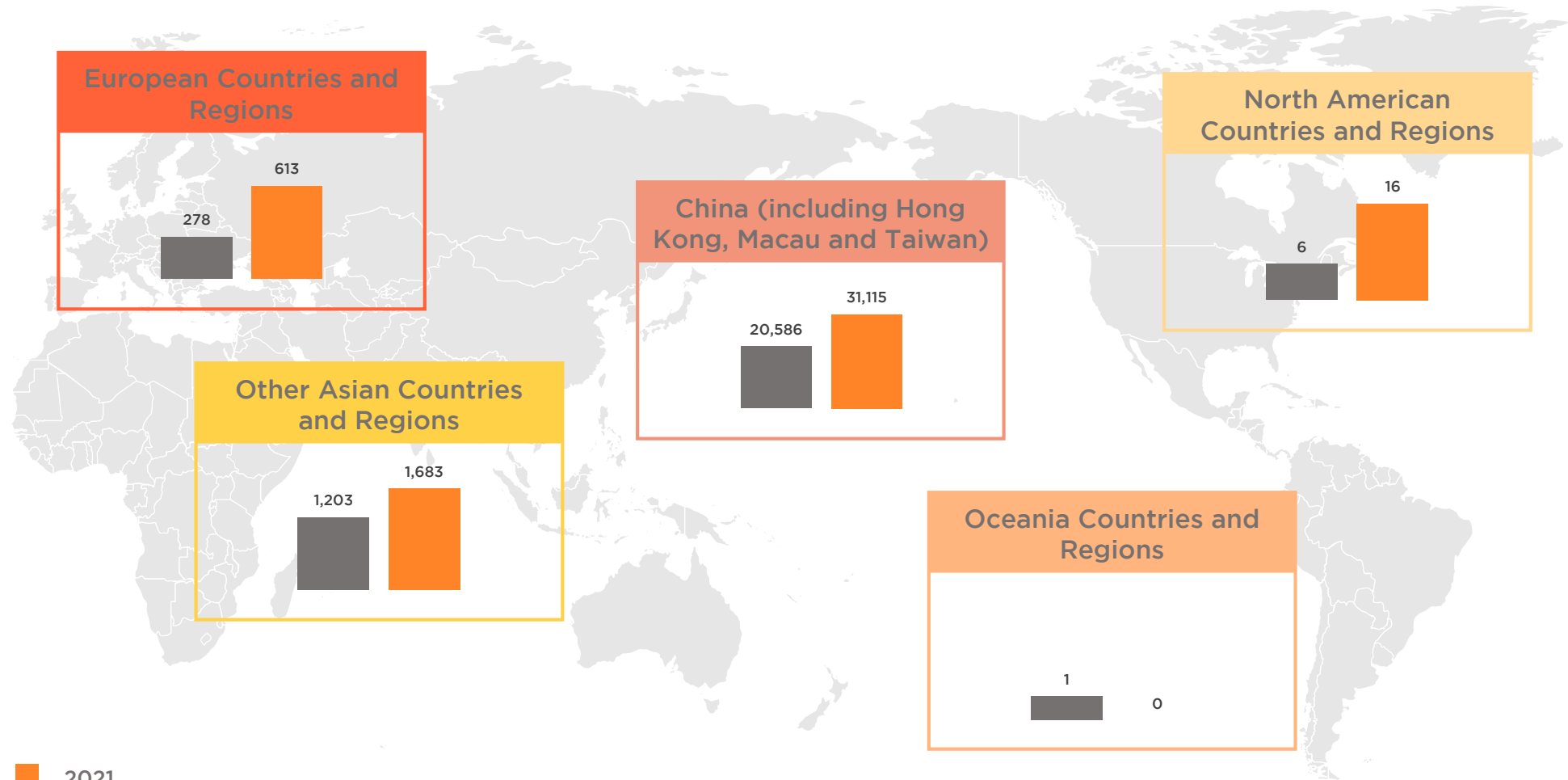
Privacy

Talent

Society



## Total Full-time Employee Headcount



■ 2020 ■ 2021

## Incentives for Outstanding Talents



**8,455** Selected Participants<sup>1</sup>

- Outstanding young engineers, fresh graduates, and employees in core positions
- Recipients of the Annual Excellent Technology Award
- Recipients of the New 10-Year Entrepreneurship Program



**266.5 million** Award Shares

## Promoting Work-life Balance



**2,500+** Participants in *2021 Xiaomi Family Day* across five main office areas in Mainland China



**1,000+** Participants in *Midsummer FUN Night*



**67** Clubs and associations in 2021, an increase of 10 from 2020

<sup>1</sup> For details, please refer to the announcements “Grant of awards pursuant to share award scheme” on January 6, July 2, July 6 and November 24, 2021, respectively

## Accessibility

Approach:

Internal document that incorporates the quality requirements of accessibility feature in all Xiaomi software applications

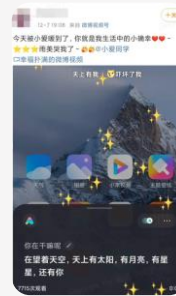
Applications:



Special Needs



Elderly



Emotional Care

Engagement:



Mi Accessibility Week

## Disaster Warning

Warning Display:



Smartphone



Smart TV

Warning Types:



Earthquake



Natural Disaster

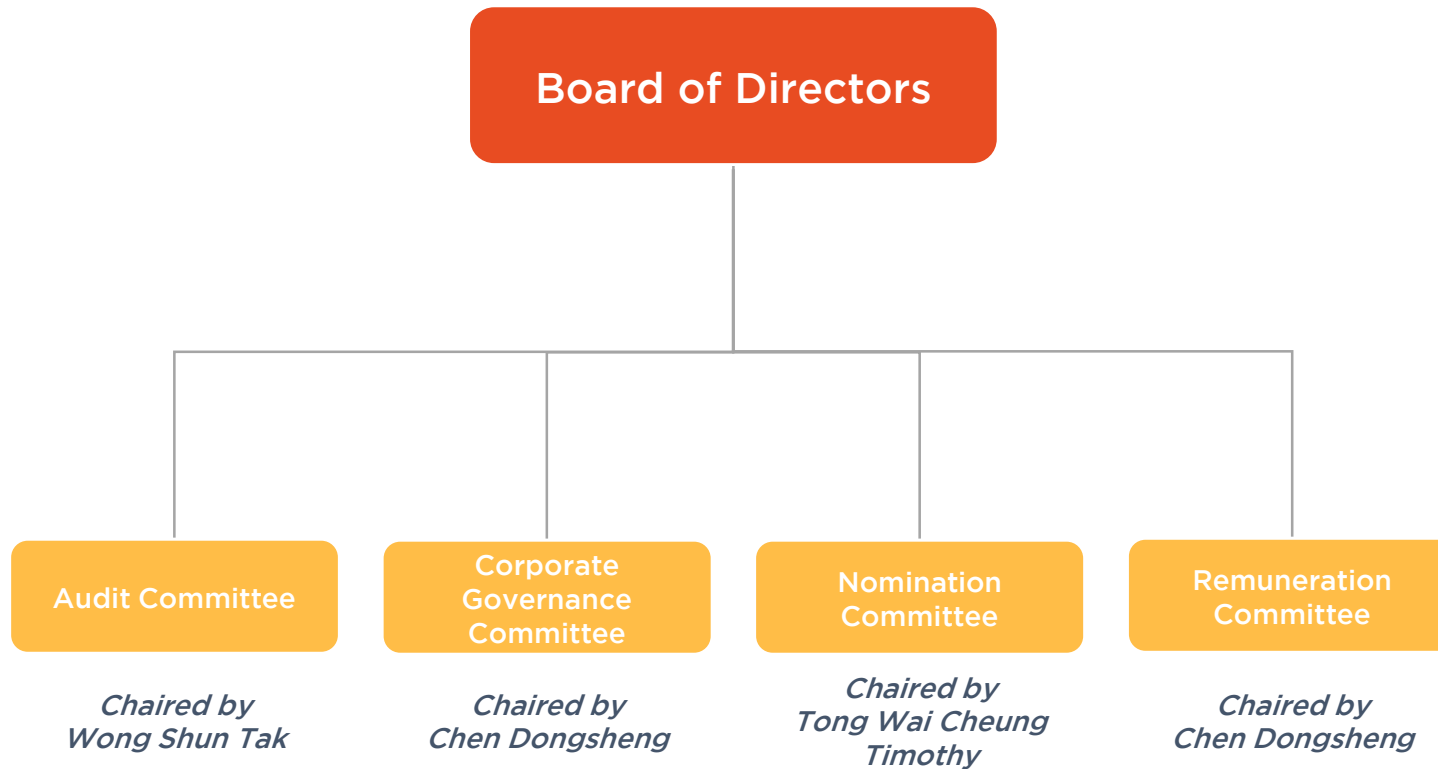
- 50 warnings of earthquake above 4.0
- 10 million alerts sent
- 60 thousand red and orange warnings
- 220 thousand alerts sent



# 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**



# 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

## Eligible Project Category

## Sustainable Development Goal (SDG)

Eco-efficient and Circular Economy Adapted Products, Production Technologies and Processes



Energy Efficiency



Green Buildings



Clean Transportation



Pollution Prevention and Control



Renewable Energy



## Award of Excellence in ESG



**Award of Excellence in ESG**  
by The Chamber of Hong Kong  
Listed Companies

## World's Best Employer



Recognized on the  
“**2021 World's Best Employers**” list  
by Forbes